



## wbcspd forest solutions

### Leadership Statement on the Value and Future of Forest Certification

4 November 2013, Istanbul, Turkey – The World Business Council for Sustainable Development (WBCSD) understands that reducing forest loss and degradation is a global societal priority requiring immediate and concerted action. It is critical we find ways to ensure that more of the world’s forests and plantations are sustainably managed and that forest products are used and reused wisely. When sustainably managed, forests generate ecosystems services that make life on earth possible (like fresh water and climate regulation), industrial fibre for a wide range of every day and essential products (from timber and paper to bioenergy), and economic development opportunities for local communities and commercial enterprises – now and into the future.

Forest certification is a voluntary, market-focused mechanism, which supports a broad range of social, economic and environmental benefits associated with sustainable forest management. It is of concern that, according to the Food and Agriculture Organization of the United Nations (FAO), only 10% of the world’s forests are independently certified.

Led by 26 global companies along the forest products value chain responsible for nearly 40% of annual global forest, paper and packaging sales, the WBCSD Forest Solutions Group seeks to ensure that the supply of independently-verified sustainable wood and other forest products continues to increase to meet growing demand. To achieve this objective, all WBCSD companies involved in the Forest Solutions Group commit to:

- Work with stakeholders to spread sustainable forest management;
- Support and promote the expansion of forest certification;
- Set 2020 targets to increase the use of certification when sourcing forest products and fiber; and
- Grow markets for certified forest products.

The WBCSD also calls on all forest certification stakeholders to actively:

- Promote certification to forest owners and companies around the world to improve forest management practices with a priority focus on tropical forests;
- Fully utilize existing certification within their own programs, operations, supply chains, and investments; and
- Support approaches to sustainable development that include small forest owners, community forestry, indigenous peoples and agroforestry operators via forest certification and other tools.

We ask other stakeholders, including all WBCSD member companies that support the objectives of this statement, to lend their endorsement by contacting James Griffiths, Managing Director at the WBCSD ([griffiths@wbcspd.org](mailto:griffiths@wbcspd.org)) to explore active collaboration. For more details, please refer to the technical note associated with this statement.

Supported by all WBCSD Forest Solutions Group companies:

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## WBCSD Forest Solutions Group Technical Note on the Value and Future of Forest Certification

### Context

It is estimated that global demand for wood and paper-based products will at least triple by 2050. If we also factor in additional demand drivers associated with bio-energy, bio-based materials and chemicals, it is critical that we find ways to ensure that additional fiber and biomass requirements are supplied from forests, including plantations, and agro-forestry operations, that are sustainably managed and that fiber, forest products and co-products<sup>1</sup> are used and reused wisely. The business sector plays a major role transforming many of these forest challenges into forest-based opportunities and solutions.

The World Business Council for Sustainable Development (WBCSD) is a CEO-led organization of forward thinking companies that galvanizes the global business community to create a sustainable future for business, society and the environment. Together with its members, the council applies its respected thought leadership and effective advocacy to generate constructive solutions and take shared action. Leveraging its strong relationships with stakeholders as the leading advocate for business, the council helps drive debate and policy change in favor of sustainable development solutions.

WBCSD's [Action2020](#) initiative sets a science-based agenda for business to develop scalable solutions to address the urgent needs of people and the environment by the end of this decade. Action2020 confirms sustainable forest management (SFM) as the basis for delivering on a range of key societal priorities, including addressing climate change, reversing ecosystem degradation and enabling food, feed, fiber and biofuel security within planetary boundaries.

Forest certification is a voluntary, market-focused mechanism, which can help incentivize improvements in on-the-ground management performance, by linking fiber and product flows from forests to local, national and international markets. This linkage supports delivery of the broad suite of social, economic and environmental benefits associated with SFM.

### WBCSD's Forest Solutions Group (FSG)

The FSG comprises global companies along the forest products value chain – including suppliers, customers and innovation partners – and provides business leadership in expanding sustainable forest solutions to meet the needs of people now and in the future.

At the core of its work, the FSG is dedicated to: expanding markets for sustainably-produced and sourced forest products; engaging and building partnerships with key stakeholders to bring more of the world's forests under sustainable management; and delivering ecological services, social benefits and economic development on an ongoing and renewable basis. According to the [2012 PricewaterhouseCoopers annual global forest, paper and packaging industry survey](#), FSG members are responsible for nearly 40% of annual global forest, paper and packaging sales (US\$130 billion in aggregated sales).

Under the current [Membership Principles and Responsibilities of the FSG](#), participating companies commit to:

- Practice SFM in all owned, leased or managed forests (principle 2.1);

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<sup>1</sup> Also including by-products such as sawmill residues.

- Recognize as credible, certification systems that are based on third party verification, independent accreditation, good governance and transparency, and support efforts to expand their use (2.4);
- Progressively and systematically introduce credible forest certification in owned, leased or managed forests (2.5);
- Manage supply chains to obtain fiber from acceptable sources (3.1);
- Introduce credible, independently certified wood-tracing systems when needed to address significant risks (3.3).

The FSG seeks to ensure that supply of independently verified fiber is developed in line with expanding demand from manufacturers, customers and other key stakeholders.

### **The Role, Value and Benefits of Independent Forest Certification**

When linked to science-based forest management standards that have been shaped by multi-stakeholder input and endorsement, and combined with an auditable chain-of-custody system, the following values and benefits are provided by third-party certification:

- **Verification** and **support** of SFM and delivery of associated benefits;
- **Assurance provision** for management performance and geographic source within procurement policies and along supply chains, primarily to customers but also to end consumers and regulators;
- **Enhancement** of solution-orientated dialogues between forest owners, local communities, regulators and other stakeholders;
- **Establishment** of markets for, and the marketing of, wood and paper-based products from sustainably managed forests by recognizing certified products and suppliers; and
- **Improvement** of perceptions of forests and their management; building and retaining consumer confidence in the forest-based sector and forest products.

While acknowledging that some stakeholders have specific preferences based on content and process requirements, the FSG recognizes and supports the assurance of management performance and fiber flows provided by the following independent forest certification and associated chain-of-custody systems: the [Forest Stewardship Council](#)<sup>®</sup> (FSC<sup>®</sup>), the [Programme for the Endorsement of Forest Certification](#)<sup>™</sup> (PEFC<sup>™</sup>) and the [Sustainable Forestry Initiative](#)<sup>®</sup> (SFI<sup>®</sup>)<sup>2</sup>.

### **Expanding reach and impact**

According to the FAO, only 10% of the world's total forests<sup>3</sup> are currently certified. This is 394 million hectares representing approximately 30% of the world's production forests, which generate an estimated 27% of global annual industrial harvests.

The FSG calls on all stakeholders involved with SFM to accelerate efforts to significantly increase the reach, availability, impact and benefits of certification beyond current limits, thereby scaling-up sustainable development solutions based on improved management of forests worldwide and expanding markets for sustainable forest products. This includes:

- Adapting existing certification systems to enable access by all types of forest owners and managers, to maintain the growth rates of certified areas ahead of expanding demand for certified fiber;
- Suppliers and buyers adopting, as a matter of priority, certification within their supply chains.

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<sup>2</sup> SFI is an independent certification system operating in North America. It is one of 30 national forest management systems under the PEFC umbrella, with a separate chain-of-custody standard.

<sup>3</sup> Includes forests for conservation and production (sources: FAO, WWF & Indufor studies)

Stakeholders involved with SFM, forest certification, economic growth and sustainable development need to find new ways of cooperation to build the capacity of a broader base of forest owners, resource managers and commercial enterprises operating within a wider range of geographies.

In addition to the full utilization of existing certification systems, this will require the development of new approaches to independent verification by certification bodies and users that can support and improve on-the-ground performance. These are needed to:

- Effectively and equitably accommodate the needs of small forest owners, community forestry, indigenous peoples and small to medium-sized enterprises operating from natural and plantation forests but also agro-forestry systems covering multiple land uses (e.g. fiber, feed, and food production). This especially includes cooperative and group-based management structures which can also provide organizational platforms for independent verification;
- Cost effectively verify wood and fiber flows to markets for existing conventional forest-based products and bio-energy, but also new and emerging bio-materials as well as the provision of ecosystem services like water quality, and carbon sequestration.

In many instances, a phased or step-by-step approach towards full certification may be an appropriate way to achieve the desired outcome, but this is not a given. All stakeholders need to be open to additional and innovative forms of independent assurance and verification that can improve on-the-ground performance.

### **Challenges and Opportunities**

Based on recent dialogues between the FSG, FSC<sup>®</sup>, PEFC<sup>™</sup> and SFI<sup>®4</sup>, the FSG identified the following seven challenges and opportunities, which need to be addressed to achieve improved global forest certification practices:

1. Continuous improvement of governance arrangements, stakeholder engagement and participation, and management standards;
2. Improve system efficiencies and reduce costs by:
  - a. Early adoption of new technologies e.g. Earth Observation (EO);
  - b. Taking a common and cooperative approach on generic technical issues such as group certification approaches, chain-of-custody/wood tracking systems;
  - c. Establishing common terminology and science-based norms to improve consistent practices on the ground.
3. Ensure that labels and claims make clear for consumers the distinctions between virgin, mixed and recycled fiber content;
4. Where necessary and practical - and without adding complexity or costs - include verification of associated ecosystem service benefits, such as water quality, carbon sequestration, biodiversity management, and products, such as bio-based energy and bio-based materials;
5. Avoid or minimize bureaucratic changes in procedures that add unnecessary administrative time and cost and as a result penalizing certified companies compared with non-certified operators.

For SFM stakeholders, including FSG companies, operating in geographies where certification is not yet well established or widely deployed:

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<sup>4</sup> Held on April 15<sup>th</sup> in Montreux and November 4<sup>th</sup> in Istanbul

6. Support the design and development of new verification approaches, including auditable fiber procurement systems, that more effectively accommodate the needs of small forest and agro-forestry owners, resource managers and small to medium-sized enterprises involved in processing and trade;
7. Channel investments to build the operational capacity of small forest and agro-forestry owners, resource managers and small to medium-sized enterprises to improve on-the-ground practices and enable uptake of independent performance and chain-of-custody verification.

### **Expansion targets**

As one means of supporting progress, the FSG sees value in the development of collective aspirational certification targets for the world's production forests<sup>5</sup> and agroforestry landscapes. In addition it also sees value in setting relevant and appropriate stretch targets for participating FSG companies, while recognizing the need for monitoring and reporting progress.

Appreciating that much of this development needs to take place in geographies where such approaches are not yet well established or widely deployed, the FSG will engage with a range of stakeholders, including certification systems, during 2014 to design targets for 2020 and beyond.

### **Role of the WBCSD FSG**

The FSG, operating collectively and as individual global enterprises, will pursue the following action strategy:

1. Develop key performance indicators across biodiversity, climate change and energy, resource management, water and social aspects – leveraging forest certification as a verifier;
2. As part of this process, review and update the existing FSG's membership principles from 2007, including those relating to certification of all owned, leased or managed production forest areas and the full deployment of independent certification or verification within fiber procurement policies;
3. Launch a stakeholder engagement process in 2014 to develop aspirational certification targets for the world's production forests and to advise on specific targets for the FSG, including establishing baselines, monitoring and reporting of progress;
4. Engage with and actively support global certifications systems, including representation at the governance level, to provide a business perspective on a consistent basis;
5. Proactively monitor, map and measure certification developments;
6. Undertake with certification bodies and other stakeholders pilot projects and case studies to develop innovative solutions to current and future barriers;
7. Proactively address specific challenges using multi-stakeholder dialogue and engagement through platforms like [The Forests Dialogue](#). Such issues may include intensively managed plantations, use of chemicals and fertilizers, or the future role of biotechnology as a sustainability strategy;
8. Actively promote the role of certification in catalyzing on-the-ground performance improvements, by linking fiber and product flows from sustainably-managed forests to local, national and international markets that are seeking sustainable business solutions.

For more information contact James Griffiths, WBCSD on [griffiths@wbcscd.org](mailto:griffiths@wbcscd.org)

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<sup>5</sup> Production forests are a subset of the world's total forest area and describe forests for productive and commercial output of fiber and wood, including natural productive forests and plantations or working forests. This excludes conservation forests, which are predominantly dedicated for preservation or biodiversity conservation, which in some cases, involves limited timber extraction.