

From principles to transparency in disclosure

Towards a benchmark for the forest products value chain

Who is the Forest Solutions Group?

As members of the [WBCSD Forest Solutions Group](#) (FSG), we represent about **35% of global forest, paper and packaging sales**, employ 280'000 people, operate and sell products in more than 120 countries. The FSG forms a **global leadership** platform for **strategic collaboration among value chain partners**, from the forest sector to the retail shelf. Together we aim to bring more of the world's forests under sustainable management and expand markets for responsible forest products.



Joining forces to address global challenges

Deforestation, climate change, energy demand and water scarcity are global challenges relevant to the forest products value chain. Demand for forest products is expected to triple by 2050, and together with other land-use needs increase the pressure on the world's forests. We recognize that **sustainable resource management** is the only way to meet and **balance competing demands** and **transform forest challenges into value added solutions**.

Shared commitment, concerted action and transparent progress

As a sign of shared commitment to sustainable development and as a condition of membership, we adhere to the [FSG membership principles and responsibilities](#). These principles have formed the foundation of our work for many years and continue to drive concerted action on the highest priorities, including sustainable forest management, multi-stakeholder engagement, sustainable procurement and benefits of forest products. To measure performance and transparently prove progress in sustainability, we have initiated a set of key performance indicators (KPIs).

It's not as simple as it sounds to measure and report performance as a group

Individually member companies of the FSG have been reporting sustainability impacts for years, demonstrating the actions and measures each company is taking to improve its performance. Reporting together as a group was a challenge because we operate in numerous countries with varying legislations, different reporting requirements and regional impacts. Not all FSG companies stand at the same stage of the value chain and **supply different products into the market**. Given this diversity of contexts, we were challenged to identify **what we can measure together** to show concrete performance. In a collaborative effort, we chose indicators based on the following criteria: a) global relevance, b) significance to external stakeholders and the companies, c) grounded in the FSG membership principles and d) measurability. This resulted in ten indicators across five priority areas: landscape management and forest certification, waste management, energy use, water stewardship and social impact.

Resource efficiency: Renewable, recyclable & low carbon

Wood is a **renewable raw material** - meeting a myriad of our everyday needs - be it energy, construction material, paper, packaging, personal care or more bio-based materials. Wood and products derived from it are **resource efficient** because they are renewable, widely recyclable and have a low carbon footprint. To produce wood on a renewable basis **sustainable forest management practices are vital**.

Sustainable forest management is the foundation of responsible business in the forest sector



Forests are key to global sustainability and land presents a substantial asset to the FSG. Together, we manage more than **20 million hectares of land**, an area almost as big as Switzerland, Austria and Hungary together. We manage and use our forests without compromising their environmental and social values and benefits. Already today, on average **93%** of the **forests we directly manage** are **certified for sustainable management** by one or more internationally recognized third-party verification systems¹. **62%** of the **total volume of wood**, fiber and other products intake was certified in 2014². To ensure that the supply of **sustainably managed wood** and fiber continues to **increase** to **meet growing demand**, we are actively promoting forest certification throughout our supply chains and engaging with stakeholders to expand other best practices.

Reducing climate change impacts and striving towards a low-carbon economy

Forests absorb carbon in trees and the ground, and thereby reduce climate change risks. Wood-derived products also store carbon at the rate of 189 million tonnes per year and growing³. The majority of FSG members report extensive information on carbon emissions to CDP⁴. Based on 2013 data, the group's scope 1 and 2 carbon emissions were about 28 and 19 million metric tonnes CO₂ equivalent, respectively.⁵

To mitigate carbon emissions, we put a strong focus on using **renewable energy** throughout our operations. **63%** of **our total energy consumption** comes from renewable sources, mainly **biomass**. In addition, we provide **19'335 gigawatt-hours of renewable energy to third-parties**. This is more than the

¹ Includes the forest certification systems: FSC®, PEFC™ and SFI®

² Does not include FSC Controlled Wood

³ Pan et al. 2011 ([Click here](#))

⁴ CDP ([Click here](#))

⁵ Includes Scope 1 and 2 emissions of 10 out of 13 FSG companies that reported to the FSG KPIs. CDP reports are publically available.

annual energy consumption of the city of Washington D.C. and sufficient to power more than five million average households⁶.

Maximizing the value of each harvested tree

We are committed to the **efficient use** of all raw materials throughout our production processes. We foster continuous improvements in **reducing waste** and promote the **reuse of resources** when and where possible. In 2014, about two-thirds of solid waste was reused, for example, to **generate energy** and **provide raw material** to the cement and construction industries. Only **21%** of **solid waste** was sent to **landfill**.

Water stewardship is key in light of increasing water insecurity

Water is an integral element needed for the production of pulp and paper. Water stewardship is important for the forest sector given increasing water insecurity in certain regions of the world. **93% of the water** running through our production facilities is **returned to the water source**, supply or third parties for reuse – in at least the same quality as it was withdrawn. Of course, it is important to understand that some water returns as vapor to the atmosphere and some is embedded in the end product.

Water quality is equally **important** as quantity. To measure water quality and as an indication of the efficiency of the water treatment process, we chose Chemical Oxygen Demand (COD). This is a measure of the level of oxygen consumed to reduce the organic content of the effluent. Our results reflect low levels: on average 5kg COD per tonne of saleable production was reported by FSG members in 2014.

Multi-stakeholder engagement to deliver positive social impact

For more than 10 years, we have been engaged with **The Forests Dialogue** - a neutral, international, multi-stakeholder driven engagement initiative that has been working on reconciling competing interests over forest-related issues worldwide. We have actively supported **15 different initiatives** and **65 international dialogues** with more than **2'500 stakeholders**. Through our engagement, we have established **strong stakeholder relations**, understood **local concerns** and have driven **inclusive business strategies** in the landscapes in which we operate.



⁶ First Solar 2015 ([Click here](#))

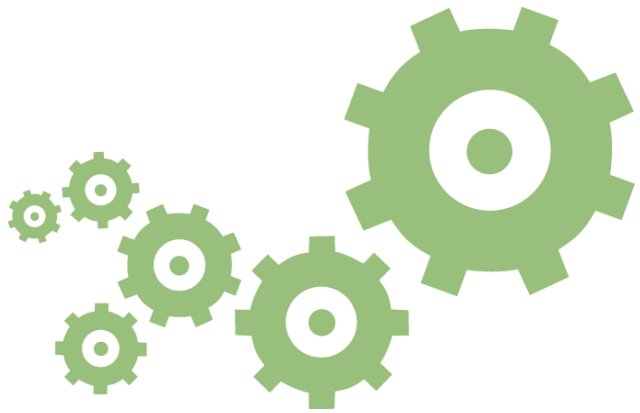
Health & safety is a cornerstone of responsible business



With a total **workforce of more than 280'000 people**, continuous improvement in occupational health and safety is of substantial importance to us. We systematically and consistently address and communicate internally about safety risks, set goals and indicators, and measure performance. In 2014, the average **lost-time accident frequency rate was 3.0⁷**. For directly employed workers **7 fatalities** were reported. With this being the first time we aggregated this information at the group level, we are keen to closely monitor and continuously improve our health and safety performance over time.

Next steps are already underway

Indicators and metrics are not a means to an end, they are only a **starting point for an ongoing process** that builds on the sustainability initiatives we, as a group, have been leading over the last decade. We recognize this is a **value added approach** because it raises the bar for all companies involved in the FSG. The underpinning process, as well as the results, will help us **engage more effectively** and prioritize future efforts to **guarantee growth** and **vitality** of forest resources **today** and **to future generations**.



We are committed to the future

For the reasons described above, we as the FSG commit to:

- Report on the KPIs annually
- Review and update the FSG membership principles and related KPIs
- Identify additional metrics that can be measured together and deliver on joint priorities
- Continue to engage with stakeholders, share learnings and improve processes

You want to find out more, please contact:

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⁷ Lost-time accidents frequency rate per 1 million hours worked

Additional notes & explanations

- This report is released in the name of the WBCSD Forest Solutions Group. It is the result of a collaborative effort between the FSG member companies and the secretariat. The FSG member companies and secretariat recognize that the data may carry some degree of inaccuracy and will work towards improving the collection and verification process over time.
- Results include consolidated data of 13 FSG member companies, including: AkzoNobel, Empresas CMPC, Fibria, Grupo Portucel Soporcel, International Paper, Metsä Group, Mondi Group, SCA, SCG Paper, StoraEnso, Suzano, UPM and Weyerhaeuser.
- All data stated above refers to the reporting period: January – December 2014
- Currently only FSG Core Members (12 companies) are required to report on the KPIs on an annual basis. Associate members (8 companies) can voluntarily report on the KPIs applicable to their company. The FSG aims to progressively improve the KPIs, their collection and reporting process, and expand relevance to all members, representing the full value chain.
- The scope includes the wide majority of all lines of business of FSG members, incl. in alphabetical order: biocomposites, cellulose fiber, fluff pulp, forestry, kraftliner, labels, packaging, paper, paperboard, personal care products, plywood, printing paper, pulp, recycle, solid wood, timber, timberlands and tissue. Individual companies may in- or exclude lines of business from their reporting based on the company's context and reporting framework.
- The organizational boundary includes the operations and production facilities where FSG members hold full operational control. Joint ventures and subsidiaries may be in- or excluded, depending on each company's reporting framework.