From principles to transparency in disclosure
Towards a benchmark for the forest products value chain

2014 Key Performance Indicator Results
June 2015
Who is the Forest Solutions Group?

- **Global leadership** platform for **strategic collaboration** among value chain partners
- About **35% of global** forest, paper and packaging sales
- 280’000 employees worldwide
- Operations and sales in 120 countries
- Bring more of the world’s **forests under sustainable management** and **expand markets** for responsible forest products
- Joint forces to address global challenges and transform forest challenges into **value added solutions**
From principles to performance measurement

Where to begin?

- FSG membership principles
- Challenge to report sustainability along the value chain
- Need to bridge varying legislations, different reporting requirements and regional impacts
- Companies stand at different stages of the value chain & supply different products into the market

What can we measure together?

What indicators fulfill the right criteria?

- Global relevance
- Significance to external stakeholders and the companies
- Grounded in the FSG membership principles
- Measurability

What to prioritize?

5 priority areas:

- Landscape management and forest certification,
- Waste management
- Energy & Climate
- Water stewardship
- Social impact
Resource efficiency: Renewable, recyclable & low carbon

- Wood is a **renewable raw material**
- Wood & products derived from it are **resource efficient** because they are renewable, **widely recyclable**
- To produce wood on a renewable basis **sustainable forest management practices are vital**
Foundation of responsible business in the forest sector

- More than **20 million hectares** of land under management
- Forests are managed without compromising **environmental** and **social safeguards**
- **93%** forests **certified** for sustainable management
- **62%** total volume of wood, fiber and other products intake **certified**
- Working to ensure that the supply of **sustainably managed wood & fiber** continues to increase to meet growing demand
Reducing climate change impacts & striving towards a low-carbon economy

• Forests absorb carbon in trees and the ground
• Renewable energy mitigates carbon emissions
• 63% of our energy consumption is from renewable sources – mainly biomass
• 19’335 gigawatt-hours of renewable energy supplied to third-parties
  → More than the annual energy consumption of the city of Washington D.C.
Maximizing the value of each harvested tree

- **Efficient use** of all raw materials
- Continuous improvements in **reducing waste & reuse of resources**
- About **two-thirds of waste** for **beneficial reuse** in energy generation or provision of industrial raw material
- Only **21%** of solid waste was **sent to landfill**
Water stewardship is key

Quantity

• Water is a critical resource in the pulp & paper production process
• Water stewardship is important given increasing water insecurity in certain regions of the world
• 93% 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

Quality

• Chemical Oxygen Demand (COD) is a water quality measure, indicating the efficiency of the water treatment process
• On average 5kg COD per tonne of saleable production was reported by FSG members in 2014, reflecting low levels of oxygen consumed to degrade the organic content of the effluent.
Social impact with multi-stakeholder engagement

• 10 year engagement with The Forests Dialogue
  • A neutral, international, multi-stakeholder driven engagement initiative to reconcile competing interests over forest-related issues worldwide

• Supported and active in:
  • 15 different initiatives
  • 65 international dialogues
  • More than 2’500 stakeholders

• Established strong stakeholder relations

• Understood local concerns

• Drive inclusive business strategies
Health & Safety – a cornerstone of responsible business

• Total workforce of more than 280’000 people
• **Continuous improvement** in occupational health and safety is key
• **Systematic & consistent assessments** of safety risks, goals and adequate indicators, performance measurement
• 2014 average lost-time accident frequency rate was 3.0 per 1 million hours worked
• 7 fatalities of directly employed workers
Our commitment to the future

- **Report** on our 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
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