

COMMUNITIES

OUR COMMITMENT

SDG impact

1 NO POVERTY

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

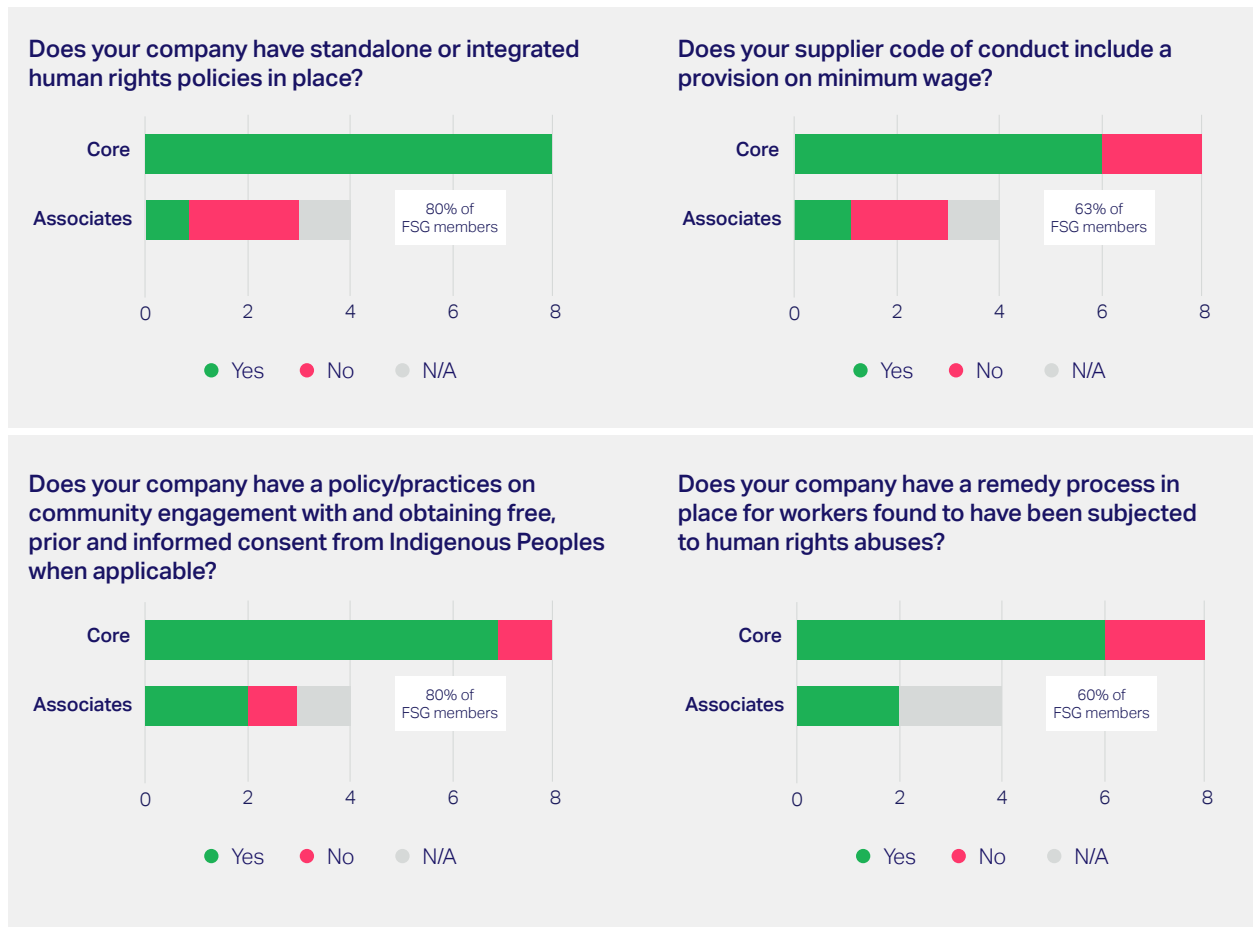
Enhance the livelihoods and support the resilience of forest-dependent communities and local economies

- 1. Scale shared-value business models** that provide services, infrastructure, business support, skills development opportunities and other livelihood benefits to

communities and enable improved governance.

appropriate grievance mechanisms, dialogue and independent mediation, and implementing best practices such as participatory planning with Indigenous Peoples in line with the principles of free, prior and informed consent (FPIC).
- 2. Respect access and tenure rights of Indigenous Peoples and communities directly affected by forest operations** by proactively seeking to resolve any disputes through

KPI RESULTS



The forest sector contributes to livelihoods and economic growth across the full value chain, from people depending on forests for their livelihoods all the way to the consumers of wood fiber products. Forestry and primary processing often occur in remote areas with limited access to work, social support services or infrastructure. In this context, businesses in the forest sector have the responsibility to bridge some of these gaps. Indigenous Peoples constitute another key forest sector stakeholder as they manage approximately 28% of the world's land surface, including some of the most ecologically intact forest areas. Yet they continue to face issues related to land rights and other forms of oppression.²⁹

To enhance livelihoods and build resilience in forest dependent communities, in the SDG Roadmap we commit to scaling shared-value business models that provide livelihood opportunities to communities while building long-term business competitiveness. For example, when facing the effects of a

failed educational system and unstable operating environment in rural Columbia, Smurfit Kappa set up agroforestry education institutes to improve education and livelihoods in the region while securing its talent pipeline. In Indonesia, Sumitomo Forestry provides free seedlings to local communities and guarantees the purchase of round logs as raw materials at the current market value once the seedlings grow into harvestable woods. With this approach, local farmers can use any land that is not suitable for farming and earn cash income.

As investment in communities should start by securing their most fundamental human rights, in the SDG Roadmap we commit to respecting the rights of Indigenous Peoples and communities directly affected by forest operations. Common human rights risks in the forestry sector that can impact local communities include hazardous working conditions, the infringement of land tenure rights, forced and child labor, low and insecure wages, threats to the livelihoods of communities and Indigenous Peoples, and

impacts on the environment and air quality. By embedding respect for human rights into business operations and value chains, we can prevent or mitigate these risks while strengthening our social license to operate.

1. Public commitment to respect human rights

Based on the United Nations Guiding Principles on Business and Human Rights (UNGPs), a public commitment to respect human rights is the first step in fulfilling the business responsibility to respect human rights. Some **80% of FSG members have taken this step by publishing a separate or integrated human rights policy, which varies according to their alignment with the UNGPs.**

The content of these published human rights policies meets at least the minimum UNGP requirement of alignment with the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.³⁰



2. Provision on minimum wage in supplier code of conduct

The forest sector business model is characterized by a large number of contracted workers and temporary staff. These groups are more vulnerable to human rights risks such as low wages, short-term contracts, hazardous working conditions and long working hours. To mitigate this risk, business should develop robust supplier and contractor policies aligned with core ILO labor standards, a commitment to engaging in social dialogue with workers to monitor compliance, and a provision on minimum wage. A company-wide commitment to a minimum wage and to addressing job insecurity along the value chain significantly improves working conditions and poverty alleviation in communities. We all hold our suppliers accountable to a supplier code of conduct. In 2019, we had reached and evaluated 89% of our more than 160,000 suppliers for compliance with the code of conduct, and **63% of FSG members included a provision on a minimum wage in their code of conduct. These are suppliers of wood fiber and other materials.** This signals a proactive step towards building decent livelihoods and facilitating a more productive and sustainable workforce.

3. Policy & practices for community engagement

Without responsible business practices for community engagement, rural communities and Indigenous Peoples in the vicinity of forestry operations could be at risk of displacement, poor compensation agreements and loss of livelihoods, land and identity. To fully comprehend and mitigate these risks, companies should establish stakeholder engagement plans with clearly defined procedures, compensation mechanisms and grievance channels accessible to all. Some **80% of FSG members have policies and processes for community engagement in place**, such as **Stora Enso's Sustainable Settlement Initiative**, run by its joint operation Veracel, aimed at fostering dialogue and resolutions for displaced people in Brazil. In doing so, most companies demonstrate a commitment to communicating openly about potential impacts and preventing future harm, including by securing free, prior and informed consent from affected peoples.

4. Remedy process in place

Remediation is a central tenet of the corporate responsibility to respect human rights. Where a business has caused or contributed to negative human rights impacts, affected stakeholders should have access to judicial and non-judicial grievance mechanisms and remedy. Some **60% of FSG members report having a remediation process in place** and two FSG members provide examples of the outcomes, lessons learned and corrective actions taken to prevent future harm. Transparency on the steps taken to ensure access to remedy is crucial for companies to demonstrate legitimacy and retain stakeholder trust.

In alignment with WBCSD's membership principles, we commit to declaring our support for the UN Guiding Principles on Business and Human Rights by having a policy to respect human rights and a human rights due diligence process in place.



Launched in 2011, the **United Nations Guiding Principles on Business and Human Rights (UNGPs)** are the framework of reference to reduce the risk of negative impacts on human rights caused by business activities. The UNGPs set out the state duty to protect human rights against abuses, the business responsibility to respect human rights, and the state and business role in providing access to remedy when negative impacts occur.