



# WORKING FORESTS

## OUR COMMITMENT

**SDG impact**

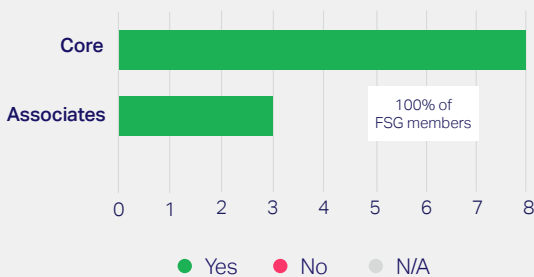
### Bring more of the world's working forest under sustainable management

1. Implement and promote **sustainable forest management practices and expand sustainable working forests**, while protecting and enhancing biodiversity and ecosystem services by:
  - Using forest certification standards that are based on third-party verification;
  - Helping smallholders overcome barriers to obtaining and retaining certification;
  - Applying practices and methods for sustainable intensification;
2. Counter the forces that drive **deforestation and forest degradation** by demonstrating
  - Engaging with the finance sector to develop new financial mechanisms to accelerate investments in sustainable forest management;
  - Supporting the development and implementation of new tools and approaches to measure, value and manage biodiversity and ecosystem service impacts and dependencies.
3. Promote and engage in **context-based landscape management approaches**, including on forest fire prevention and watershed stewardship, with the aim of enhancing ecosystem services, improving resilience and helping sustain forest production systems at local, regional and global levels.
  - and promoting successful models for sustainable forest management and wood fiber procurement.

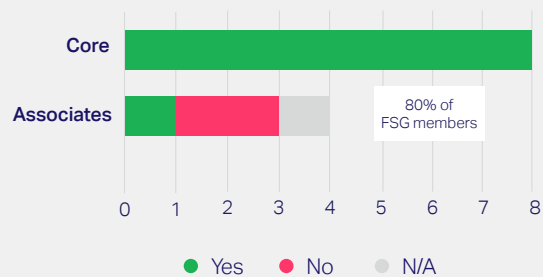
## KPI RESULTS

Owned, leased and managed forests certified (%) (weighted average)	2019	CAGR (2015-2019)
	96% 8 core + 2 associates	+1%

Does your company invest in long-term biodiversity and ecosystem conservation programs?



Does your company engage with smallholders to help overcome barriers to obtaining and retaining certification?





As of today, about 30% of the 4 billion hectares of forest worldwide are used primarily for production.<sup>1</sup> When managed sustainably, these working forests continuously supply renewable materials for the bioeconomy while providing multiple benefits for people and the planet, such as carbon sequestration, clean water, habitat and livelihoods. It is predicted that by 2050, growing populations and demand, as well as an increase in use of wood for bioenergy, will triple global demand for wood.<sup>2</sup> Deforestation and forest degradation remain a global concern; and the estimated 10% of global deforestation linked to wood products<sup>3</sup> undermines the public's positive perception of the forest sector. Society's undeniable dependence on forests for natural resources calls for the forest sector to act as responsible stewards of these working forests to secure a continuous supply of sustainable materials and products. Over the past 20 years, forest certification has grown to cover approximately 11% of the total forest area and has become the reference to verify responsible forest management and sourcing practices. But to meet the growing demand for wood, more of the world's productive forest needs to be brought under sustainable management.

FSG members own, lease or manage a total of approximately 10 million hectares of forests. This gives us leverage to drive positive change. In the SDG Roadmap, we commit to countering the forces that drive deforestation and forest degradation by promoting successful sustainable forest management and wood fiber

procurement models that protect and enhance biodiversity. This starts with a firm commitment to deforestation-free operations and supply chains (see the SDG Roadmap for our position on deforestation). Engagement with the finance sector to accelerate investments in sustainable forest management is another important lever to counter deforestation. Indeed, driving up the economic value of sustainable working forests for investors is a proven way to prevent its conversion to alternative forms of land use. The increasing monetization of ecosystem services such as carbon sequestration and watershed protections is expected to further drive up the value of sustainable working forests in the future.<sup>4</sup>

### 1. Investment in long term biodiversity and ecosystem conservation

The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Global Assessment Report has found that around 1 million animal and plant species are now threatened with extinction, many within decades.<sup>5</sup> As forests are home to over 80% of terrestrial biodiversity,<sup>6</sup> biodiversity protection and

enhancement is high on our sustainability agenda. **All FSG members report investing in long-term biodiversity and ecosystem conservation programs.**

We operate under the national and regional forest regulatory frameworks applicable to our areas of operation or provenance of our wood supplies. These provide a minimum standard, such as the designation of an area of land to manage for conservation or restoration of natural forests. Many of us have set ambitious company-level targets going beyond these legal requirements. For example, in 2012 in Chile, **CMPC** entered an agreement with the Forest Stewardship Council (FSC) and other NGOs to recover up to 8,738 hectares of native forest areas previously converted to plantations. As part of this broader effort, one initiative alone looks to restore 458 hectares of native forest in a catchment area supplying water to a nearby city.





Based on sustainable forest management practices, forest certification provides an effective tool for biodiversity and ecosystem conservation. Certification schemes operate under internationally defined biodiversity regulatory frameworks, such as the Convention on Biological Diversity, the Bonn Convention or Natura 2000. **Some 96% of the working forests FSG members directly manage are independent third-party certified.** To reach the forests that we do not directly own, we work with third-party suppliers to uphold these same requirements.

FSG members operate in different types of forests, from managed natural and semi-natural forests in the Global North, to plantation forests in the Global South. In (semi)-natural forests, typical forest management practices adopted to conserve and restore biodiversity include identifying and protecting valuable ecosystems, maintaining decaying wood, ensuring variation in the forest structure to preserve the habitats of a wide variety of forest species (for instance birds, lizards, invertebrates, lichens, mosses), and establishing woodland buffer zones bordering watercourses to maintain a suitable environment for aquatic and riparian species (such as fish, reptiles, weeds, algae).

Plantation forests currently account for about 3% of the world's forests<sup>7</sup> and their higher yield contributes to meeting the growing global demand for fiber-based solutions. But productivity should not come at the expense of the conservation, protection

and enhancement of natural ecosystems. Thus, in the SDG Roadmap, we commit to applying practices and methods for sustainable intensification. We predominantly establish forest plantations on degraded land and design them to protect valuable ecosystems; and recognized forest certification schemes systems generally do not allow the conversion of natural forest into plantations.

## 2. Context-based landscape management approaches

The management of shared resources such as biodiversity, ecosystems or watersheds spans property boundaries and requires context-based landscape management approaches to deliver meaningful outcomes at scale. For this reason, companies seeking to engage in landscape management may contribute by sharing their know-how and resources through coordinated, multi-stakeholder action at the landscape level. Integrated landscapes include certain areas dedicated to wood production, while setting aside valuable ecosystems for conservation and restoration of key species, including native animals and trees. For example, **Hancock Natural Resource Group**, through its Sensitive Lands Program, has protected over 190,000 hectares of critical habitat for sensitive or endangered species or lands with high scenic, historical, cultural or recreational values. In these landscapes multiple land uses

coexist, such as cattle grazing or beekeeping, and the company closely monitors the quality of the habitats and ecosystems.

Effective fire prevention and management is another example where business may apply a coordinated approach at the landscape level. The increasing frequency and severity of wildfires poses a growing threat to biodiversity, ecosystems, people and climate change mitigation efforts. In addition, for businesses in the forest products value chain, fire presents a direct risk to their forest assets; thus, they manage it with great care. Preventive forest management measures such as clearing vegetation or controlled burning are an integral part of sustainable forest management practices in areas at risk. And recognizing that effective prevention and fire management extends beyond property lines, those of us that operate in areas at risk contribute technology, resources and know-how to local and national fire departments, and participate in collaborative fire prevention and response measures. For example, **New Forests** has developed a landscape-scale fire management program at its rubber plantation investment in West Kalimantan, Indonesia, that seeks to manage fire risk across the region by bringing together companies, communities and governments for a coordinated fire risk assessment and management strategy.

### 3. Engagement with forest smallholders

Engagement with forest smallholders is another important lever of our commitment to bringing more of the world’s productive forests under sustainable management to meet the growing demand for wood without straining forests. Only 30% of total industrial roundwood production worldwide is certified.<sup>9</sup> Certifications schemes have difficulties reaching the 20% of global forests currently under private ownership due to high costs, substantial administrative procedures, and a lack of market incentives and capacity to manage requirements. Therefore, reaching forest smallholders is a necessary hurdle to overcome to increase the availability of sustainable wood globally.

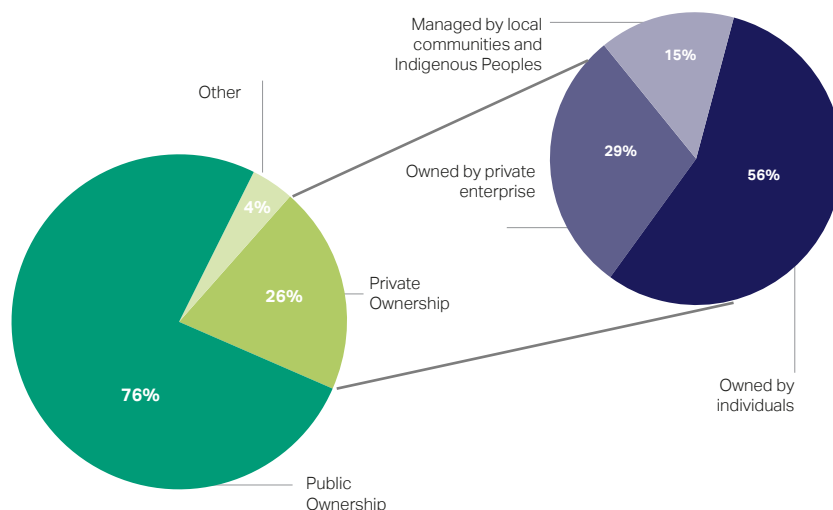
The characteristics of forest smallholders vary widely across countries and regions. Of the 20% of forests under private ownership worldwide, individuals own 56%, private enterprises own 29% and local communities and Indigenous Peoples manage 15%.<sup>10</sup> In regions such as Europe and North America, individuals and families own most forests. In this model, the areas of land tend to be larger and represent an ancillary source of income for private forestland owners. In the Global South, collective ownership of forests is also significant in some areas, with local communities and Indigenous Peoples relying on relatively small landholdings, family labor and limited technology to meet their livelihood needs.<sup>11</sup>

Driven in part by customer demand for certified wood, access to certification is a conduit to greater market access and stable income for forest smallholders. But high costs and administrative requirements are important barriers preventing many from accessing certification. In an increasingly competitive market, we rely heavily on forest smallholders as a source of sustainable wood, while others seek to engage with smallholders to promote community develop in their areas of operation. Some **80% of FSG members report engaging with forest smallholders to help them overcome barriers to obtaining certification.** To support forest smallholders in the development of sustainable and effective forestry practices and their capacity to obtain and retain certification, we typically contribute practical guidelines, technical support and training on sustainable forest management, conservation, and sometimes

other sources of income such as agroforestry. Working with recognized forest certification schemes, like the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), as well as international NGOs and other local stakeholders, we help forest smallholders organize themselves as a collective, sharing the costs and administration procedures to obtain a certificate. For example, in Russia, **Mondi** has a partnership with Silver Taiga Foundation, which develops practical guidelines and training materials for small and medium-sized enterprises to become certified or to successfully implement and maintain certification requirements.

In alignment with WBCSD’s membership criteria, we commit to setting ambitious, science-informed, short and mid-term environmental goals that contribute to nature and biodiversity recovery by 2050.

**Figure 2: Breackdown of global forest ownership**



**Definition: Forest smallholder**  
 Anyone who owns, manages or uses forests which are considered ‘small’ in relation to others in their region, and those who apply low intensity harvesting practices to timber and/or non-timber forest products.<sup>8</sup>