

The value and future of international forest certification

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Sustainably managed plantations essential

Reducing forest loss and degradation is a global societal priority requiring immediate and concerted action. It is critical that 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 such as fresh water and climate regulation. They also generate industrial fibre for a very wide range of everyday and essential products, from timber and paper to bioenergy, and economic development opportunities for local communities and commercial enterprises.

It is estimated that global demand for wood and paper-based products will at least triple by 2050. We also need to factor in additional demand factors associated with bioenergy, bio-based materials and chemicals. It is therefore essential that we find ways to ensure additional fibre and biomass requirements are supplied from forests, including plantations and agro-forestry operations that are sustainably managed.

Business sector role

The business sector plays a major role in transforming many of these forest challenges into forest-based opportunities and answers. The World Business Council for Sustainable Development (WBCSD) is a CEO-led organisation of forward-thinking companies that has galvanised the global business community to establish a sustainable future for business, society and the environment. Together with its members the Council works to find constructive answers and take shared action. Using its strong relationships with stakeholders, it helps steer debate and policy change in favour of sustainable development.

For instance, the Council has developed a science-based Action2020 initiative for business to help tackle the urgent needs of the planet by the end of this decade. The initiative confirms sustainable forest management as the basis for looking at a range of important global priorities including climate change, reversing ecosystem degradation and ensuring food, feed, fibre and biofuel security. As part of this initiative, forest certification is a voluntary mechanism that encourages improvements by linking fibre and product flows from forests to local, national and international markets. This linkage also allows the development of the social, economic and environmental benefits associated with sustainable forest management.



Stora Enso, a production forest in Sweden

Role, value and benefits of independent forest certification

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

- Verification and encouragement of sustainable forest management
- Assurance about procurement policies and supply chains for customers, end consumers and regulators
- Better constructive communication between forest owners, local communities, regulators and other interested parties

- Establishment of markets for, and the marketing of, wood and paper-based products from sustainably managed forests by recognising certified products and suppliers
- Improvement in perceptions of forests and their management, thereby building and retaining consumer confidence in the forest-based sector and forest products.

Work of Forest Solutions Group

To promote international forest certification, the World Business Council for Sustainable Development has a Forest Solutions Group made up of global companies along the forest products value chain including suppliers and customers. The Group provides business leadership to expand sustainable forest practices.

It is also dedicated to expanding markets for sustainably-produced and sourced forest products, building relationships with stakeholders to bring more of the world's forests under sustainable management, and providing ecological services, social benefits and economic development. According to a 2012 Pricewaterhouse Coopers global forest, paper and packing industry survey, Forest Solutions Group members are responsible for nearly 40 per cent of annual global forest, paper and packaging sales (US\$130 billion in aggregated sales).

This Group also helps 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 the companies involved in the Group commit to:

- Practice sustainable forest management in all owned, leased or managed forests
- Recognise as credible certification systems that are based on third party verification, independent accreditation, good governance and transparency, and encourage efforts to expand their use
- Progressively and systematically introduce credible forest certification in owned, leased or managed forests
- Manage supply chains to obtain fibre from acceptable sources
- Introduce credible and independently certified wood-tracing systems when needed to deal with significant risks
- Ensure the supply of independently verified fibre is developed in line with expanding demand from manufacturers, customers and stakeholders
- Set 2020 targets to increase the use of certification when sourcing forest products and fibre
- Grow markets for certified forest products.



Veracel, a plantation in Brazil

The Council also calls on all 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. They are also encouraged to fully use existing certification within their own programs, operations, supply chains and investments. Finally they are asked to practice sustainable development including for small forest owners, community forestry, indigenous peoples and agroforestry operators using forest certification and other methods.

Some stakeholders have specific preferences based on content and process requirements. However the Forest Solutions Group encourages the assurance of management performance and fibre flows provided by the following independent forest certification and associated chain-of-custody systems:

- Forest Stewardship Council
- Programme for the Endorsement of Forest Certification
- Sustainable Forestry Initiative.

The latter is an independent certification system operating in North America. It is one of 30 national forest management systems under the Programme for the Endorsement of Forest Certification umbrella, with a separate chain-of-custody standard.

Expanding reach and impact

It is of concern that, according to the FAO, only 10 per cent of the world's forests are independently certified and this includes forests for conservation and production. This totals 394 million hectares, representing approximately 30 per cent of the world's production forests, which generate an estimated 27 per cent of global annual industrial harvests. Production forests are a subset of the world's total forest area and describe forests for productive and commercial output of fibre and wood, including natural productive forests and plantations or working forests. This excludes conservation forests that are mainly dedicated to preservation or biodiversity conservation work, which in some cases involves limited timber extraction.

The Forest Solutions Group has asked all stakeholders involved in sustainable forest management to accelerate efforts to significantly increase the reach, availability, impact and benefits of certification beyond current limits. One way to do this is to adapt existing certification systems to allow access by all types of forest owners and managers in order to maintain the growth rates of certified areas ahead of expanding demand for certified fibre. Another is suppliers and buyers adopting, as a matter of priority, certification within their supply chains.

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



Mondi, a log yard in Russia

As well as fully using existing certification systems, this will require the development of new methods of independent verification by certification bodies and users that can improve on-the-ground performance.

These new methods are needed to effectively 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 such as fibre, feed and food production. It especially includes cooperative and group-based management structures that can also provide organisational bases for independent verification.

There is also a need to cost-effectively verify wood and fibre flows to markets for existing conventional forest-based products and bioenergy, but also new and emerging biomaterials. The provision of ecosystem services like water quality and carbon sequestration must also be verified. In many cases, a phased or

step-by-step approach towards full forest certification may be an appropriate approach, 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 discussions between the Forest Solutions Group, the Forest Stewardship Council, the Programme for the Endorsement of Forest Certification and the Sustainable Forestry Initiative, the Group identified the following seven challenges and opportunities that need to be looked at to achieve improved global forest certification practices. The first five are:

- Continuous improvement of governance arrangements, stakeholder participation and management standards
- Improved system efficiencies and reduction of costs by:
 - Early adoption of new technologies such as Earth Observation
 - Taking a common and cooperative approach on generic technical issues such as group certification approaches, chain-of-custody and wood-tracking systems
 - Establishing common terminology and science-based norms to improve consistent practices on the ground
- Ensuring that labels and claims make clear for consumers the distinctions between virgin, mixed and recycled fibre content
- 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 like bio-based energy and bio-based materials
- Avoid or minimise bureaucratic changes in procedures that add unnecessary administrative time and cost and as a result penalise certified companies compared with non-certified operators.

The last two are challenges for stakeholders, including Group companies, operating in locations where certification is not yet well established or widely deployed:

- Support the design and development of new verification methods, including auditable fibre 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

- 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 help independent performance and chain-of-custody verification to be taken up.

Expansion targets

As one means of encouraging progress, the Forest Solutions Group sees value in the development of collective certification targets for the world's production forests and agroforestry landscapes. It also sees value in setting relevant and appropriate stretch targets for participating Group companies, while recognising the need for monitoring and reporting progress.

Appreciating that much of this development needs to take place in locations where such methods are not yet well established or widely deployed, the Forest Solutions Group plans to work with a range of stakeholders, including certification systems, during 2014 to design targets for 2020 and beyond. The Group, operating collectively and as individual global enterprises, is therefore pursuing an action strategy in 2014 that will:

- Develop a benchmarking system across biodiversity, climate change and energy, resource management, water and social aspects using forest certification as a criteria
- Monitor, map and measure certification developments
- Develop certification targets for the world's production forests and advise on specific targets for the Group including establishing baselines, monitoring and reporting of progress
- Undertake pilot projects and case studies to find innovative answers to current and future barriers
- Seek ways to deal with specific challenges on issues around intensively managed plantations, the use of chemicals and fertilisers, or the future role of biotechnology as a sustainability strategy
- Promote the role of certification in improving on-the-ground performance by linking fibre and product flows from sustainably-managed forests to local, national and international markets that are seeking sustainable business answers.

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