



A Buyers' Guide to Canada's Sustainable Forest Products

Executive summary

Buyers of wood and paper-based products are increasingly concerned about sustainability issues, leading them to consider factors beyond the traditional attributes of price, quality, service and availability. The purpose of this Buyers' Guide summary is to provide information on the issues that should be considered when developing policies and programs for sustainable procurement and financing. The complete Buyers' Guide is available at: www.fpac.ca

The Canadian forest products industry is committed to working in a manner that is environmentally responsible, socially desirable and economically viable. FPAC members have made commitments around sustainability issues such as conservation, sustainable forest management, certification, biodiversity and climate change. Through annual reporting, FPAC members are able to demonstrate steady and substantive progress toward their stated goals. FPAC's sustainability report can be found at: www.fpac.ca

FPAC has worked with PricewaterhouseCoopers LLP (PwC) in the development of this Buyers' Guide in order to benefit from their knowledge and experience with sustainable procurement issues and to help address the questions that knowledgeable customers are asking.

Introduction

Decisions regarding the purchase and use of wood and paper-based products can have far-reaching, long-term impacts. Beyond the immediate and obvious consequences of their purchases, consumers, retailers, investors and communities are taking an increased interest in how their buying decisions affect the environment. They also want to know if products are produced sustainably and seek assurance that buying forest products today will not adversely affect the quality of the environment for future generations. Many companies procuring wood and paper-based products are communicating and achieving their objectives through the development of sustainable procurement policies.



Canadian Leadership in Sustainable Forest Products

- 149 million hectares (353 million acres) are certified to the CSA, FSC or SFI sustainable forest management standards.
- Has maintained nearly all, or 91%, of its original forest cover — more than any other country in the world.
- The pulp and paper sector generates 60% of its own electricity from carbon-neutral biomass.

Sustainable Procurement/Financing Policies

In keeping with internationally accepted principles of free trade, purchasing and financing policies should be non-discriminatory and transparent. Sustainable procurement or financing policies should include the following elements:

- Building a business that is socially, environmentally and economically sustainable on a long-term basis
- Sourcing/financing forest products derived from forests that are managed to promote sustainable forest management and/or from recycled sources, including the following aspects:
 - Responsible fibre sourcing, including traceability or chain of custody
 - Sustainable forest management certification
 - Biodiversity conservation
 - Avoidance of illegal logging
 - Maintaining and enhancing air and water quality
 - Efficient use of resources
- Encouraging recovery of recycled papers and thereby facilitating higher levels of recycled content paper and promoting energy efficiency and emissions reduction
- Sourcing/financing products from suppliers that are working towards continual improvement of their forest management and production processes, including:
 - Social responsibility
 - Research and education
 - Public reporting
- Sourcing/financing products based on a life cycle approach
- Working with stakeholders to ensure the procurement/financing strategy is socially and environmentally responsible, and economically viable

Purchasing decisions should be made based on consideration of the following issues, as identified by the World Business Council for Sustainable Development^{1,2}.

Sourcing and Legality Aspects

1 Origin: Where do the products come from?

Knowledge of the products' origin, the supply chains they have followed and the manufacturing processes used to produce them will help buyers assess key factors such as the credibility of information about product origins, the legality of sourcing and sustainable forestry practices.

2 Information accuracy: Is information about the products credible?

To help trace the origin of raw materials and record the sale of certified products, Canadian forest companies are increasingly utilizing traceability and third-party certified Chain of Custody systems (CoC).

3 Legality: Have the products been legally produced?

Illegal logging has risen to the top of the international forestry agenda over the past five to 10 years. To reduce the risk of purchasing illegally harvested forest products, buyers should identify regions of higher risk and develop appropriate controls. Canada has a strong legal and institutional framework, a solid commitment to sustainable forest management and virtually no systemic issues around illegal logging. FPAC member companies provide additional assurances of legality through independent third-party certification that their forest management practices are conducted responsibly.

Environmental Aspects

4 Sustainability: Have forests been sustainably managed?

Sustainable forest management integrates economic, social and environmental aspects of management into an appropriate balance that meets the needs of today's society without jeopardizing the ability of future generations to meet their needs. Forest management standards that Canadian forest companies subscribe to include these three aspects of sustainability and they also utilize independent third-party certification of forest operations to internationally recognized standards as an effective way to ensure products are derived from legal and sustainable sources.

5 Environmental protection: Have appropriate environmental controls been applied?

A key aspect of environmental controls is the control of pollution. Different types of pollution can occur at various points along the forest products supply chain. These include air emissions, solid waste, water emissions and noise. Canadian mills have made dramatic strides towards significantly reducing or eliminating several classes of toxic substances that affect the quality of air and receiving waters.

6 Special places: Have special places, including sensitive ecosystems, been protected?

FPAC's Sustainability Initiative strives to identify and preserve these identified special places through a variety of mechanisms, including FPAC's commitment to forest certification, which incorporates the protection of special places. Canada's boreal forest represents significant environmental, economic and social values and the third-party certification of FPAC members' forest management practices helps ensure the values of the boreal forest are maintained and protected.

7 Other resources: Have other resources been used appropriately?

FPAC members have achieved significant improvements in environmental performance through reduced mill effluents, air emissions and water use.

8 Energy and climate change: Have climate issues been addressed?

Climate change is at the forefront of the sustainability agenda for the Canadian forest products industry, governments and consumers. Forests can mitigate climate change by removing carbon from the atmosphere (carbon sequestration) and then storing it as biomass. Wood and paper products also store carbon. Biofuel derived from forest biomass is preferable to fossil-fuel energy because carbon is recycled to the atmosphere, whereas fossil fuels introduce new carbon.

¹ WBCSD Sustainable Procurement of Wood and Paper-based Products web address: www.sustainableforestprods.org

² WBCSD/PwC Sustainable Forest Finance Tool Kit: www.pwc.co.uk/forestfinancetoolkit

9 Recycled fibre: Has recycled fibre been used appropriately?

Canada is a global leader in waste paper recovery. Recycling is an important aspect of the forest products value chain. The use of recycled fibre can reduce the demand for fresh fibre from forests and reduce greenhouse gas emissions from paper sent to landfills. Continually improving paper recovery and the use of recycled content is high on the Canadian forest industry's agenda. Canadian companies believe that no good paper should go to a landfill.

Social Aspects

10 Local communities and indigenous peoples — have the needs of local communities or indigenous peoples been addressed?

Respecting the rights of Aboriginal Peoples and workers in forests and manufacturing facilities is an important part of sustainable procurement. In addition, proper equipment and training are essential to ensure the safety of workers, because logging and processing operations are potentially dangerous. The Canadian forest products industry has a proud tradition of working with Aboriginal Peoples, environmental groups, local communities, labour groups and other interested stakeholders to find common ground and mutually agreeable solutions for prosperity. Engagement, partnership and continual improvement are the industry's goals.

Conclusions

Wood and Paper products are made from a renewable resource and help to alleviate climate change by sequestering carbon. Canadian forests are abundant and constantly being regenerated. In fact, Canada's rate of deforestation is virtually zero as reported by the United Nations FAO State of the World's Forests (March 2007).

Canada leads all other countries in the amount of third-party certified forests.

If you are looking for support on green procurement please feel free to contact PwC and/or FPAC for more information.

Carbon Footprints and Calculators

The carbon footprint of forest products is of great interest for the industry and its end product users. As an example, FPAC has committed to become carbon neutral by 2015 without the purchases of any offsets. A variety of organizations have developed guidelines and tools for the calculation of carbon emissions and storage. A sample of the available tools is provided below¹:

- The Confederation of European Paper Industries (CEPI) has developed carbon footprint assessment guidelines for the Pulp and Paper industry:
www.cepi.org/Content/Default.asp?PageID=4
- The International Finance Corporation and the National Council for Air and Stream Improvement, Inc. have developed a Forest Industry Carbon Assessment tool which can be used by forest products companies to calculate their carbon footprint:
www.ficatmodel.org
- The State of California's Climate Registry has developed a tool to help forest land managers determine the volume of carbon storage in forests on their land base:
www.climateregistry.org/resources/docs/protocols/industry/forest/forestcertprotocol_may2007.pdf
- Carbon calculations for individual products are difficult due to differences between production processes, raw material inputs, output products and geographies. One general approach to measuring product specific energy footprints is through Life Cycle Analysis (LCA) which measures product energy use from harvest to final disposal or re-use. The Athena Institute has developed an EcoCalculator that may be of interest to design professionals for LCA:
www.athenasmi.org/tools/ecoCalculator/index.html

¹ These carbon calculation tools are provided for information only, and have not been assessed or endorsed by PricewaterhouseCoopers or FPAC.

About FPAC

The Forest Products Association of Canada (FPAC) is the voice of Canada's wood products, pulp and paper producers nationally and internationally in government, trade and environmental affairs.

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About PwC

PricewaterhouseCoopers assists clients in the forest products sector to manage performance improvement, sustainability, operational risk, mergers and acquisitions, corporate finance, tax, and audit issues.

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