



A Guide to Biodiversity for the Private Sector

www.ifc.org/BiodiversityGuide

Forestry

The Bottom Line

The forestry sector, which includes pulp and paper, as well as timber, is entirely dependent on natural resources. Natural and plantation forests, which provide the inputs necessary for the survival of forest industries also provide vitally global ecosystem services, habitat for plant and animal species and a wide variety of goods and services to communities. In addition to the direct negative impacts of forestry activities, including deforestation, habitat destruction and degradation, the industry can have a wide range of indirect impacts by creating improved access for settlers, hunters and illegal loggers to previously inaccessible areas, via logging roads. The development of timber plantations can impact biodiversity through conversion of original natural habitats to monoculture, introduction of non-native species and ecosystem changes resulting from increased water use.

The forestry sector was identified as a high risk (“red zone”) sector for biodiversity risk in the September 2004 report *Is Biodiversity a material risk for companies?* (F&C Asset Management plc) [Report available from: <http://www.businessandbiodiversity.org/pdf/FC%20Biodiversity%20Report%20FINAL.pdf>] The report defines red-zone sectors as those sectors in which *most companies* are likely to be exposed to biodiversity risks and the risks are *likely to be significant*.

Drivers for change

- Continued **access to raw materials** (shareholders, employees, clients)
- Increasingly stringent **controls and market forces** (governments, regulators, shareholders, clients)
- Growing use of supplier **contract and procurement conditions** by major end-of-chain retailers (clients, consumers)
- Compliance with **global certification** schemes (clients, consumers)
- Ensuring continued **access to capital** (financiers)
- Maintaining and enhancing company **reputation and brand** (consumers, shareholders)
- Potential for **cost savings** through waste reduction and responsible energy use (shareholders, employees)

Key sustainability initiatives and good practices

- **The World Bank/WWF Forest Alliance:** [<http://inweb18.worldbank.org/ESSD/envext.nsf/80ByDocName/WBWWFForestAlliance>] The Alliance works with governments, the private sector and civil society to create new protected areas of forest, improve the management of existing protected areas and promote independent certification of the world’s production forests.
- **The Forest Stewardship Council (FSC):** [<http://www.fsc.org>] The FSC is a global multi-stakeholder standard setter for sustainable forest management certification, promoting “environmentally appropriate, socially beneficial, and economically viable management of the world’s forests.”
- **The Programme for the Endorsement of Forest Certification schemes (PEFC):** [<http://www.pefc.org>] PEFC is a non-profit NGO that promotes sustainable forest management through independent third party certification. PEFC membership includes 32 independent national forest certification schemes.

- **The International Council of Forest and Paper Associations (ICFPA):** [<http://www.icfpa.org>] The ICFPA has adopted a position statement against illegal logging.
- **The International Tropical Timber Organization:** [<http://www.itto.or.jp/live/index.jsp>] An intergovernmental organization that promotes the conservation and sustainable management, use and trade of tropical forest resources.
- **Forest Trends:** [<http://www.forest-trends.org>] An international non-profit organization, Forest Trends works to support sustainable forest management and conservation by creating and capturing market values for the ecosystem services provided by forests.
- **Sustainable Forestry Initiative (SFI):** [<http://www.aboutsfi.org>] Developed by the American Forest & Paper Association [<http://www.afandpa.org>], the SFI is a set of principles, objectives and performance measures to promote the sustainable management of forestland.

- **HSBC's forest sector guideline:** [http://www.hsbc.com/hsbc/news_room/news/news-archive-2004?cp=/public/groupsite/news_room/2004_archive/hsbc_lanches_forest_sector_guideline.jhtml&isPc=true&bt=Read%20the%20news%20story] A set of guidelines from the bank HSBC stating that it will not provide financing for companies that harvest, purchase, trade or process timber from high biodiversity value areas or projects that significantly degrade or convert critical natural habitat.
- **The Global Forest and Trade Network:** [http://www.panda.org/about_wwf/what_we_do/forests/our_solutions/responsible_forestry/certification/gftn/index.cfm] A WWF initiative aimed at eliminating illegal logging and improving the management of valuable and threatened forests.
- **The Center for Environmental Leadership in Business: Forestry Program:** <http://www.celb.org/xp/CELB/programs/forestry>