Trends in Sustainability Influencing How Forest Products are Viewed in the Marketplace

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Customer Demands have Changed

- Millennials* now influencing marketplace
- Non-regulatory initiatives increasingly replacing government regulations as primary driver for action
- Customers undertaking their own sustainability studies and product-oriented standards development

*Millennials are born between ~1980 - 2000
Resulting Trends in Sustainability

• Customers seeking low-risk suppliers
  – Mitigating cascading negative reputational risk

• Stewardship focused on entire product value chain
  – Traditional certification no longer enough

• Reporting strategies shifting to balance stakeholder expectations with business needs
  – Greater transparency
  – Performance metrics being shaped for simplicity rather than scientific complexity
Customer-Designed Standards

• The Sustainability Consortium
  – Seed funding from Walmart
  – 165 members – predominantly customers & retailers

• Developing “science-based measurement and reporting systems” for use by producers, retailers and users of consumer products
  – Supply chain tools for key issue identification
  – A dozen product Category Sustainability Profiles relevant to forest products sector
  – KPI development for “deforestation”
Standards for Financial Liability Reporting

• Sustainable Accounting Standards Board (SASB)

• Developing sustainability accounting standards for public corporations to disclose material information to investors
  – Aim to link their standards with SEC reporting

• A dozen standards relevant to sector
  – Including “Pulp & Paper” and “Forestry & Logging” standards
Product Claims using EPDs

• Multi-stakeholder initiatives to develop “product category rules” for environmental product declarations
  – Based on life cycle assessment
  – Anyone can develop PCRs (within ISO standards)

• Land use and biodiversity not (yet) in LCA
  – Incorporated in a variety of ways – in some cases, highly negative implications
  – e.g., EPN SCS PCR

• Potential for marketplace claims highly biased against forest products
Different Perspectives

What industry “knows” about use of Forests:
- Environmentally good
- Consistent with long-term maintenance of healthy landscapes
- Something we have continued to learn how to do better
- Part of the future

What society “knows” about use of Forests:
- Environmentally bad
- Consistent with long-term degradation of landscapes
- Something our grandfathers did but we know better now
- Part of the past
The Challenge of Human Nature

- We are all focused on our own survival
- We are capable of holding inconsistent ideas
- Multiple forces are at work shaping our perception
- We all have deeply-rooted emotions that drive us
- Our interests align only partly with those of others
The Answer?

Converting our frame of reference to that of the customer and general public

Research based in science with final products focused on addressing communication needs
Our Frame of Reference
Theirs
The challenge is evident!
Array of Sustainability Topics is Expanding

- GHG & Carbon management
- Life cycle assessment (and PCRs & EPDs)
- Energy/water nexus
- Water footprinting
- Recycling
- Product sustainability & certification standards
- Sustainability reporting
- Benchmarking & reporting data management
- Product stewardship
- Circular economy
- Natural capital
- ‘Zero waste’
- And more….
Providing Scientific Results that Address Perception

- Mitigating negative effects on climate
- Full value chain information
- Maximizing sources of energy from within the process
- Consuming the minimum water needed
- Responsible fiber sources
- Circular uses for manufacturing residuals
- Metrics for transparent reporting
Launch of New Task Group

- **New NCASI Sustainable Manufacturing & Climate Task Group**
  - GHG & carbon management, LCA, energy, water, recycling, sustainability standards, benchmarking & metrics – and emerging topics (circular economy, natural capital…)
  - Membership is binational
  - Membership is flexible (~2 per member company)
  - One face-to-face meeting per year
  - ~Two web/conference calls per year
Questions?