

Sustainable Forest Management in Canada – Looking Back, Looking Forward

Peter Johnson



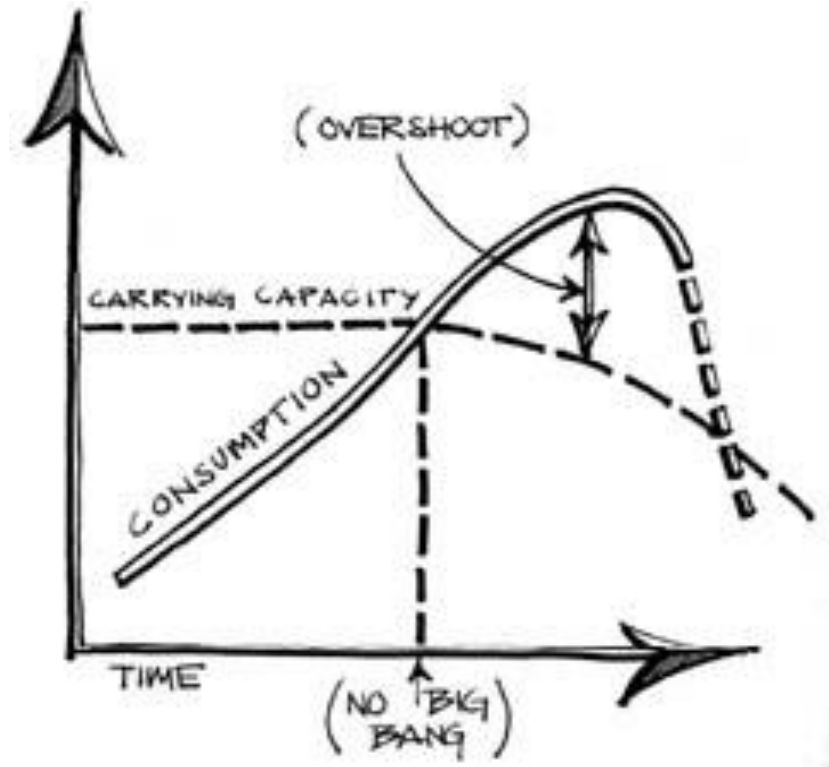
Sustainability and Corporate Responsibility

Do we live in an unsustainable world?

Current trends in global population growth, consumption and resource use are unsustainable.

“Since the 1980’s, human demand on planetary resources has exceeded supply. Globally, we now use over 20% more of the Earth’s biocapacity than it can renewably generate. Under business as usual, by 2050 we will be living as if we had two Planets, rather than just one.”

- SustainAbility 2007



Sustainability

What's your story about Environment and Risk?

“Every product, brand, company and service will soon be telling a story - and they all need to be good.”

Based on the Kingfisher, CSR Report

Sustainability

In pursuit of the Sustainable Business

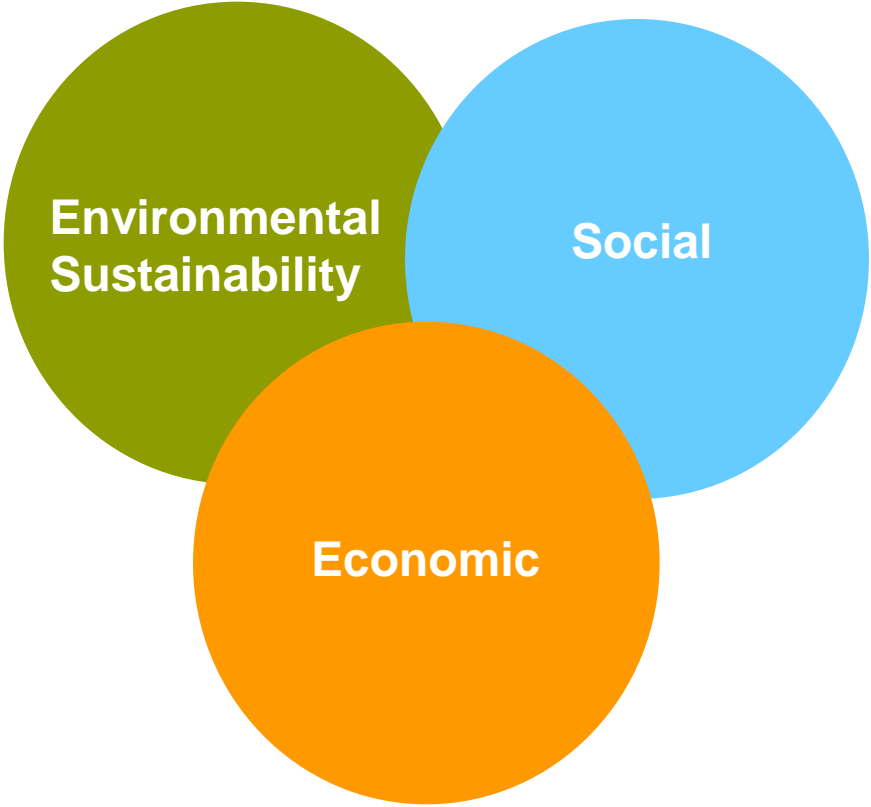
Economic + Environment + Social Sustainability



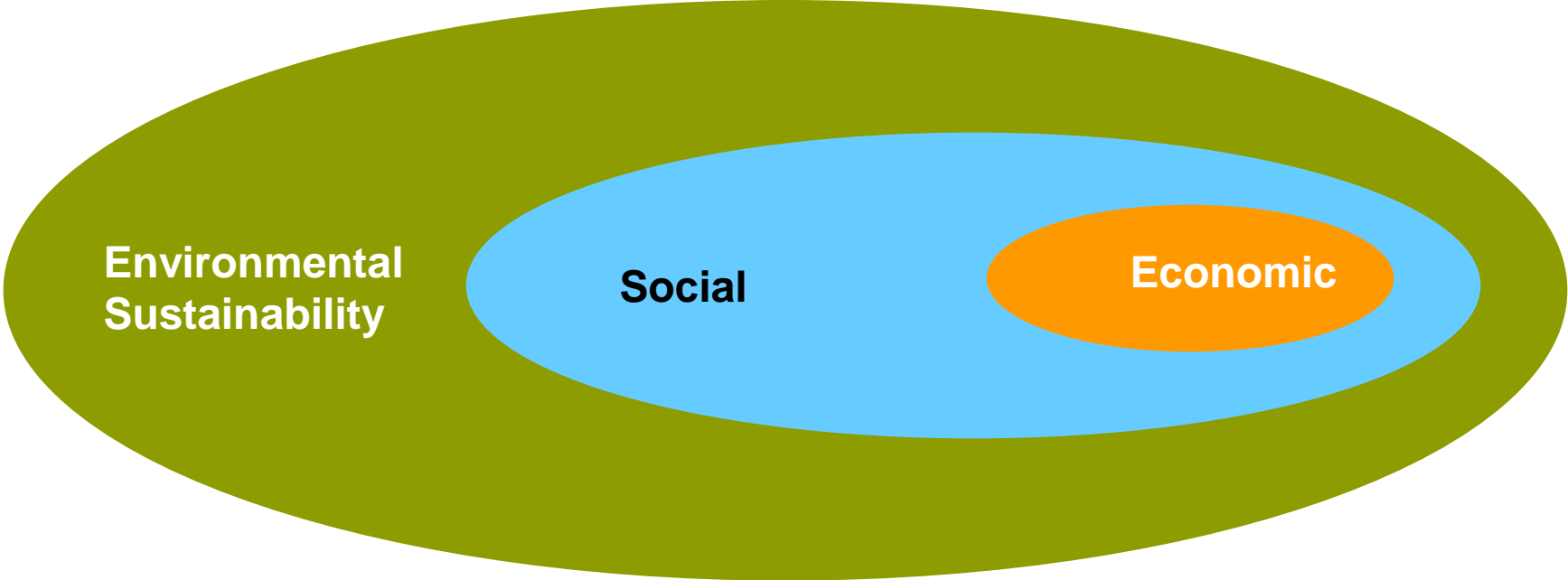
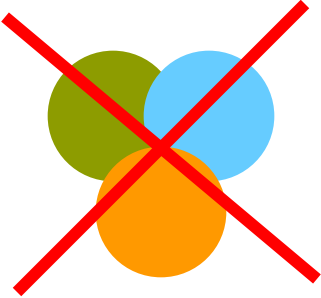
“...the meeting of the needs of present generations without compromising the ability of future generations to meet their needs.”

1987, *Our Common Future*, World Commission for Environment and Development (WCED)

Traditional 3 Lenses Approach



Move to a Nested Hierarchy Model



Sustainability

Identifying the topics

What are the issues of the day?

Economic

- Revenue Growth
 - Cost Management
 - Profits
 - Operational Efficiency
 - Risk Management
 - Reputation / Brand Value
-
-

Environmental

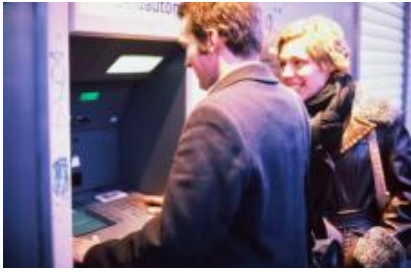
- Environmental Footprint
 - Climate Change and Carbon Management
 - Power Supply, Demand and Conservation
 - Alternative Energy Sources (e.g. Biofuels, Hydrogen)
 - Supply Chain Transparency and Accountability
 - Use of Resources (Renewables and Non-Renewables)
 - Biodiversity and Conservation
 - Design for the Environment and carbon labeling
-
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Social

- Social Footprint
 - Diversity
 - Outsourcing / Offshoring
 - Labour Relations
 - Retention and recruitment
-
-

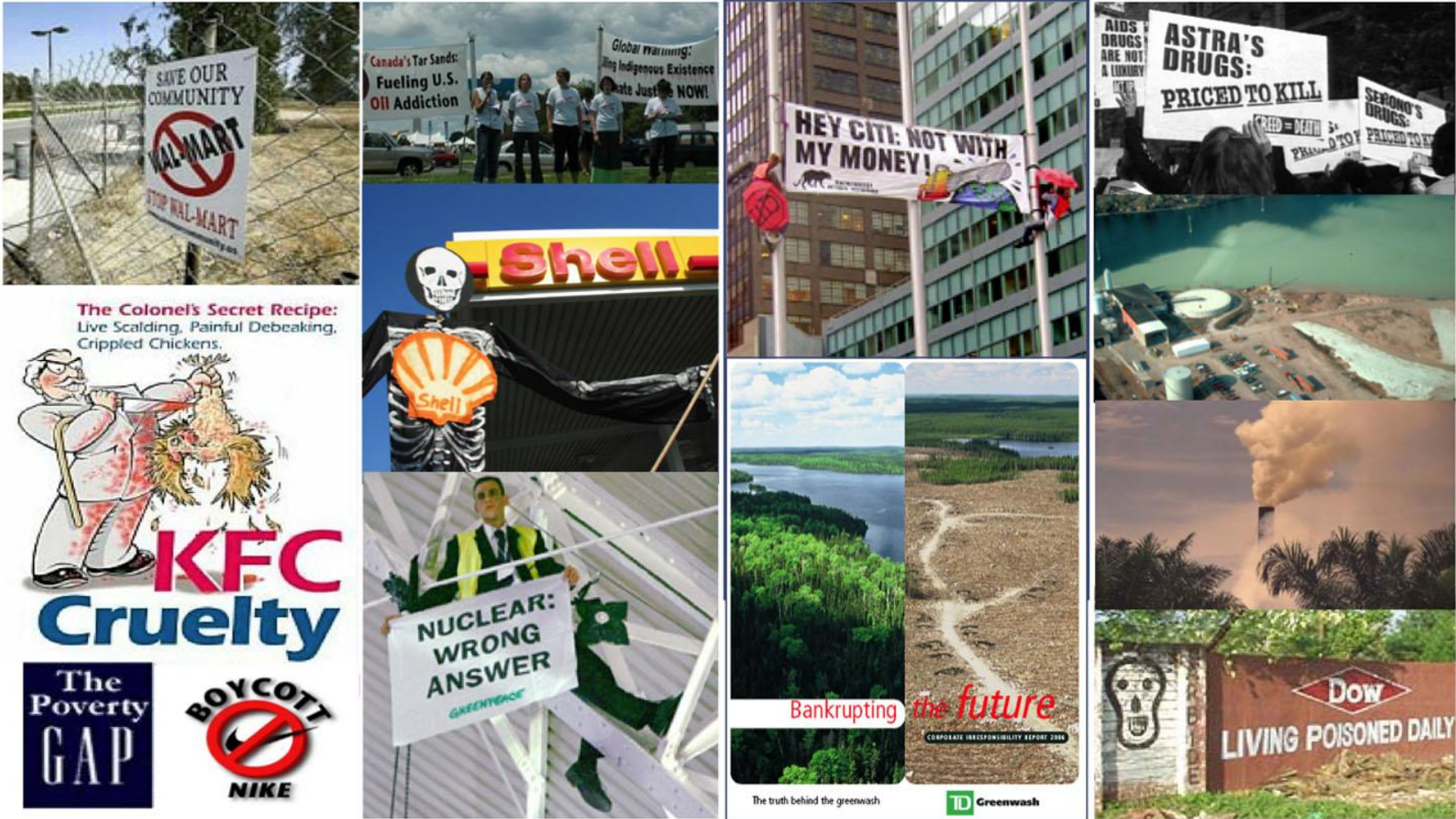
Sustainability

Drivers: Who put these topics on the agenda?



Sustainability Drivers

Risk Management



Sustainability Drivers

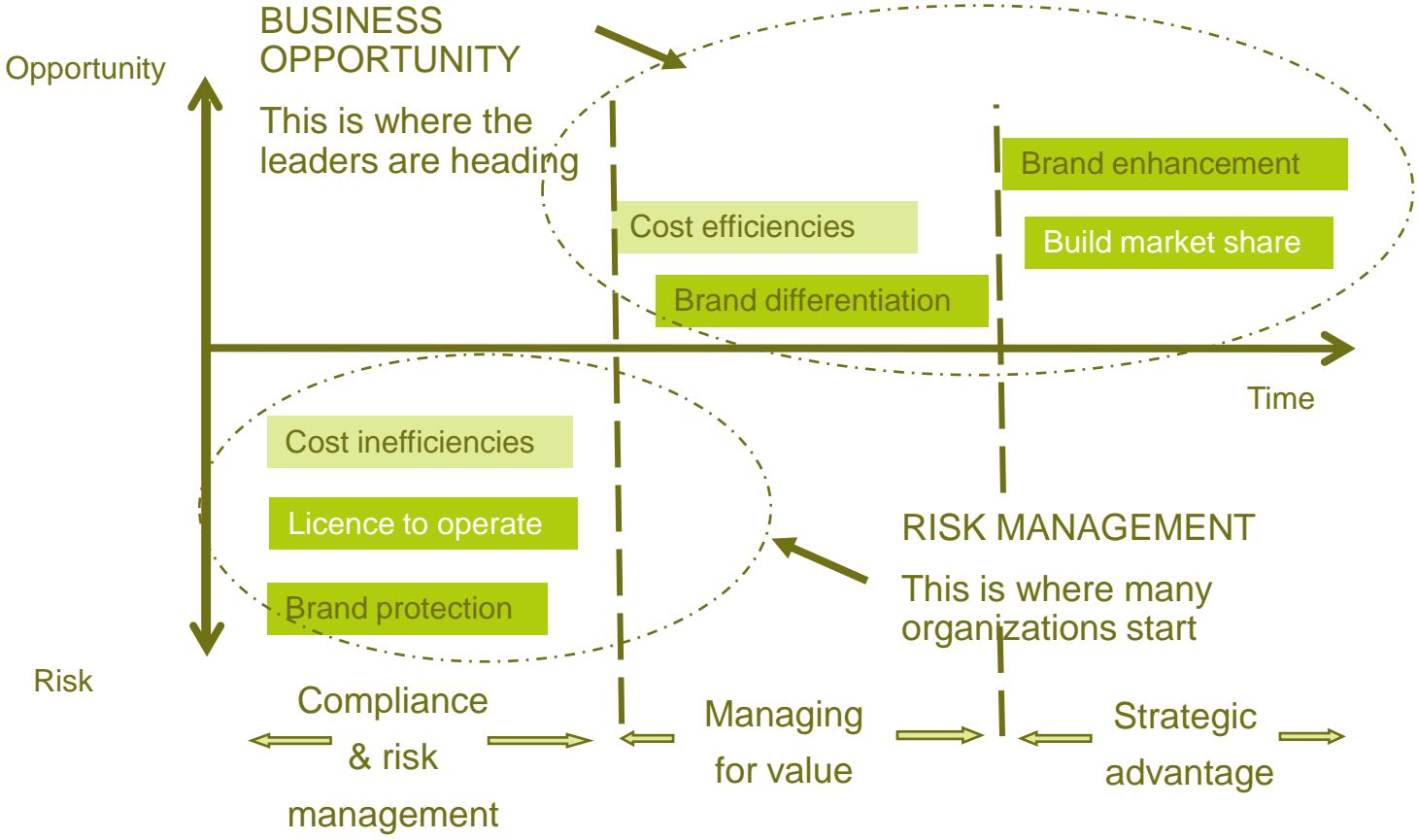
Reputation Managements

“It takes 20 years to build a reputation, and five minutes to ruin it. If you think about that, you’ll do things differently.”

- Warren Buffet, CEO,
Berkshire Hathaway



Sustainability: Over time sustainability moves from 'risk management' to 'business opportunity'



Greening the Supply Chain

Increased Demand



- Greater interest in sustainability has increased demand for “green” products (ie. Office Depot requirements for certified paper) that flows back through the supply chain
- Buyers’ Guides to procurement of sustainable forest products published by industry associations and ENGOs to help inform customers and investors
- Forest certification and Chain of Custody are key aspects of industry approaches to ensuring legal and sustainable sourcing

Sustainability

Developing the opportunities

Sustainability Strategy and Reporting

Economic

- Revenue Growth
 - Cost Management
 - Profits
 - Operational Efficiency
 - Risk Management
 - Reputation / Brand Value
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-

Environmental

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Sustainability – Operationalized

1

Substantiate the **Business Case** for sustainability

Understand the relevant non-financial drivers of business & link those with stakeholder's demand and perceived value

2

Measure Results from sustainability initiatives in quantitative terms

Manage and measure all relevant drivers (resources) efficiently

3

Communicate the Value to stakeholders

Communicate effectively with relevant stakeholders

Competitive Advantage

Sustainability

Communicating your strategy

Sustainability reports

- Sustainability reports for companies on the TSX have reached 70% versus 35% five years ago
- Greater reliance on these reports to rate company performance
- Increasing trend to have external report assurance to provide credibility to the information being reported

growing
together



2006 corporate social
responsibility report

"Investors appear to be asking for more and improved disclosure of environmental matters. And they seem to be taking these matters into greater consideration when making investment decisions."

Jo-Anne Matear, Ontario Securities Commission, discussing the OSC's February 27, 2008 report, which states that the commission wants corporate reporting and disclosure of environmental risks and liabilities beefed up.

Sustainability

Communicating your strategy

Ontario Legislature April 9, 2009

- Unanimous passage of a motion calling for the OSC to review current corporate reporting standards and to produce recommendations for enhanced disclosure
- “With the current economic downturn, it is more important than ever to enhance disclosure in an effort to provide greater confidence and protection for individual investors as they seek to make investment decisions.”

Laurel Broten MPP

Sustainability and Corporate Responsibility

Concluding Thoughts

Sustainability:

- must be a part of business strategy
- is applicable to every business regardless of size or industry type
- is not flavor of the month but is here to stay
- brings many tangible and intangible benefits and revenues to a company
- should be viewed as an business opportunity, not a burden

Thank You