

Communication on Engagement (COE)

Period covered by this Communication on Engagement:
August 2014- August 2016

Part 1. Statement of Continued Support by the Chief Executive

30 November 2016

To our stakeholders:

I am pleased to confirm that the Forest Stewardship Council (FSC) reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. This is our Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

FSC's mission is to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests. Our vision is that the world's forests meet the social, ecological, and economic rights and needs of the present generation without compromising those of future generations. In practice, our values are:

- **Environmentally appropriate** forest management ensures that the harvest of timber and non-timber products maintains the forest's biodiversity, productivity, and ecological processes.
- **Socially beneficial** forest management helps both local people and society at large to enjoy long term benefits and also provides strong incentives to local people to sustain the forest resources and adhere to long-term management plans.
- **Economically viable** forest management means that forest operations are structured and managed so as to be sufficiently profitable, without generating financial profit at the expense of the forest resource, the ecosystem, or affected communities. The tension between the need to generate adequate financial returns and the principles of responsible forest operations can be reduced through efforts to market the full range of forest products and services for their best value.

In this Communication of Engagement, we describe the actions that FSC has taken to support the UN Global Compact and its Principles as suggested for an organization like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Kim Carstensen
FSC Director General

Part II. Description of Actions

Halting deforestation and forest degradation, and practicing sustainable forest management are important for limiting climate change and its impacts, protecting biodiversity and freshwater supplies, providing raw materials for a 'low ecological footprint' economy, and protecting the livelihoods of hundreds of millions of people.

FSC is an independent, nongovernmental membership organization that promotes the environmentally sound, socially beneficial, and economically prosperous management of the world's forests. FSC was initiated in 1990 and formalized in 1994 to help consumers and businesses identify products from well managed forests. The entire organization comprises an international umbrella with more than 850 members (organizations and individuals) and, currently, close to 50 national organizations.

FSC sets standards for forest management, which include legal, environmental, social, economic, and monitoring requirements. Foresters who comply with these requirements can become certified and use this status in their communications and trade. The granting of certificates and the regular verification of performance is carried out by independent certification bodies, which are overseen by a specialized organization, Accreditation Services International.

To ensure that wood harvested in FSC-certified forests ends up in FSC-labelled products in a reliable manner, FSC has developed standards and procedures for companies active in the supply chain. The labelling of products as FSC certified is allowed only when all supplying companies in such a chain are FSC certified. As FSC recognizes the environmental advantage of recycled inputs, it has also developed a special standard for users to provide evidence of a product's recycled origins.

The UN Global Compact can be a major driver in efforts to halt deforestation and forest degradation worldwide, and to strengthen the positive contributions that forests play in the future of sustainable development. That is why the Forest Stewardship Council (FSC) actively supports the UN Global Compact Principles that will help businesses to focus their actions.

The FSC system is a model in which the use of wood as an environmentally and socially sound resource actively contributes to sustainable economic development. FSC's ten principles require the forest owner or manager to follow an agreed set of rules for responsible forest management. These align well with the UN Global Compact, and guide our work globally. To that end, FSC participated in Global Compact Events over the past two years, including a webinar presentation in October 2014 that provided an overview of FSC's global activities and alignment with the UN Global Compact.

The below outlines FSC's practical actions to support an engage with the Global Compact, aligned with the UNGC 10 Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Human Rights

FSC is committed to upholding human rights globally, and is aligned with the UN Global Compact to support and respect the protection of internationally proclaimed human rights (UNGC Principle 1) and to make sure its work is not complicit in human rights abuses (UNGC Principle 2). In the context of our work, we promote gender equity, the rights of indigenous peoples and local forest-dependent communities. For example, the right of indigenous peoples to give or withhold consent has been recognized in the FSC system since its original Principles and Criteria were published in 1994 and consecutive standards have continuously broadened. Based on these standards and comprehensive guidelines, FSC has been a strong promoter of Free Prior and Informed Consent (FPIC) in forest management worldwide. In addition, women from poor, forest-dependent communities play a key role in the management of forests, and yet they are frequently marginalized from decision-making in communities.

FSC enhances inclusiveness in the decision-making process by building expert teams of indigenous peoples from forest dwelling communities, with a strong preference for young participants and gender balanced participants. We convene participants through awareness raising and other capacity building activities to ensure gender sensitivity in the development of appropriate methodologies and mechanisms.

Labour

FSC is dedicated to workers' rights and employment conditions, which includes specific criteria and indicators to ensure the application of the International Labour Organization's (ILO) core conventions, gender equality on the work floor, health and safety practices, 'living' wages, training, conflict resolution, workers' engagement, and damage avoidance and compensation. In particular, FSC supports UN Global Compact to uphold the freedom of association and the effective recognition of the right to collective bargaining (UNGC Principle 3); the elimination of all forms of forced and compulsory labour (UNGC Principle 4); the effective abolition of child labour (UNGC Principle 5); and the elimination of discrimination in respect of employment and occupation (UNGC Principle 6).

FSC defines gender equality as women and men having "equal conditions for realizing their full human rights and for contributing to, and benefiting from, economic, social, cultural and political development" (FSC, 2015). Since the early versions of the FSC Principle and Criteria, FSC requires adherence with the ILO core conventions, including Convention 111 on discrimination (occupation and employment). In the latest version of FSC's Principles and Criteria, criterion 2 incorporates, in detail, gender equality and the empowerment of women and girls in forest management requirements:

2.2: The Organization shall promote gender equality in employment practices, training opportunities, awarding of contracts, processes of engagement, and management activities.

FSC requires those that are developing standards to investigate the legal situation related to gender equality and the gaps between that and what FSC requires. These developers then need to set requirements to bridge that gap, such as (additional) training, alternative payment and assignments methods, flexible working hours, paternity leave, day care, etc.

Environment

FSC is a leader in promoting UN Global Compact environment principles through its model, including: supporting a precautionary approach to environmental challenges (UNGC Principle 7); undertaking initiatives to promote greater environmental responsibility (UNGC Principle 8); and encourage the development and diffusion of environmentally friendly technologies (UNGC Principle 9).

Forests play an essential role in climate regulation. Together with oceans, forests are the key ecosystem that removes carbon dioxide (CO₂) – the most damaging greenhouse gas – from the atmosphere. Carbon is stored in both trees and forest soils, and the world's forests contain roughly as much carbon as the atmosphere. The Paris Agreement on climate change, agreed in December 2015, highlights that importance of forests in tackling climate change, and calls on all countries to conserve and enhance their carbon reservoirs and sinks in forests.

In terms of carbon in wood products, FSC's certification scheme for forest management, its chain of custody control standards, and its outreach to consumers through its labels, all contribute to mitigating climate change by promoting sustainable forest management, and by promoting the recycling of used wood materials. FSC gives special attention to protecting the function of forests as net removers of CO₂ from the atmosphere. FSC has also started to develop new tools that reward the preservation of valuable ecosystem services, including carbon storage, in responsibly managed forests.

In terms of forest soils, FSC only grants certificates to foresters that manage infrastructural development, transport activities and silviculture so that water resources and soils are protected (FSC criterion 10.10), i.e. contrary to many agriculture practices, FSC does not accept significant disturbances to forest soils. Application of the precautionary approach to control the erosion of vulnerable soils and slopes, and protect water catchments, is included in the high conservation value 4 of FSC Principle 9, which covers critical ecosystem services.

Anti-Corruption

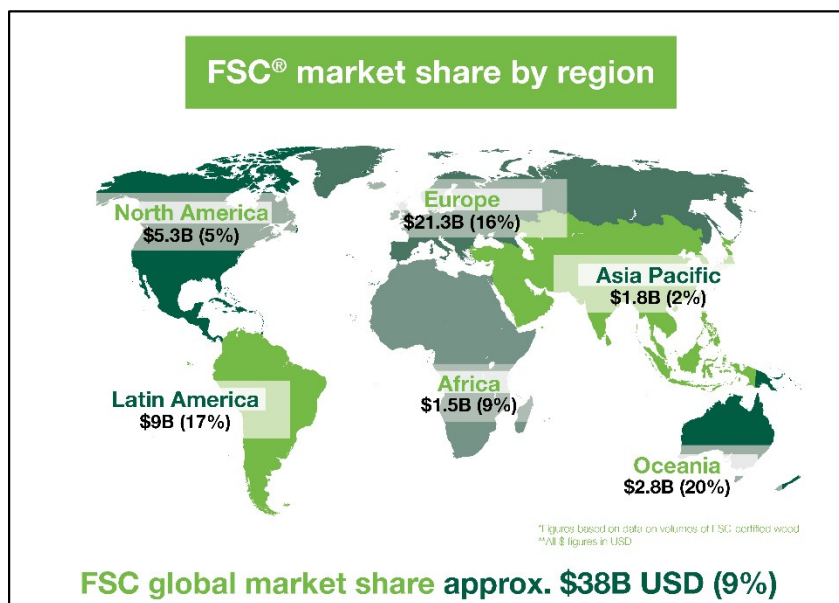
For FSC, the enforcement of relevant laws is the basis of sustainable forest management. It is reflected in FSC Principle 1 and elaborated in specific requirements regarding legal rights to harvest and harvesting activities, environmental and social requirements, and customary rights. With regard to corruption and bribery, FSC requires forest managers to publicize a non-bribery commitment (neither paying nor receiving bribes) and, depending on the situation, take specific measures to ensure their noninvolvement in corruption. In this way, FSC contributes in particular to UNGC Principle 10, focused on working against corruption in all its forms, including extortion and bribery.

For example, the *Policy for the Association of Organizations with FSC* (FSC-POL-01-004) is an expression of the values shared by organizations associated with FSC. It defines six unacceptable activities that associated organizations (i.e. certificate holders, certification bodies and members) and their affiliated groups commit to avoid in both certified and non-certified operations. One of the unacceptable activities is: Illegal logging or the trade in illegal wood or forest products. As corruption often is a component of or root cause for illegal logging and trade, the policy allows FSC to take measures against organizations that

are involved accordingly. The intention of this policy is to prevent FSC from being associated with organizations which are involved in unacceptable activities in both their certified and non-certified operations.

Part III. Measurement of Outcomes

As of 2016, more than 190 million hectares of forest are certified to FSC standards and managed as deforestation and degradation free. Of this, roughly 21 million hectares are in the tropics and sub-tropics. This represents around 16% of the world’s production forests in 83 countries, through 1,400 certificates engaging 140,000 forest owners and managers, and 54,000 companies in 118 countries under 30,750 chain of custody certificates. Since 2013, FSC has seen a 17% increase in the number of certificates: 1,238 in 2013 to 1,447 certificates in 2016. The below demonstrates FSC’s market share by region as of 2016:



Many corporations with global reach have committed to further increase their use of FSC-certified materials. For example, Kimberly-Clark announced that by 2025, it “will strive to obtain 90 percent of the fiber for its tissue products from environmentally preferred sources. This includes Forest Stewardship Council (FSC)-certified wood fiber, recycled fiber and sustainable alternative fibers”.¹

Another example is IKEA. In 2015, the company will have sourced 50 per cent of its wood from either FSC-certified or recycled sources and it has committed to reaching 100 per cent by 2020 for all its wood, paper and cardboard.⁹ In line with this commitment, their 2015 catalogue was printed on FSC-certified paper and, according to IKEA, the 217 million copies were the largest print run ever to be FSC certified.²

¹ See: Kimberly-Clark’s website (<http://investor.kimberly-clark.com/releasedetail.cfm?ReleaseID=864263>)

² IKEA (2015) *People & Planet Positive: IKEA Group Sustainability Strategy for 2020*. IKEA, Delft. (Also available at http://www.ikea.com/ms/en_US/pdf/reports-downloads/sustainability-strategy-people-and-planet-positive.pdf).

Part IV. Conclusion

As demonstrated by these contributions the UNGC Ten Principles, FSC provides a transformational solution to supporting the UN Global Compact. FSC is a relevant partner for all who seek to take action – based on legal and customary rights, and the engagement of all interested parties – to support sustainable natural resource management and the achievement of social and economic objectives.