

**FOREST + PEOPLE + NATURE**



# UNDERSTANDING ESG IN THE FOREST SECTOR

**JASON METNICK**

SVP, CUSTOMER AFFAIRS  
SUSTAINABLE FORESTRY INITIATIVE

April 6, 2023



SFI-00001

# WHAT IS ESG?

- **ENVIRONMENTAL** criteria a company considers when managing risks related to material (relevant) environmental issues.
- **SOCIAL** criteria a company considers when managing relationships with employees, suppliers, customers, and the communities where it operates.
- **GOVERNANCE** criteria around how leadership at the company views and manages ESG issues, as well as considers corporate governance issues like board composition, executive pay, and key policies on ethical conduct.



# WHO CARES ABOUT ESG



Source: [“Who Cares Wins”](#), The Global Compact, December 2004.

<https://mail.dovetailinc.org/upload/tmp/1679068574.pdf>

# ESG - CORPORATIONS AND INVESTORS

The acronym E,S,G (environmental, social, governance) has taken on several definitions/interpretations:

## CORPORATE SUSTAINABILITY

An approach to business in which the management of material ESG issues is integrated into the core business strategy of an organization with the **aim to create long-term stakeholder value.**

## INVESTOR-ORIENTED

The consideration of ESG factors alongside financial factors in the investment decision-making process with the **aim to increase the return on investment.**

WHAT IS GOOD FOR BUSINESS

WHAT IS GOOD FOR  
RETURN ON INVESTMENT



# WHY IS ESG BOOMING RIGHT NOW?

*“Over the course of 2020, we have seen how purposeful companies, with better environmental, social, and governance (ESG) profiles, have outperformed their peers.”*

LARRY FINK  
CEO BlackRock

BlackRock manages over \$10 trillion in assets

# PUBLIC DEMAND FOR ESG ASSURANCE IS INCREASING

Social license to run the business is subject to shifting public sentiment about the impacts on forests.



## Over 100 World Leaders Commit \$19 Billion To End Deforestation By 2030

World News | Reuters | Tuesday November 2, 2021

More than 100 global leaders late on Monday pledged to halt and reverse deforestation and land degradation by the end of the decade, underpinned by \$19 billion in public and private funds to invest in protecting and restoring forests.

## Oregon scientists call for more forest protection to fight climate change, save species



By **Cassandra Profita** (OPB)

Dec. 15, 2021 12 a.m.



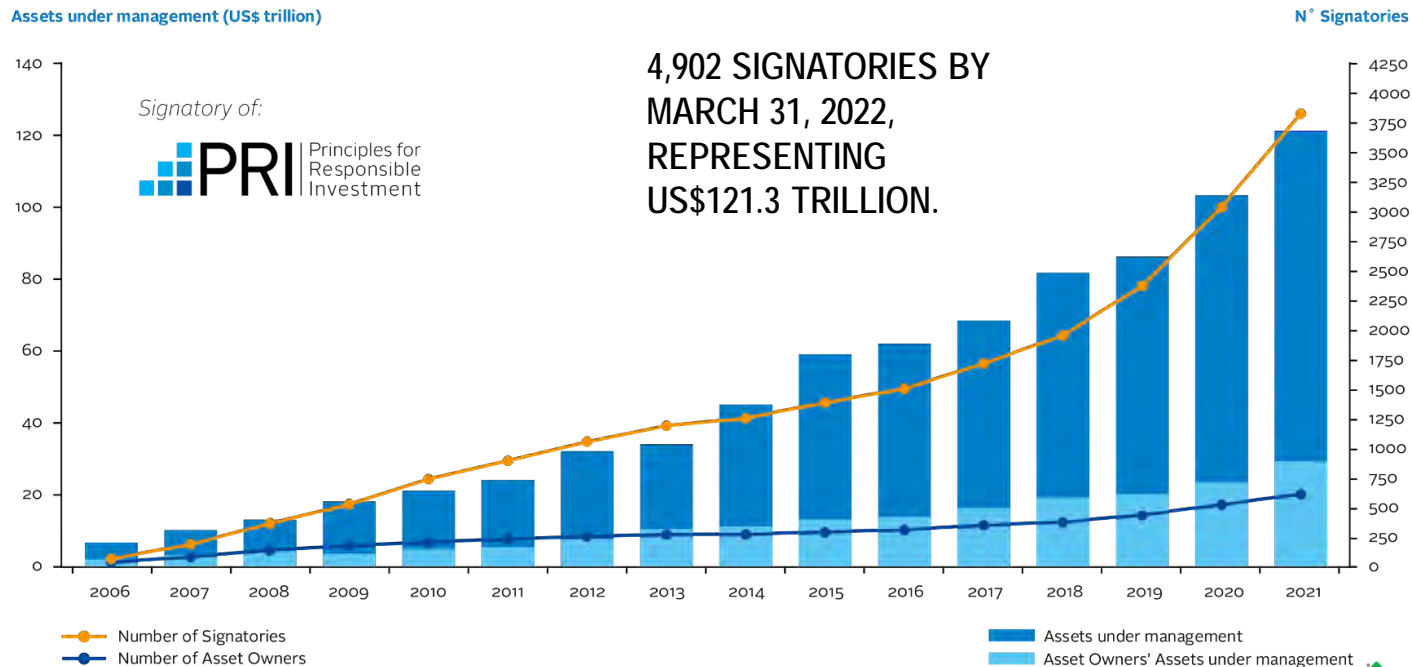
HOW SOCIAL LICENSE TO OPERATE  
AND SOCIETAL EXPECTATIONS  
ARE NOW PART OF  
**INVESTOR  
EXPECTATIONS**



# INVESTOR DEMAND FOR ESG ASSURANCE IS INCREASING

Access to capital markets increasingly influenced by environmental, social, and governance (ESG) factors

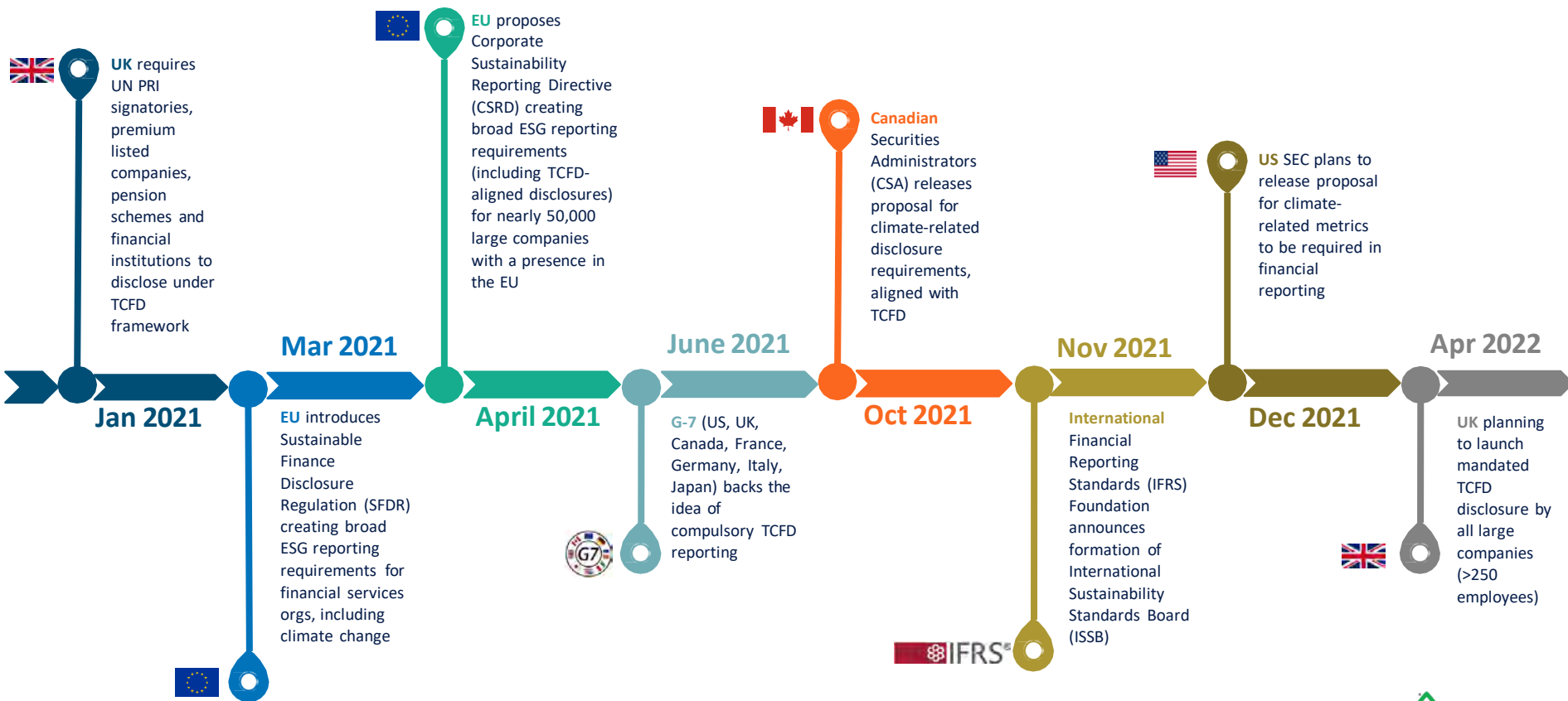
UNITED NATIONS'  
PRI IS BASED ON  
6 GUIDING  
PRINCIPLES



Source: Principles for Responsible Investment <https://www.unpri.org/pri> (PRI Annual Report 2021)



# GLOBAL MOMENTUM TOWARD MANDATORY CLIMATE RISK DISCLOSURES



# ALPHABET SOUP OF FOREST CERTIFICATION



# MAKING SENSE OF THE ALPHABET SOUP OF ESG THIRD PARTIES

Third-party  
ESG tools,  
guides, +  
arbiters

1

**Certifications and standards** for ESG-specific initiatives or programs



2

**Reporting standards and frameworks** for guidance on voluntary disclosure



3

**Scoring of companies ESG performance** via data requests and questionnaires



4

**Raters and rankers** that create assessments based on public and/or private information to sell to investors



5

**Awards and recognitions** for companies based on topics from public and/or private data



**Audiences**

Institutional investors, NGOs, Gov./Regulators

Employees, customers, prospective employees general public

**Outcomes**

Higher ESG scores, increased investment, improved shareholder relations, increased access to capital

Increased retention, brand equity + reputation, customer loyalty & recruitment

# WHAT ESG INFO DO INVESTORS LOOK FOR FROM A COMPANY?

## STRATEGY

- Long-term strategic approach + governance
- Understanding of material issues

## EXECUTION

- Management of material issues
- New products/services
- Operational efficiency
- Strategic investments/divestments

## PERFORMANCE

- ESG data and results
- Shared (long-term) value creation



# WHAT IS ESG AS IT RELATES TO FOREST SECTOR

## ENVIRONMENTAL

- Biodiversity
- Water
- Climate
- Soil
- Sustainable Forestry

## SOCIAL

- Labor and Human rights
- Workforce development
- Indigenous Rights and Recognition
- Urban Forestry – Local Communities Recreation

## GOVERNANCE

- Management plans
- Policies and procedures
- Anti-corruption and anti-bribery
- Third-party audits





# What Matters Most – Determining Our Material Topics

In 2021, we initiated an internal materiality assessment to learn what ESG-related issues matter most to our business. Looking ahead, we will engage with more stakeholders and expect to evolve and expand our range of stakeholders and material topics.

## PHASE 1: IDENTIFICATION

We began by engaging with internal stakeholders, representing operations in North America, the UK and Europe, and reviewing investor and ESG-Rating agency feedback.

We held workshops with over 50 stakeholders across the business. Participants

- represented a spectrum of West Fraser's management and in-house subject matter experts; and
- were selected from all our geographies and operations.

Workshop topics included: worker rights, employee well-being, community resilience, ecosystems, water, pollutants, governance and ethics, materials and waste and climate change.

The materiality assessment was informed by the perspective of investors by considering topics raised in specific SASB standards, and rating agencies including Institutional Shareholder Services (ISS), Sustainalytics, Standard & Poor's (S&P), CDP and MSCI.

## PHASE 2: PRIORITIZATION

During our research and engagement phase, we prioritized the material themes that we had identified.

We then reviewed these themes with respect to our overall strategy (business and sustainability), goals and obligations. Using that lens, we confirmed and finalized our material topics.

## PHASE 3: VALIDATION

The themes we prioritized helped us to establish material topics that are the foundation of West Fraser's sustainability strategy and are all weighted as equally important.

### 2021 MATERIAL TOPICS



# GRAPHIC PACKAGING INTERNATIONAL MATERIALITY ASSESSMENT



**Graphic  
Packaging**  
INTERNATIONAL



## Monitor

We track views on these topics and proactively engage stakeholders to monitor the potential impact on our Company.

## Measure

We measure, evaluate, and may report our performance in these areas to reduce impacts and realize business opportunities.

## Manage

We measure, evaluate, and report on our performance in these areas, either having set or planning to set goals and targets for each.

# HOW DO INVESTORS RECEIVE/COLLECT ESG INFORMATION?



1. **REVIEW PUBLIC DISCLOSURES FROM A COMPANY** – typically in the form of a sustainability report or integrated annual report, as well as all other ESG communications



2. **CONTACT A COMPANY DIRECTLY** – typically through the investor relations department



3. **LEVERAGE RESEARCH, DATA, SCORING FROM THIRD-PARTIES** – referred to as ESG rating/ranking agencies



4. **CONDUCT OTHER MEANS OF RESEARCH** – through utilizing AI, sentiment scoring, benchmarking, etc.

*“As stewards of our clients’ assets, we are deeply invested in understanding the environmental, social and governance issues (**ESG**) that are material to a company’s ability to generate sustainable performance.”*



**RON O'HANLEY**  
PRESIDENT AND CEO  
STATE STREET GA

# Many ratings agencies reference existing Sustainability Reporting Standards

	 <p><b>SASB Standards</b></p> <p>Sustainability Accounting Standards Board</p>	 <p><b>TCFD Recommendations</b></p> <p>Taskforce for Climate-related Financial Disclosure</p>	 <p><b>The International &lt;IR&gt; Framework</b></p> <p>International Integrated Reporting Council</p>	 <p><b>10 Global Compact Principles</b></p> <p>UN Global Compact</p>	 <p><b>GRI Standards</b></p> <p>Global Reporting Initiative</p>	 <p><b>Sustainable Development Goals*</b></p> <p>United Nations</p>
<b>Issuers</b>	Publicly listed companies	Capital market-oriented companies	Typically capital market-oriented companies	Members of all sizes	Organizations of all sizes	Organizations of all sizes
<b>Audience</b>	Investors	Investors	Investors	All stakeholders	All stakeholders	All stakeholders
<b>Topic identification</b>	Materiality approach	Climate risk only	Materiality approach	Pre-determined principles	Materiality approach	(Selection from) Pre-determined Goals
<b>Industry-specific</b>	Yes	No	No	No	Some Sector Standards	No

**National Regulations** not covered, **Emerging Standards:** WEF Stakeholder Capitalism Metrics, B Corp, ...



# SUSTAINABLE DEVELOPMENT GOALS

A SHARED BLUEPRINT FOR PEACE AND PROSPERITY FOR PEOPLE AND THE PLANET



Source: United Nations Department of Public Information Sustainable Development Knowledge Platform, <https://sustainabledevelopment.un.org>



# CONNECTING MATERIAL RISKS AND IMPACTS TO ACTION

Sustainability themes are built around what is material to the business and are well-aligned with the Sustainable Development Goals (SDG).

## Climate *stability*



- Create carbon sequestration opportunities
- Invest in renewables and energy efficiency
- Sponsor climate change research

## Ecosystem *resiliency*



- Protect sensitive lands, biodiversity, threatened & endangered species
- Create conservation easements
- Sponsor working lands conservation organizations and wildlife habitat programs

## Watershed *protection*



- Implement water use efficiency practices
- Utilize ground storage to capture rain and flood waters
- Healthy forests maintain and may improve water quality

## People *empowerment*



- Create jobs in rural communities
- Promote safe and healthy working and living environments
- Promote diversity, equity, and inclusion (DE&I)


## Community *prosperity*



- Promote community engagement through volunteering and matching employee donations
- Offer recreational use of land
- Implement vendor code of conduct and human rights focus

# SASB STANDARDS





[About](#)[Standards](#)[Using the Standards](#)[Education](#)[Membership](#)

[Donate](#)

## Download SASB Standards

Start here to download any of SASB's 77 Industry Standards and the SASB Standards Application Guidance.

To download translations of the Standards, please select your industry(ies) and fill out the form. After filling out the form, you will be given access to the translated Standards.

SASB Standards identify the subset of environmental, social, and governance issues most relevant to financial performance in each of 77 industries. They are designed to help companies disclose financially-material sustainability information to investors.


SASB's rigorous and transparent standard-setting process includes evidence-based research, broad and balanced participation from companies, investors, and subject matter experts, and oversight and approval from an independent Standards Board. Supporting materials related to the development of the standards are available in the Standard-Setting Archive.

Standards are free to download for non-commercial use. If you are interested in using the Standards for commercial purposes, [learn more about licensing opportunities](#).

### Implementation Supplements

- [Greenhouse Gas Emissions](#)
- [Human Capital Bulletin](#)

## Company Search



## Find Your Industry


See how SASB determines industries

Consumer Goods

7 industries

Extractives & Minerals Processing

8 industries



CONSUMER GOODS SECTION

## BUILDING PRODUCTS & FURNISHINGS

### Sustainability Accounting Standard

Sustainable Industry Classification System® (SICSI) CG-BF

Prepared by the  
Sustainability Accounting Standards Board  
October 2018


INDUSTRY STANDARD | VERSION 2018-10

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS				
Table 1: Sustainability Disclosure Topics & Accounting Metrics				
TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Energy Management in Manufacturing	(1) Total energy consumed, (2) percentage and electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	CG-BF-100a.1
Management of Chemicals in Products	Disclosure of policies to select and manage safe, smart, socially, sustainable with chemical products	Chemical and Analysis	mg	CG-BF-100a.1
Product (Weight, Environmental Impacts)	Percentage of higher-product, low-weight, low-impact (HPL) products	Quantitative	Percentage (%) by weight	CG-BF-100a.2
Product (Weight, Environmental Impacts)	Description of efforts to leverage product design impacts and most desired for sustainable products	Discussion and Analysis	NA	CG-BF-100a.1
Product (Weight, Environmental Impacts)	(1) Weight of end-of-life material recovered, (2) percentage of recovered material recycled	Quantitative	Metric tons (t), Percentage (%) by weight	CG-BF-100a.2
Product (Weight, Environmental Impacts)	(1) Total weight of waste (the material) generated, (2) percentage waste that going recycled facilities, (3) percentage by recycled, and (4) percentage combined by other waste management, (5) percentage by recycled	Quantitative	Metric tons (t), Percentage (%) by weight	CG-BF-100a.1
Table 2: Activity Metrics				
ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	
Annual production <sup>1</sup>	Quantitative	One unit	CG-BF-100a.1	
Step of manufacturing function <sup>2</sup>	Quantitative	Square meters (m <sup>2</sup> )	CG-BF-100a.1	

<sup>1</sup> Refer to [CG-BF-100a.1](#). The entity shall describe its products for accounting. (1) used from materials from headquarters that are not certified as sustainable (2) management standard, and (3) used from materials not certified as sustainable (4) management standard.

<sup>2</sup> Refer to [CG-BF-100a.1](#). A production that is disclosed in year or units tracked by the entity such as number of units, weight, dollar value, etc.

<sup>3</sup> Refer to [CG-BF-100a.1](#). The scope shall be limited to final and under final, including manufacturing and processing functions.



SUSTAINABLE  
FORESTRY  
INITIATIVE

SFI-0001

# CERTIFICATIONS WITHIN REPORTING FRAMEWORKS



## Accounting Metric(s)

- **RR-PP-430a.1:** Percentage of wood fiber sourced from (1) third-party certified forestlands and percentage to each standard and (2) meeting other fiber sourcing standards and percentage to each standard
- RR-PP-430a.2: Amount of recycled and recovered fiber procured

## RT-CP-430a.1. Total wood fiber procured, percentage from certified sources

- 1 The entity shall disclose the total weight (in metric tons) of wood-fiber-based raw materials procured during the reporting period.
  - 1.1 The scope of raw materials includes all inputs that are processed to be sold as a finished good, including recycled raw materials, virgin raw materials, and goods that will be consumed directly in the production process.
- 2 The percentage shall be calculated as the total weight (in metric tons) of its wood-fiber-based raw materials that are certified to a responsible sourcing standard divided by the total weight (in metric tons) of wood-fiber-based raw materials, where responsible sourcing certifications include those promulgated by the following organizations (or the equivalent):
  - 2.1 American Tree Farm System (ATFS)
  - 2.2 Forest Stewardship Council (FSC) (i.e., FSC 100% label and FSC Mixed Sources and FSC Recycled labels)
  - 2.3 Programme for the Endorsement of Forest Certification (PEFC) (i.e., PEFC Certified and PEFC Recycled labels)
  - 2.4 Sustainable Forest Initiative (SFI) (i.e., SFI Chain of Custody and SFI Certified Sourcing labels)
- 3 The entity may disclose separately the percent of fiber that is certified to each relevant responsible sourcing standard (e.g., FSC, SFI, PEFC, and ATFS) and relevant standards (e.g., FSC 100% label, FSC Mixed Sources and FSC Recycled labels, SFI Chain of Custody and SFI Certified Sourcing labels, and PEFC Certified and PEFC Recycled labels).
- 4 For fiber that is certified to multiple schemes, the entity shall not account for the fiber weight more than once.

## SASB STANDARDS THAT ASK FOR THIRD-PARTY FIBER/FOREST CERTIFICATION

- [Building Products & Furnishings](#)
- [Forestry Management](#)
- [Pulp & Paper Products](#)
- [Containers & Packaging](#)

## SASB STANDARDS WHERE FOREST CERTIFICATION SERVES AS A PROOF POINT

- [E-commerce](#) “Discussion of strategies to reduce the environmental impact of product delivery”
- [Construction Materials](#) “Percentage of products that qualify for credits in sustainable building design and construction certifications”
- [Food Retailers and Distributors](#) “Discussion of strategies to reduce the environmental impact of packaging”
- [Processed foods](#) “Percentage of packaging that is recyclable, reusable, and/or compostable” “Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle”
- [Home builders](#) “Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction”

# APPENDIX — SASB INDEX

## Building Products & Furnishings

TOPIC	METRIC	LP ASSESSMENT <sup>1</sup>	CODE	REFERENCE
<b>Product Lifecycle Environmental Impacts</b>	(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled	<p>While we do not currently disclose this data, we plan to collect information relative to ongoing recycling and material recovery activities and intend to disclose future initiatives that we undertake along with relevant data.</p> <p>We utilize 99% of all wood fiber that enters our manufacturing facilities either in our products or as an alternative renewable energy source to help offset fossil fuel consumption.</p>	CG-BF-410a.2	For more information, refer to the <a href="#">Sustainable Manufacturing section</a> .
<b>Wood Supply Chain Management</b>	(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, and (4) percentage certified to other wood fiber standards, (5) percentage by standard	<p>2021:</p> <p>(1) Total weight of wood fiber material purchased: 8,000,000 metric tons (mt) for North American operations.</p> <p>(2) Percentage from third-party certified forestlands: 57% by weight.</p> <p>(3) Percentage by standard: 57% certified to the SFI® Forest Management Standard (FM).</p> <p>(4) Percentage certified to other wood fiber standards: 43% by weight.</p> <p>(5) Percentage by standard: 100% of all fiber purchased in North American operations is certified to SFI® Fiber Sourcing Standard.</p> <p>2020:</p> <p>(1) Total weight of wood fiber material purchased: 8,000,000 metric tons (mt) for North American operations</p> <p>(2) Percentage from third-party certified forestlands: 59.6% by weight</p> <p>(3) Percentage by standard: 59% of wood fiber was sourced from forestlands certified to the SFI® Forest Management Standard (FM), and 1% was sourced from forestlands certified to the American Tree Farm System (ATFS)</p> <p>(4) Percentage certified to other wood fiber standards: 40.4% by weight</p> <p>(5) Percentage by standard: 100% of all fiber purchased in North American operations is certified to SFI® Fiber Sourcing Standard.</p> <p>2019:</p> <p>(1) Total weight of wood fiber material purchased: 8,000,000 metric tons (mt) for North American operations.</p> <p>(2) Percentage from third-party certified forestlands: 56.5% by weight.</p> <p>(3) Percentage by standard: 55% of wood fiber was sourced from forestlands certified to the SFI® FM Standard and 2% from forestlands certified to ATFS</p> <p>(4) Percentage certified to other wood fiber standards: 43.5% by weight</p> <p>(5) Percentage by standard: 100% of all fiber purchased in North American operations is certified to SFI® Fiber Sourcing Standard.</p>	CG-BF-430a.1	<p>For more information, refer to the <a href="#">Sustainable Forest Management and Fiber Sourcing</a> section of this report and our website.</p> <p>Data reported for US and Canadian operations only.</p>

<sup>1</sup> Figures in the SASB table were rounded.



## WEYERHAEUSER IS ALIGNED WITH THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD'S Forestry Management & Building Products and Furnishings standards.

This document provides an overview of our assessment of each of the recommended SASB disclosure topics and metrics. More details and context is available on our website at [www.eyerhaeuser.com/sustainability](https://www.eyerhaeuser.com/sustainability), including a detailed GRI Index.

### FORESTRY MANAGEMENT STANDARD

TOPIC	ACCOUNTING METRIC	WEYERHAEUSER'S ASSESSMENT	REFERENCE
Ecosystem Services & Impact	Area of forestland certified to a third-party forest management standard	We certify 100% of our owned, leased, and managed forestland in the United States and Canada to the Sustainable Forestry Initiative (SFI) Forest Management Standard.	<a href="#">Environmental Stewardship – Certification</a>
	Area of forestland with protected conservation status	We have formal habitat management agreements on 14.7 million acres of our land, which means we commit to managing these lands to maintain species in their suitable habitat and natural geographic distributions.	<a href="#">Sustainable Forestry – regional forests sub-pages</a> <a href="#">Our Data – Ecosystem Services</a>
	Area of forestland in endangered species habitat	We measure and report the combined acreage of threatened and endangered species habitat on our land. In 2020, this area was 33,900 acres across the U.S. and Canada. Read about how we manage our land for these species on the regional forestry pages of our website.	<a href="#">Sustainable Forestry – regional forests sub-pages</a>
	Description of approach to optimizing opportunities from ecosystem services provided by forestlands	We measure and report on the ecosystem services provided by our forests.	<a href="#">Sustainable Forestry</a> <a href="#">Our Data – Ecosystem Services</a>
Rights of Indigenous Peoples	Area of forestland in indigenous land	Our owned and managed timberlands in the United States are private land, not considered to be indigenous peoples' land. We have long-term license agreements with the Canadian provincial governments which grant us the timber rights and management responsibility for a defined area on which we may operate to support one or more wood product manufacturing facilities.	<a href="#">Canadian Forests</a>
	Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community	We work proactively to build long term, successful and mutually beneficial relationships with Indigenous peoples and describe this framework in detail on our website. As a part of our SFI Forest Management and Fiber Sourcing certificates, we recognize and respect indigenous peoples' rights, avoid fiber sourced without effective social laws and meet the intentions of the ILO convention on human rights.	<a href="#">Canadian Forests</a> <a href="#">Environmental Stewardship – Certification</a>
Climate Change Adaptation	Description of strategy to manage opportunities for and risks to forest management and timber production presented by climate change	Our climate-related impacts are identified by an internal cross-functional team of experts who are responsible for assessing and managing climate-related risks and opportunities. We share details of these risks and opportunities on our website, in our TCFD Alignment and in our annual response to CDP Climate.	<a href="#">3 by 30 Climate Change</a> <a href="#">CDP Climate Response</a> <a href="#">TCFD Alignment</a>
Activity Metrics	Area of forestland owned, leased, and/or managed by the entity	In the United States, as of 12/31/2020, we own or have long-term leases on 10.7 million acres. In Canada, we sustainably manage 14.1 million acres of publicly owned land under long-term licenses.	<a href="#">Annual Report and 10-K 2020: Page 5</a>
	Aggregate standing timber inventory	We report our standing inventory in units of short tons. At 12/31/2020, our total inventory in the United States was 593 million tons.	<a href="#">Annual Report and 10-K 2020: Page 5</a>
	Timber harvest volume	We report our timber harvest in units of short tons. In 2020, our fee harvest volume in the United States was 32.9 million tons.	<a href="#">Annual Report and 10-K 2020: Page 8</a>



# Influential ESG raters today



HQ

Switzerland/  
U.S.

U.S.

Netherlands

U.S. /  
France

U.S. /  
Germany

U.S. / U.K.

U.K.

Universe<sup>1</sup>

11,500+

14,000+

20,000+

5,000+

9,700+

10,000+

14,000+

Issuer Role<sup>2</sup>

Questionnaire,  
Disclosure

Disclosure

Disclosure

Questionnaire,  
Disclosure

Disclosure,  
voluntary  
engagement

Disclosure

Questionnaire,  
Disclosure

Significance<sup>3</sup>

DJSI family and  
S&P ESG  
indices

Over 1,500  
MSCI ESG  
indices

Strategic  
partnerships:  
• Morningstar  
• Stoxx  
• Glass Lewis

Euronext and  
Ethibel Indices

Stoxx Low  
Carbon Indices,  
Solactive ESG  
screened

BlackRock  
iShare and  
S-Network ESG  
Best Practices  
Indices

Feeds into many  
ESG ratings

1) Definitions of company or issuer may vary, Universes continually expand

2) Raters typically offer an opportunity to "verify" data collected from the public domain

3) Examples only

Other ESG raters:

Reprisk, Arabesque, FTSE, ...

Data as reported by raters in Jan 2022

# RATERS AND RANKERS

THAT CREATE ASSESSMENTS BASED ON PUBLIC AND/OR PRIVATE INFORMATION TO  
SELL TO INVESTORS

## TOP PLAYERS

- MSCI
- Sustainalytics
- RobecoSAM (merged with S&P Global)
- ISS

## PITFALLS OF ESG RATINGS

- Rating methodologies typically are a black box
- Ratings between the different agencies can vary greatly for same company
- They are a for-profit entities

### How does MSCI ESG Ratings work?

ESG risks and opportunities can vary by industry and company. Our MSCI ESG Ratings model identifies the ESG risks, (what we call Key Issues), that are most material to a GICS® sub-industry or sector. With over 13 years of live track history we have been able to examine and refine our model to identify the E, S, and G Key Issues which are most material to an industry.

[View our Key Issues framework](#) | [ESG Methodologies](#) | [What MSCI's ESG Ratings are and are not](#)



# SCORING OF COMPANIES' ESG PERFORMANCE VIA DATA REQUESTS AND QUESTIONNAIRES

## S&P Dow Jones Indices

A Division of **S&P Global**



The Dow Jones Sustainability Indexes (DJSI) are stock indexes that capture the top performing stocks in the S&P Global Broad Market Index (BMI) based on their ESG practices.

An independent not-for-profit organization that acts as an intermediary between shareholders and corporations on all climate change-related issues, providing primary climate change data from the world's largest corporations to the global marketplace.



An online data collection portal used by companies to collect information from their suppliers. The portal ensures information is collected in a standardized format and collated efficiently.

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable consumption of the disclosed commodity(ies), and progress made.

Target reference number  
Target 1

Forest risk commodity  
Timber products

Type of target  
Third-party certification

Description of target  
Zero Deforestation associated with HP brand paper; paper-base which means that all material needs to be 100% recycled or certified

Linked commitment  
Zero net/gross deforestation

Traceability point  
-Not Applicable-

Third-party certification scheme  
FSC Chain of Custody  
FSC Controlled Wood  
FSC Recycled  
PEFC Chain of Custody  
SFI Chain of Custody

Start year  
2009

Target year  
2020

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity  
Timber products

Operational coverage  
Supply chain

Description of control systems  
We use 3rd party certification (specifically FSC Doc, FSC Mix, PEFC Doc, and SFI CoC) to monitor compliance, track progress, and to implement our zero deforestation commitment. The specific types of monitoring approaches are to ask suppliers to provide the certification numbers, proof of certification, and tonnage certified on a yearly basis.

Monitoring and verification approach  
Third-party verification

% of total volume in compliance  
91-99%

% of total suppliers in compliance  
91-99%

Response to supplier non-compliance  
Retain & engage  
Suspend & engage

Procedures to address and resolve non-compliance with suppliers  
Developing time-bound targets and milestones to bring suppliers back into compliance  
Providing information on appropriate actions that can be taken to address non-compliance

Please explain  
HP monitors supplier compliance continuously. We prefer to collaborate with our suppliers to ensure our commitments can be met. We do respond differently to supplier non-compliance, depending on the severity of the non-compliance. For example, if a supplier has committed to obtain certified material, but needs time to switch their material sourcing, then we retain them and develop time-bound targets and milestones to bring them into compliance.

## 2.4.4 Use of Recycled & Sustainably Sourced Materials

### Additional credit may be granted for publicly available evidence.

Please indicate the volumes of each different type of packaging material used for your products.  
 ○ We monitor the amounts of packaging materials used. Please indicate where this information is available in private or public references.  
 Please disclose which of the following material types are used in your company's packaging for the fiscal year 2019. If made out of recycled material, please detail the share (as a % of total weight) in the relevant categories. If raw material originating from sources certified as sustainable or environmentally friendly is used (e.g. FSC for wood), please also include the share and specify the certification schemes in the comment box. Please also specify the target associated with the use of recycled and/or certified material (as a % of total weight) for the last fiscal year.

Material types	Coverage (as a % of cost of goods sold)	Total Weight (metric tonnes)	Recycled and/or Certified Material (% of total weight)	Target 2019 (% of total weight)
Glass packaging: □ Material not used in our products				
Metal (e.g. aluminium or steel) packaging: □ Material not used in our products				
Wood/paper fibre packaging: □ Material not used in our products				
Plastic and polymer packaging: □ Material not used in our products				



# TURNING FOREST RELATED RISKS INTO OPPORTUNITIES



# WHAT IS ESG AS IT RELATES TO FOREST SECTOR

## ENVIRONMENTAL

- Biodiversity
- Water
- Climate
- Soil
- Sustainable Forestry

## SOCIAL

- Labor and Human rights
- Workforce development
- Indigenous Rights and Recognition
- Urban Forestry – Local Communities Recreation

## GOVERNANCE

- Management plans
- Policies and procedures
- Anti-corruption and anti-bribery
- Third-party audits





# WHAT FOREST CERTIFICATION DELIVERS

SOCIAL, ECONOMIC AND  
ENVIRONMENTAL  
REPRESENTATION IN  
DECISION-MAKING



AVOIDANCE OF  
ILLEGAL TIMBER AND  
DEFORESTATION



IDENTIFICATION OF SPECIAL  
BIOLOGICAL, CULTURAL,  
HERITAGE SITES



MANAGEMENT  
STRATEGIES TO  
PROTECT SPECIES  
AT RISK



MANAGEMENT  
STRATEGIES TO  
MAINTAIN WILDLIFE  
HABITAT



SUSTAINABLE HARVEST  
LEVELS



PROMPT  
REGENERATION



THIRD PARTY ACCREDITED  
CERTIFICATION AUDITS



AUDIT REPORTS PUBLICLY  
AVAILABLE WITH  
CORRECTIVE ACTION  
CLEARLY HIGHLIGHTED



# CLIMATE SMART FORESTRY

## WHY IT MATTERS

**FORESTS PLAY A CRITICAL ROLE IN ADDRESSING CLIMATE CHANGE AND STORING CARBON.**

## SFI STANDARD REQUIREMENTS – OBJECTIVE 9:

- **Identify and address climate change risks** to forest and forest operations and the develop adaptation objectives and strategies.
- **Identify and address opportunities** to mitigate the effects associated with its forest operations on climate change.



# FIRE RESILIENCE AND AWARENESS

## WHY IT MATTERS

### SUSTAINABLE FOREST MANAGEMENT CAN REDUCE RISK OF UNDESIRABLE IMPACTS OF WILDFIRE

Undesirable impacts of wildfire threaten public safety, human health, property, water quality and quantity, air quality, species habitat, or those which increase atmospheric carbon or have the capacity to destroy forests on a scale that significantly diminishes their inherent values.

## SFI STANDARD REQUIREMENTS:

### ON LANDS OWNED OR MANAGED

SFI-certified organizations limit susceptibility to undesirable impacts of wildfire, promote healthy and resilient forest conditions, and support restoration of forests following wildfire damage.

### COMMUNITY ENGAGEMENT EFFORTS

SFI-certified organizations engage in efforts to raise awareness of and take action towards benefits of fire management and minimization of undesirable impacts of wildfire.



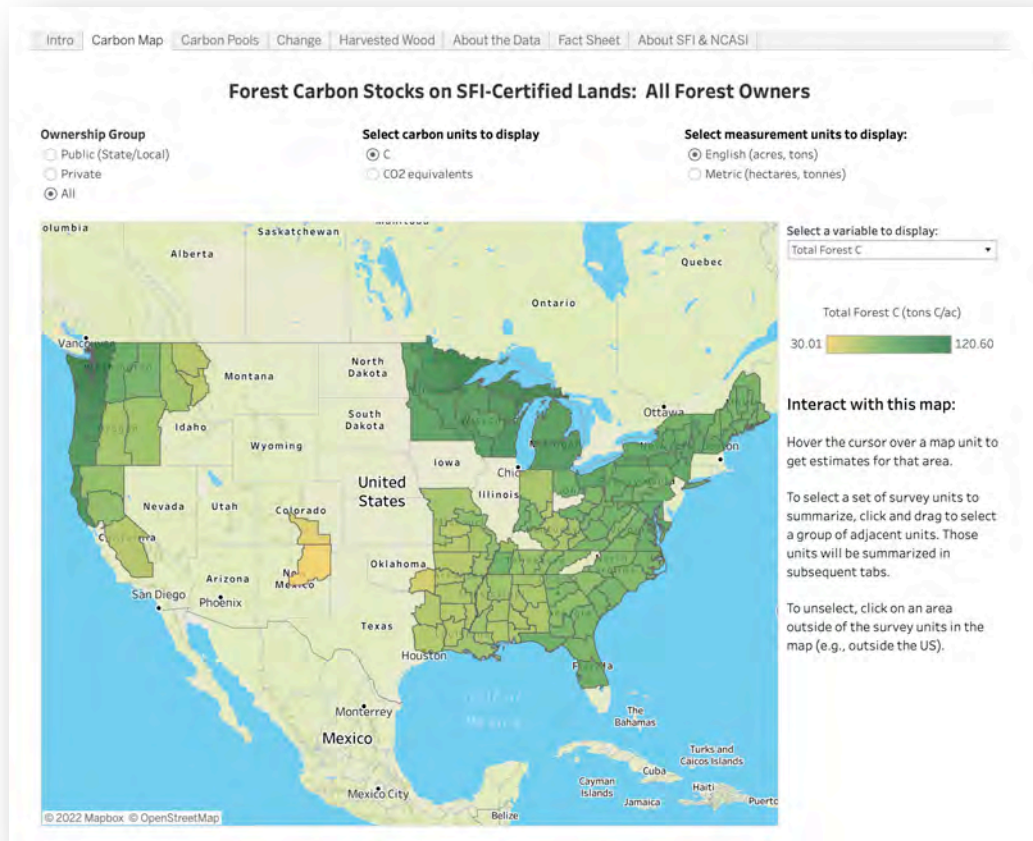
# CONSERVATION IMPACT

- To highlight and communicate the numerous findings of the project linked to SFI certification
- To provide succinct and usable summaries of learnings
- To provide information to support brand owners and COs as they convey sustainability values of SFI certification
- To demonstrate SFI's increasing science credentials in the conservation science community





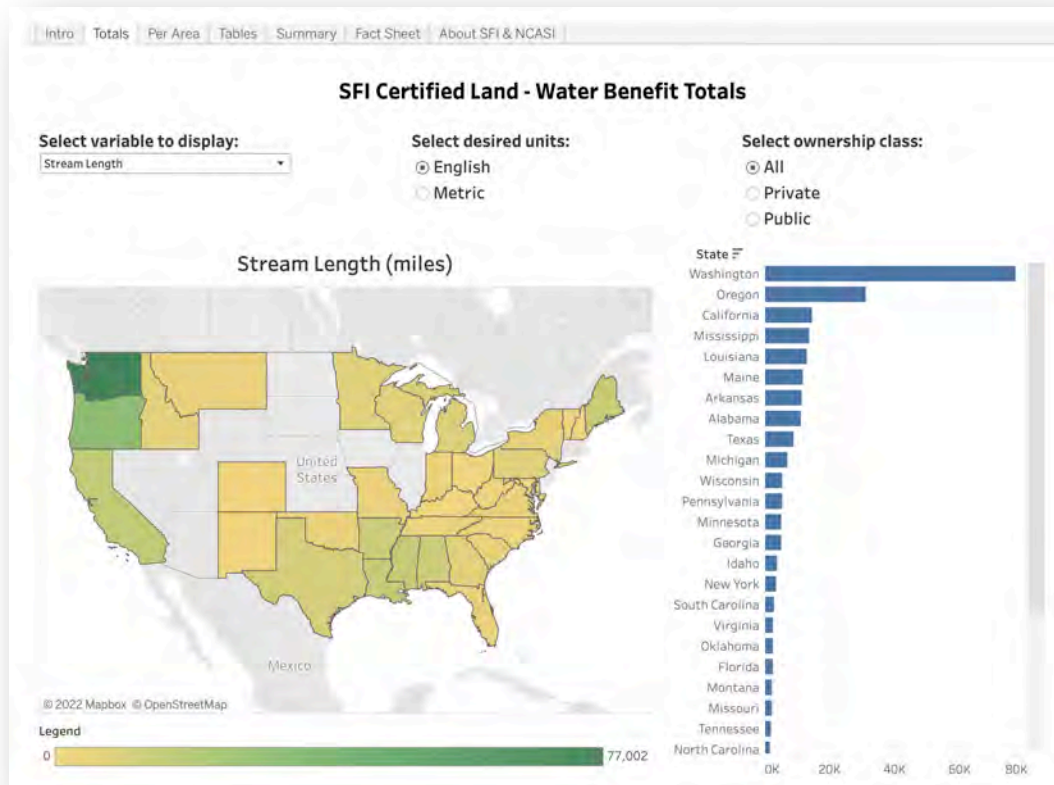
# CARBON BENEFITS FROM SFI-CERTIFIED LAND IN THE U.S.



[www.forests.org/carbon-tool/](http://www.forests.org/carbon-tool/)

The tool calculates forest carbon stocks, rates of sequestration, and long-term carbon storage in forest products.

# WATER BENEFITS FROM SFI-CERTIFIED LAND IN THE U.S.



[www.forests.org/water-tool/](http://www.forests.org/water-tool/)

This tool calculates various metrics describing water values across the SFI footprint in the lower 48 states of the U.S., including the total length of streams managed within SFI-certified forests, the total area of waterbodies, the area protected within riparian management areas (riparian “buffers”), and the amount of water flowing from SFI-certified lands.

# BUILDING RELATIONSHIPS WITH INDIGENOUS PEOPLES



# SAULT COLLEGE ONLINE COURSES

## 9 ONLINE COURSES

TO HELP

SFI-CERTIFIED ORGANIZATIONS  
ACHIEVE **OBJECTIVE 8**

Provide the forest sector with training, guidance, resources, and support that promotes respectful relationship building and greater understanding, recognition, and respect for Indigenous Peoples' rights, traditional knowledge, representative institutions, and distinctive relationships with the forest.

[forests.org/indigenous-online-courses/](https://forests.org/indigenous-online-courses/)



SAULT  
COLLEGE



**INDIGENOUS RIGHTS AND RELATIONSHIP BUILDING COURSES**

Project Learning Tree Canada (PLT Canada), an initiative of the Sustainable Forestry Initiative (SFI), developed nine courses with Sault College focusing on Indigenous Rights and Relationship Building.

By completing a course, you will earn a certificate of course completion and digital badge that can be shared on social media such as LinkedIn, Twitter, or Facebook; downloaded as a PDF; or even embedded in an email signature.

**Note:** While the examples and terminology in these courses are specific to Canada, many of the concepts can be applied to other sectors and are applicable to US contexts, as well.

**COURSES**

**ACKNOWLEDGING TRADITIONAL AND TREATY TERRITORY**

In this 2-hour course, learn how to deliver a respectful territorial acknowledgment by identifying communities and treaties within your local area.

**Who should take this course?** People who are looking for introductory knowledge on Indigenous Peoples and territories.

**\$59.99**

**ACCESS COURSES**

You can also explore the courses and bundles on Sault College's website.

**forests.org** **pltcana.org**



**ADVANCING ECONOMIC RECONCILIATION THROUGH BUSINESS COLLABORATIONS**

In this 1-hour course, understand how to advance economic reconciliation through your forest sector business practices and business-to-business collaborations with Indigenous-led businesses, as part of your Environmental, Social, and Governance (ESG) initiatives. Learn about appropriate strategies and models that can help both you and local Indigenous businesses grow into ideal partners for one another.

**Who should take this course?** People engaging and collaborating with Indigenous-led businesses.

**\$99.99**

**CO-DEVELOPING PROJECTS AND INITIATIVES**

In this 1-hour course, learn key considerations and processes for co-developing projects and initiatives in collaboration with Indigenous Peoples and recognize how to use evaluation to measure and communicate the shared progress and successes of collaborative, community-focused projects.

**Who should take this course?** People who work with Indigenous Peoples or who would like to build more meaningful relationships with Indigenous communities through their professional roles.

**\$59.99**

**DEVELOPING AN INDIGENOUS RELATIONS POLICY**

In this 30-minute course, learn how to develop and implement an Indigenous Relations Policy tailored to your organization's unique objectives, structure, and operating locations.

**Who should take this course?** Employees and consultants who lead their organization's Indigenous Relations initiatives or who are involved in strategic planning and policy development.

**\$32.99**

**DEVELOPING AN INDIGENOUS RELATIONS TRAINING PROGRAM**

In this 70-minute course, learn how to design an Indigenous Relations training program tailored to the unique needs, objectives, and operating context of your organization, as well as your local and regional contexts.

**Who should take this course?** Employees and consultants who lead their organization's Indigenous Relations initiatives or who want to develop or enhance an Indigenous Relations training program.

**\$69.99**

**forests.org** **pltcana.org**



# BUILDING A DIVERSE AND RESILIENT WORKFORCE



SUSTAINABLE  
FORESTRY  
INITIATIVE  
SFI 00001





VOICES OF  
INDIGENOUS  
PROFESSIONALS






# CAREER AND ROLE MODEL HIGHLIGHTS



**BLACK FACES IN GREEN SPACES**  
**THE JOURNEY OF**  
**BLACK PROFESSIONALS**  
**IN GREEN CAREERS**



Four Black professionals are shown in a collage: a woman in a hard hat, a man in a blue jacket, a woman with glasses, and a man with glasses. They are all smiling and looking towards the camera.

**SUSTAINABLE FORESTRY INITIATIVE**  
SFI is an initiative of SFI

**PROJECT LEARNING TREE**

**MANRRS**

**MEET**  
**JASMINE BROWN**

**DOCTORAL STUDENT IN THE DEPARTMENT OF FORESTRY**

**MICHIGAN STATE UNIVERSITY, EAST LANSING, MI**

**10 YEARS' EXPERIENCE**



Jasmine Brown is a Black woman with curly hair, wearing a green Michigan State University t-shirt, standing with her arms crossed in a forest setting.

**MANRRS**

Joined the SFI Chapter at Michigan State University when attending for a Master's degree program from 2013-2014

Served as a keynote speaker for SFI's 2015 Learning Tree conference (2015) and for the 2016 SFI chapter at Oregon State University

**Jasmine's Story:**  
**THE FUTURE OF FORESTRY**

**MEETING FORESTRY**

Jasmine loved her yard growing up in Bridgeport, CT. Her passion for forestry was sparked one day when something surprised her. "It came home from school one day and the tree was missing. It was cut down and all I saw was a pile of wood chips. And from then on, I just started asking more questions about my natural environment. Where do trees go when they're no longer standing in front of your house? What happens to them? What's using the wood?"

Jasmine knew she wanted to work outdoors with the environment, but not always with trees. "In my freshman year I had to pick a concentration, and I did not like any of the options... And I said, 'Well,



Jasmine Brown is shown in a forest, wearing a yellow hard hat and a green shirt, looking up at a tree.

**MEET**  
**SAM COOK**

**EXECUTIVE DIRECTOR OF FOREST ASSETS, VP OF THE NATURAL RESOURCES FOUNDATION**

**NC STATE UNIVERSITY COLLEGE OF NATURAL RESOURCES**

**40 YEARS' EXPERIENCE**



Sam Cook is a Black man wearing a red safety vest and a hard hat, standing in a forest.

**MANRRS**

Has been with SFI since its inception through work with International Paper Company and through the NC State representative committee in multiple states. Has been working on the SFI Resource Advisory Committee for over four years

Also been working with MANRRS for the last five years

**Sam's Story:**  
**YOUR NETWORK IS YOUR NET WORTH**

**MEETING FORESTRY**

Forestry is in Sam's DNA. "Growing up in Linden, Alabama, I was always in the woods. Boy Scouts, Future Farmers of America. Extension. I just loved getting outside!"

Sam's dad worked for a paper mill when he was growing up, and his brother worked in the sawmill business at Woodstock, but he had no knowledge that the wood that was growing on the land was used to produce those products that were coming out of the mill. He saw the technical skills but was not aware of the many career paths in forestry.

**MENTORSHIP IS CRITICAL**

"I was directly mentored by Walter Davis, who was our shop teacher at the time. But he also was a coach for the Boy Scouts Master. He later became a principal... and I followed him the entire time in school. My mother pretty much gave me to him because, I quote her, 'I want you to not make my boy a sissy and put him out there and let him learn what it means to be a man.' My dad was busy working three to four jobs, and she was doing her work and raising the family. So, no one really had the time to give us what you call that mentor relationship, and he was the reason I kind of got where I am to get started in this profession."



Sam Cook is shown in a forest, wearing a red safety vest and a hard hat, looking up at a tree.

**"I just loved getting outside!"**

**BLACK FACES IN GREEN SPACES | 25**

# CUSTOMERS OF THE FOREST PRODUCTS SECTOR

*Coca-Cola*



amazon



*Johnson & Johnson*



Kroger



MARS





# MATERIALITY MATRIX TO DETERMINE RISK



Unilever's materiality matrix. Source: [Unilever](#)

# SUSTAINABILITY OF PAPER

MORE THAN

**90%** OF THE  
**RAW MATERIALS**

USED BY THE CANADIAN PULP AND PAPER INDUSTRY  
ARE SAWMILL RESIDUES AND RECYCLED PAPER

**RECYCLED PAPER &  
PACKAGING**  
CAN BE REUSED

**5-7** TIMES  
TO MAKE NEW  
PRODUCTS


**THE PAPER & WOOD  
PRODUCTS INDUSTRY**

HAS PLANNED OR ANNOUNCED  
APPROXIMATELY

**\$5** BILLION

IN MANUFACTURING INFRASTRUCTURE  
INVESTMENTS BY 2023 TO CONTINUE  
THE BEST USE OF RECYCLED FIBER



A low-angle shot of two construction workers in safety vests and hard hats working on a large wooden structure, possibly a bridge or a large building. The workers are in the foreground, looking up at the massive wooden planks that form the structure. The sky is visible in the background between the wooden beams.

**Wood from sustainably  
managed forests sequesters  
carbon and is a climate  
change solution.**



**Authors:** Kathryn Fernholz, Ed Pepke, Ph.D., Harry Groot, Gloria Erickson and Tamberly Conway, Ph.D.



**DOVETAIL**  
PARTNERS



ESG – “ESG” stands for environmental, social, and governance. ESG investing is a way of investing based on their commitment to one or more ESG factors. It is often also called sustainable and responsible investing, and impact investing. (Source: SEC, 2022)

There are many reasons investors, businesses, and other actors within the financial sector are and advance ESG strategies. These reasons can be grouped into motivations related to (1) risk and (2) increasing or identifying opportunity. Investments with greater ESG exposure could be risk related to liabilities, future regulation, or stranded assets. In terms of opportunity identification to identify the next big thing in a new product or emerging market that may offer a good ESG evaluation system) and in identifying risks and opportunities and can be a contribution investment and by recruiting and retaining employees.

The development of ESG has evolved over the past twenty years from voluntary efforts, corporate initiatives to actions being taken by regulatory bodies and agencies. There are some investment toward sectors with lower ESG risks could benefit the forest and wood products product companies provide robust and diverse environmental benefits, support local communities of experience with responsible governance structures, including certification and supply chain

In 2022, the US Securities and Exchange Commission (SEC) announced intentions for a ESG with increased climate-related reporting for companies and impacts to funds and advisors. (EUI) has also released draft reporting standards, expected to be adopted in June 2023, (proposals) focus on establishing consistent requirements for publicly traded companies, but it that private companies will be impacted by these developments. Companies not directly liable have begun to use ESG frameworks to address and seek recognition for responsible corporate

legally required, or hampered by law and regulation, primarily as regards public and private pension funds, secondarily as regards insurance company reserves and mutual funds?

The 2005 Freshfields Report examined nine jurisdictions, including the United States and Canada.<sup>19</sup> With respect to investment regulations in the United States, the report concluded: "...there appears to be no bar to measuring [considerations into the day-to-day process of fund management, provided the focus is always on the beneficiaries and] scope of the fund and not on unrelated objectives."<sup>20</sup> For a longer excerpt from the report addressing the United States, see Appendix A.<sup>21</sup>

The Freeholders Report concluded that "...the link between ESG factors and financial performance are increasingly being recognized. On their basis, integrating ESG considerations into an investment analysis can at least more reliably predict firm performance, it can give a more complete picture of a company's risk profile, and it can help identify companies that are better positioned to succeed in the future." The report also noted that "the integration of ESG factors into investment analysis is becoming a standard practice for many institutional investors." The report also noted that "the integration of ESG factors into investment analysis is becoming a standard practice for many institutional investors."

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

Source: <https://www.austlii.edu.au/au/other/dfat/special/unitednations/unwomen/unwomen.html>

There are many reasons investors, business leaders, and other actors within the financial sector are motivated to diversify and advance ESG strategies. These reasons can be broadly grouped into motivations related to (1) reducing or avoiding risk and (2) increasing or identifying opportunities of return. Investment opportunities with greater ESG exposure could be associated with higher risks related to litigation, future regulations, or stranded assets. For example, a company with a high carbon footprint may face higher costs of capital or be forced to divest. Conversely, companies that operate in a sustainable manner may be able to attract more investment and avoid negative externalities. Therefore, companies that are not aligned with ESG may face higher costs of capital and lower returns. In contrast, companies that are aligned with ESG may be able to attract more investment and avoid negative externalities. Therefore, companies that are not aligned with ESG may face higher costs of capital and lower returns. In contrast, companies that are aligned with ESG may be able to attract more investment and avoid negative externalities. Therefore, companies that are not aligned with ESG may face higher costs of capital and lower returns.

**Figure 2.** Indications for ESCG investigation



Source: Ipsos Global Partners, 2025.

There are a number of frameworks for integrating ESG into an investment strategy or for a company to engage ESG-oriented investors. These frameworks take a variety of approaches, provide standards and metrics for ESG reporting or disclosures, and have direct relevance to the forest and wood products sector. Three examples are provided below (United Nations, 2015).

The Global Reporting Initiative (GRI), established in 1997 to create an accountability framework for companies to display their responsible environmental business practices, GRI has implemented the firm ESG in 2009. Investors, businesses, and governments use GRI's ESG Framework in measuring impacts such as climate change, human rights, governance, and social well-being. The first GRI sector standard was launched in 2003 for oil and gas. In 2002, GRI established standards for coal, agriculture, aquaculture, and fishing. There are also GRI standards for reporting on specific impacts, including procurement practices, materials, energy biodiversity, diversity and equal opportunities, non-discrimination, and rights of indigenous people.<sup>42</sup>

The *Sustainability Accounting Standards Board* (SASB), now part of the *IFRS Foundation*<sup>10</sup>, began in 2011 to develop standards to "investors" could compare performance on critical social and environmental issues, and capital could be directed to the most "sustainable outcomes". SASB has developed 77 industry-specific ESG standards, including many related to forests and wood products. For example, there are SASB standards for Building Products and Furnishings, Household and Personal Products, Construction Materials, Biotech, Forestry Management, Pulp and Paper Products, Chemicals, and Containers and Packaging.<sup>11</sup>

© 2005 by The Authors  
Journal compilation © 2005 by Blackwell Publishing Ltd



# NEW ESG FACT SHEET

## THEMES

- How SFI standards can help with ESG disclosures through 3rd party audits
- Climate Resiliency and Carbon
- Fire Resiliency
- Biodiversity and Species Recovery
- Old Growth Forest Conservation
- Water Quality and Quantity, and Soil Health
- Deforestation Mitigation
- Reducing Risk from Controversial Sources
- Indigenous Peoples' Rights, Recognition, and Relationship Building
- Environmental Education and Forest Literacy
- Building a Diverse Workforce
- Human and Workers Rights
- Healthy Communities and Urban Forestry
- Governance





# THANK YOU