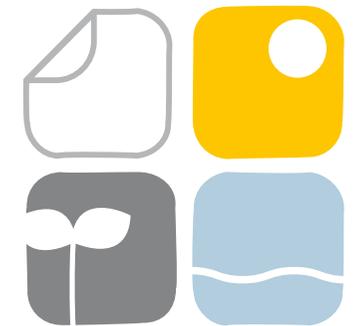


Sustainability Progress Update

2009



INTERNATIONAL
COUNCIL OF
FOREST & PAPER
ASSOCIATIONS

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Sustainability is central to the **International Council of Forest and Paper Associations** (ICFPA) and to the business of its members in the global forest products industry. The ICFPA members' commitment to manage the industry well and undertake activities in a sustainable manner reflects the industry's strategic importance as a responsible manager of a renewable nature resource. The forest products industry provides significant environmental benefits, is a strong contributor to the social and economic well-being of rural and urban communities, and is a developer of innovative and basic products that are integral to the livelihood and welfare of people around the world.

The ICFPA is committed to sustainable development to ensure that environmental, social and economic benefits are available to current and future generations. Reflecting this commitment, the ICFPA is pleased to publish its second biennial Sustainability Progress Update. The purpose of this report is to communicate ICFPA member associations' activities and performance in six key areas, as agreed upon in the ICFPA *CEO Leadership Statement on Sustainability*. These areas are:

- Creating solutions to global climate change and energy supply challenges;
- Promoting sustainable forest management world-wide;
- Combating illegal logging;
- Fibre use and recovery;
- Environmental management; and
- Investing in workers and communities.

This executive summary provides examples of ICFPA members' activities and performance in the key areas outlined above.

A SPECIAL FOCUS ON CLIMATE CHANGE AND ENERGY SUPPLY

The ICFPA and its members take very seriously the challenges that climate change is placing on societies around the world and on their own industry. They are playing a key role in addressing these challenges through their everyday forest management operations by reducing GHG emissions and helping forests absorb carbon dioxide; through their wood and pulp and paper operations by implementing energy efficiency measures and switching from fossil fuels to biomass; and through manufacturing products that store carbon, creating alternatives to more carbon intensive materials from renewable and recyclable raw materials.

Since the last report, which was published in 2007, ICFPA members' efforts in this area have achieved good results, with most members showing decreases in energy use and greenhouse gas (GHG) emissions. For example, between 2005 and 2007, the Confederation of European Paper Industries (CEPI) members reduced their GHG emissions intensity by 8%, and the Forest Products Association of Canada (FPAC) members reduced their energy intensity by 5%. Such results are largely due to the industry's increasing substitution of renewable sources of energy for traditional fossil fuels, and on-going investments in more energy efficient equipment.

ICFPA members are being recognized for their leadership position on climate change at the national level, and are being called upon by their respective governments, research institutions, and civil society to participate in and help inform the process of setting national greenhouse gas emissions targets and implementation programs. For example, the Australian Plantation Products and Paper Industry Council (A3P), has been actively involved in the development of a domestic emissions trading scheme and has been commissioned by its government to prepare a Climate Change and Forestry Adaptation Action Plan. FPAC has set a goal of achieving industry-wide carbon neutrality by 2015, without the purchase of offsets. To better understand the requirements of this process, FPAC commissioned an assessment of its carbon profile, the results of which are available for download at www.ncasi.org.

PROMOTING SUSTAINABLE FOREST MANAGEMENT WORLD-WIDE

ICFPA members continue to advance the use of sustainable forest management (SFM) certification systems. In the ICFPA's *Statement on SFM*, ICFPA members agree that the continued credibility of certification systems depends to some extent on the principles of internationally recognized SFM criteria, independent third-party audits, continual improvement, and transparency and stakeholder input. Credible forestry certification is a significant, voluntary, market-based tool for promoting SFM, improving forest management and community well-being on the ground, and assuring customers that they can buy forest products with confidence. Currently, over 320 million hectares, close to 13% of the world's production forest area, is certified, and among ICFPA members contributing to this report, total area certified is also increasing. Between 2006 and 2007, members of the Japan Paper Association (JPA) increased the certified plantation area (domestic and overseas) by 10%, and members of the Brazilian Pulp and Paper Association (Bracelpa) increased the area of certified forests by 16% over the same time frame.

COMBATING ILLEGAL LOGGING

ICFPA members continue work within their countries and with their governments to develop guidelines, policies, laws and programs to address illegal logging, and all ICFPA members commit to the principles found in the ICFPA *Statement on Illegal Logging*, which include encouraging SFM according to internationally agreed principles; supporting the conservation of forest areas which have been designated for protection by law; abiding by domestic and sovereign laws pertaining to logging and harvesting and supporting the establishment and enforcement of such laws and regulations in countries where none currently exist; and supporting government monitoring and assessment of forests as essential to devising appropriate and effective measures to counteract illegal logging and trade of illegally harvested wood. In 2008, the European Confederation of Woodworking Industries (CEI-Bois) adopted their own code of conduct regarding illegal logging and trade in illegal wood and

wood products. Technology has also been playing a strong role in the prevention of illegal logging, as shown by the 2008 expulsion and arrest of eighty-one illegal loggers in Indonesia, thanks to remote sensing technology made possible by a project sponsored by the American Forest & Paper Association (AF&PA) and Conservation International. For the Paper Manufacturers Association of South Africa (PAMSA), the colour marking or bar coding of its timber helps consumers identify wood that has been legally harvested and comes from properly managed forests.

FIBRE USE AND RECOVERY

The ICFPA recognizes the substantial benefits of recycling consumer paper and wood products and encourages its members to increase recovery rates of used fibre, both through their own efforts and by engaging with stakeholders in the development of recycling programs and in public awareness activities. Reporting ICFPA members are well on track to meet, and in some cases have already exceeded, their recovery goals. In Europe, over half the raw material used for making paper is recycled fibre. At the end of 2007, the recycling rate within Europe (29 countries) was 64.5% (60 million metric tonnes), up from 62% in 2005. In Chile, only 1.2% of total consumed wood ends up as waste, and in New Zealand, the industry has achieved a 78% recovery rate of paperboard packaging, exceeding the target of 70%. It is important to note that this success is due in part to growth of exports of recovered paper to countries like China, although such exports have decreased in the aftermath of the 2008 economic crisis.

ENVIRONMENTAL MANAGEMENT

ICFPA members are applying environmental management systems and specific environmental programs to reduce the environmental footprint of their industrial processes, to maintain sustainability of fibre and wood supply, and to protect essential ecosystem services. The ICFPA has seen increases in the adoption of systems for environmental management across reporting members, and associated improvements in key performance indicators such as water and energy consumption. For example, the

Asociación Nacional de Empresarios de Colombia (ANDI) has reduced sulphur dioxide emissions by over 60% since 2004. This performance is complemented by reductions in water consumption, total suspended solids, biological oxygen demand, and nitrogen dioxide emissions.

INVESTING IN WORKERS AND COMMUNITIES

The forest products industry plays a critical role in the economic health and well-being of thousands of local economies and communities around the world. The ICFPA and its members are committed to maintaining safe work places, to the growth and development of employees, and to supporting rural communities through direct and indirect economic investments. ICFPA members have demonstrated reduced accident rates and increases in skills development. As an example, Corporación Chilena de la Madera (CORMA) has shown an almost 30% increase in certifications awarded for worker competencies since 2005. This program not only ensures that employees are properly trained for their jobs, but has also resulted in reduced accident rates. Between 2005 and 2007, accident rates for CORMA member companies dropped from 3.69% to 2.08%.

LOOKING AHEAD

Since the creation of the ICFPA in 2002, the members have made substantial progress on sustainability. The ICFPA recognizes the ongoing need to actively manage sustainability issues, to improve the industry's environmental, social and economic performance and to report on progress. The work of the ICFPA also serves to keep its members informed of leading practices and valuable initiatives undertaken by their peers and as a motivation tool to encourage continual improvement. The ICFPA will continue to provide biennial progress updates to keep stakeholders informed of the efforts of the industry.

ABOUT ICFPA

The International Council of Forest and Paper Associations (ICFPA) is a worldwide network of forest products industry associations that promotes cooperation in areas of common interest to its members and serves as the industry's advocate at the international level.

Launched in 2002, the ICFPA's objectives are to:

- 📌 Coordinate actions in areas of mutual interest;
- 📌 Develop and promote common positions in matters of international importance;
- 📌 Support and advocate for sustainable forest management (SFM) and sustainable production of forest products;
- 📌 Serve as a clearing house for best experiences and practices; and
- 📌 Encourage and facilitate dialogue among diverse stakeholders at the global level.

Currently, 43 forest and paper associations from 40 countries are united under the ICFPA, representing more than 90% of the world's paper production and more than 50% of its wood production.

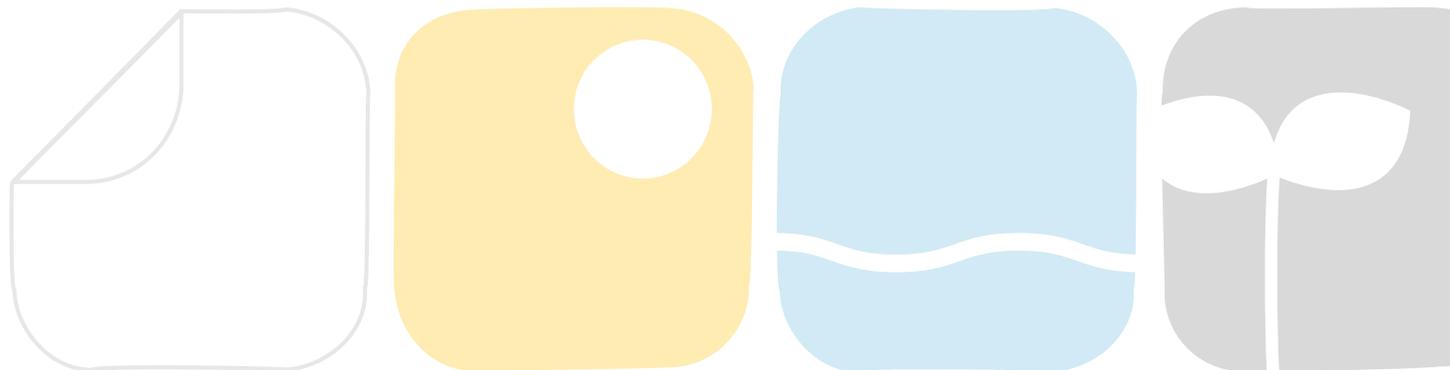


The ICFPA takes sustainability and its implications for the global forest products industry very seriously. Managing the industry well and undertaking activities in a sustainable manner ensures that, for generations to come, the industry will continue to contribute to the economic and social well-being of rural and urban communities, develop products integral to social and economic development, and maintain a resource that provides environmental benefits important to the health of the planet and its inhabitants.

In 2006, member company CEOs and association presidents representing many of the largest pulp, paper and wood companies in the world signed the ICFPA *CEO Leadership Statement on Sustainability*. As of the publication of this report, 71 company CEOs and 22 associations have signed the statement, through which signatories commit to achieving and reporting on continuous improvement in sustainability performance through action in six key areas:

- 📄 Creating solutions to global climate change and energy supply challenges;
- 📄 Promoting sustainable forest management world-wide;
- 📄 Combating illegal logging;
- 📄 Fibre use and recovery;
- 📄 Environmental management; and
- 📄 Investing in workers and communities.

The full text of the *CEO Leadership Statement* can be found on the ICFPA's website at www.icfpa.org/issues_statements/statements/ceoLeadership_statement.php.



The 2009 ICFPA Sustainability Progress Update is the second biennial report that highlights the progress of regional and national member associations in acting on the CEO Leadership Statement. The update focuses on member activities in each of the six core areas identified in the CEO Leadership Statement, and, where available, provides updated data for key indicators presented in the 2007 report.

Given global concern regarding climate change and energy supply, this report places special emphasis on member activities that address these challenges and the important contribution the forest products industry can make to addressing climate change.

THE FOLLOWING ICFPA MEMBERS HAVE CONTRIBUTED TO THIS REPORT:

A3P

Australian Plantation Products and Paper Industry Council

AF&PA

American Forest & Paper Association

ANDI

Asociación Nacional de Empresarios de Colombia

BRACELPA

Brazilian Pulp and Paper Association

CEI-Bois

European Confederation of Woodworking Industries

(Representing 8 European Branch Federations and 21 National Wood and Furniture Associations)

CEPI

Confederation of European Paper Industries

(Representing 18 National Paper Associations)

CORMA

Corporación Chilena de la Madera

FPAC

Forest Products Association of Canada

JPA

Japan Paper Association

NZFOA

New Zealand Forest Owners' Association

PAMSA

Paper Manufactures Association of South Africa

SBS

Sociedade Brasileira de Silvicultura (SBS)



**PROGRESS ON
OUR COMMITMENTS**

CLIMATE CHANGE AND ENERGY SUPPLY

OVERALL PROGRESS

In its fourth Assessment Report, the Intergovernmental Panel on Climate Change (IPCC) concluded that “in the long-term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit”. As an industry based on a critical renewable resource, the ICFPA and its members around the world are well placed to play a leadership role on climate change – and they are acting on the challenge by being a global leader. They are addressing climate change through the sustainable management of forests. They are applying new solutions in their operations through energy efficiency measures and moving away from fossil fuel sources. And they are working through the value chain of paper and wood products to help users and waste managers of paper and wood products reduce emissions.

The ICFPA and the forest products industry is applying innovative energy solutions that meet the challenge of climate change through every-day operations by increasing energy efficiency, reducing reliance on fossil fuels, and expanding the use of renewable energy sources.

ICFPA members are carefully managing forests that absorb carbon dioxide (CO₂), manufacturing products that store carbon, and creating alternatives to more carbon intensive materials from renewable and recyclable raw materials. ICFPA members have also lessened their dependence on fossil fuels for energy by converting to renewable sources, often through the use of by-products of their own production.

The ICFPA works collaboratively with other industries, as well as inter-governmental and environmental organizations. At the international climate change COP 14 meeting in Poznan in December 2008, the ICFPA and the World Business Council for Sustainable Development (WBCSD) held a joint side event where they called for greater recognition to be given to forests and forest based industries in combating climate change. The ICFPA also released a position paper on the ways in which an economically viable and sustainably managed forest products industry helps combat climate change.

ICFPA Statement on the Forest Industry
and Climate Change:

[www.icfpa.org/issues_statements/
statements/theForestProductsIndus-
tryessentialtoClimateChange.php](http://www.icfpa.org/issues_statements/statements/theForestProductsIndustryessentialtoClimateChange.php)

ICFPA Position Paper: The Forest
Products Industry is Essential to
Combating Climate Change:

[www.icfpa.org/issues_statements/
statements/theForestProductsIndus-
tryessentialtoClimateChange.php](http://www.icfpa.org/issues_statements/statements/theForestProductsIndustryessentialtoClimateChange.php)

HIGHLIGHTS OF THE ICFPA MEMBER ACHIEVEMENTS ON CLIMATE CHANGE AND ENERGY SUPPLY

AUSTRALIA (A3P)

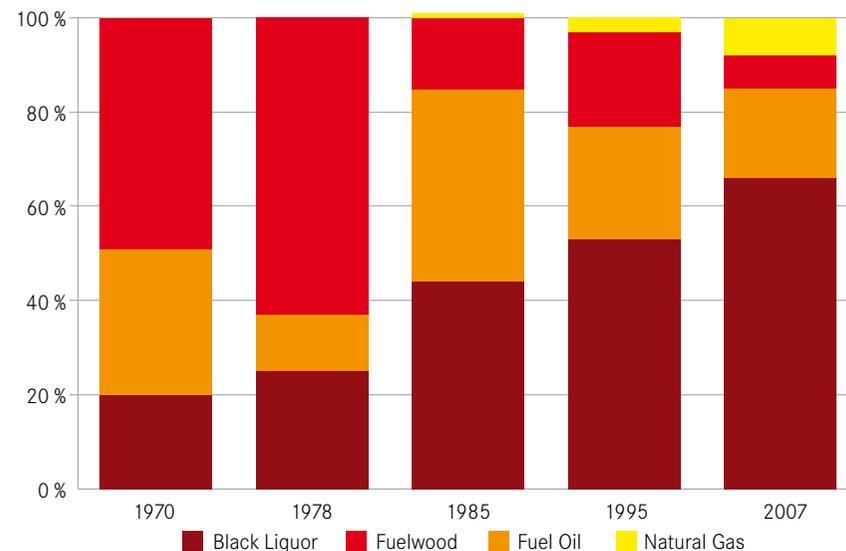
The Australian Government has set a national emission reduction target of between 5% and 15% by 2020, relative to 2000. A domestic emissions trading scheme, to be known as the Carbon Pollution Reduction Scheme (CPRS), will be introduced in 2010 to assist achievement of this target. The forest products industry has been actively involved in the development of the CPRS, particularly with respect to the treatment of emissions-intensive trade-exposed industries such as the pulp and paper industry and the inclusion of carbon credits derived from afforestation activities. The Government has commissioned A3P to prepare a Climate Change and Forestry Adaptation Action Plan addressing key impacts, vulnerabilities and research priorities; potential adaptation tools and strategies in collaboration with industry; and the integration of climate change strategies across government and industry.

BRAZIL (BRACELPA)

Brazil's pulp and paper industry has been investing in many projects to mitigate greenhouse gas emissions, including using less carbon intensive fuels and more renewable energy, managing solid wastes, capturing methane from effluent treatment systems, producing ethanol from pulp, employing new technologies to improve planted forests productivity, and recovering degraded and protected areas.

More specifically, the Brazilian pulp and paper industry has been working to alter its energy mix to include more renewable sources including black liquor (a byproduct of the pulp production process) and biomass. In 2007, the energy consumed by the industry was composed of 66% black liquor, 19% biomass and 15% fossil fuels (7% from oil and 8% from natural gas), resulting in a strong renewable energy mix (see Graph 1).

Graph 1: BRACELPA - Energy Matrix of the Brazilian Pulp and Paper Industry (1970-2007)



Source: Brazilian National Energy Balance

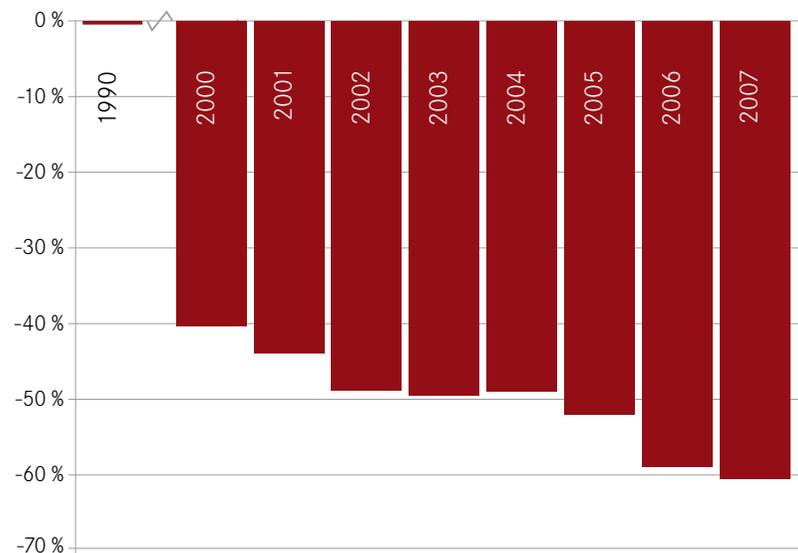
CANADA (FPAC)

In October 2007, FPAC announced that Canada's forest products industry would set a new bar for environmental responsibility and action on climate change: industry-wide carbon neutrality along the forest products value chain by 2015 without the purchase of carbon offset credits. To better understand the requirements of this goal, FPAC commissioned a full assessment of its carbon profile. Developed by the National Council for Air and Stream Improvement (NCASI), the report is available at www.ncasi.org.

In working towards the goal of carbon neutrality, FPAC members continue to decrease their consumption of fossil fuels by substituting renewable energy sources such as waste-based biomass, use of which has increased by 9% between 1990 and 2007. On-going investments in more energy

efficient equipment have seen pulp and paper mills improve their energy intensity by 5% between 2005 and 2007, contributing to a long-term reduction of 22% between 1990 and 2007. Furthermore, FPAC pulp and paper manufacturers reduced their greenhouse gas emissions intensity (emissions per unit of output) by 7% between 2005 and 2007. Since 1990, pulp and paper facilities have reduced their absolute (total) greenhouse gas emissions by 57% and their emissions intensity by 61% (see Graph 2).

Graph 2: FPAC - Greenhouse Gas Emissions Intensity
(Pulp and Paper facilities - percentage improvement from 1990 levels)



Source: FPAC Energy Monitoring Report 1990-2007

CHILE (CORMA)

Out of the 2.2 million hectares of planted forests in Chile, almost 84% have been established on severely eroded lands, significantly contributing to the recovery of those soils. According to CORMA's estimates, 223 million tonnes of CO₂e (carbon dioxide equivalent) is captured by these planted forests. Moreover, Chile has an average afforestation rate of 45,000 hectares per year and a reforestation rate of 60,000 hectares per year, which helps ensure the sustainability of the industry's fibre and wood supply and increases the retained carbon stock. Chile's pulp manufacturing industry is not only self sufficient in terms of its electricity demand, but also generates electricity in excess of its consumption, and supplies the national electricity grid.

COLOMBIA (ANDI)

In Colombia, the addition of a modern recovery boiler in ANDI's biggest mill and a new power generation plant that will burn biomass waste will increase the cogeneration capacity of the paper industry by over 50%.

EUROPE (CEI-BOIS)

The European woodworking industries are major users and producers of renewable energy within their operations. In particular, sawmills burn bark from logs to produce process heat and electricity, and by-products from operations are used for panel or paper/pulp production or as renewable energy in the form of pellets.

CEI-Bois continues to promote wood as an integral component in the fight against climate change. To date, education and awareness efforts to illustrate the role wood can play in addressing climate change include: a European factsheet, the distribution of 60,000 copies of the handbook **“Tackle Climate Change: Use Wood”** in seven languages, an online video, and exhibition material. Future work will focus on the recognition of the role and positive contribution of harvested wood products in a post-2012 Kyoto context.

EUROPE (CEPI)

Across CEPI members, energy intensity and CO₂ intensity continue to improve due to investments in process efficiency, boiler upgrades and fuel switching. Specifically, overall energy consumption has decreased from 13.18 terajoules per kilotonne (TJ/kt) in 1990 to 11.45 TJ/kt in 2007, paralleled by a decrease in electricity intensity from 1.25 megawatt hours per tonne (MWh/t) to 1.04 MWh/t over the same timeframe.

Though pulp and paper production has increased, total CO₂ emissions have remained stable and the CO₂ intensity per tonne has decreased from 0.56 kt CO₂/kt of product in 1990, to 0.38 in 2005, and 0.35 in 2007. During the same period, the use of biomass has increased to 55% of all primary fuels, with a target of 56% by 2010, while the use of oil and coal have been reduced, making the EU pulp and paper industry one of least carbon intensive European industries. These trends are expected to continue.

CEPI has developed a Carbon Footprint Framework for paper and board products in response to the growing requests by paper buyers for a clear statement that reduces confusion and presents a clear message on the carbon footprint of each product. CEPI has developed its framework for paper and board products based on ten key elements called the **“Ten Toes of the Carbon Footprint”**. Under this framework, companies and sectors are able to address their individual needs and help the industry to contribute to the policy debate by providing a transparent and coherent information base for decision-making, across regions and countries.

TEN TOES OF THE CARBON FOOTPRINT

1. Characterizing biomass carbon in forests
2. Characterizing the significance of carbon in products
3. Calculating GHG emissions from forest product manufacturing facilities
4. Calculating GHG emissions associated with producing and processing fibre (virgin and recovered) for forest product manufacturing facilities
5. Calculating GHG emissions associated with producing other raw materials and fuels
6. Calculating GHG emissions associated with purchased and sold electricity, steam, heat and hot and cold water
7. Calculating transport-related GHG emissions
8. Calculating emissions associated with product use
9. Calculating emissions associated with the end-of-life of forest products
10. Calculating avoided emissions

JAPAN (JPA)

JPA continues to promote the use of energy saving equipment, the conversion of fossil fuels to alternative energy, the recovery of paper, and the development of forest plantations as solutions to global climate change. JPA increased its goal of reducing the unit consumption of fossil fuel energy by 13% from 1990 levels by 2010 to 20% from 1990 levels by 2012. In 2007, fossil fuel energy consumption was 18% lower than in 1990 (see Graph 3).

NEW ZEALAND (NZFOA)

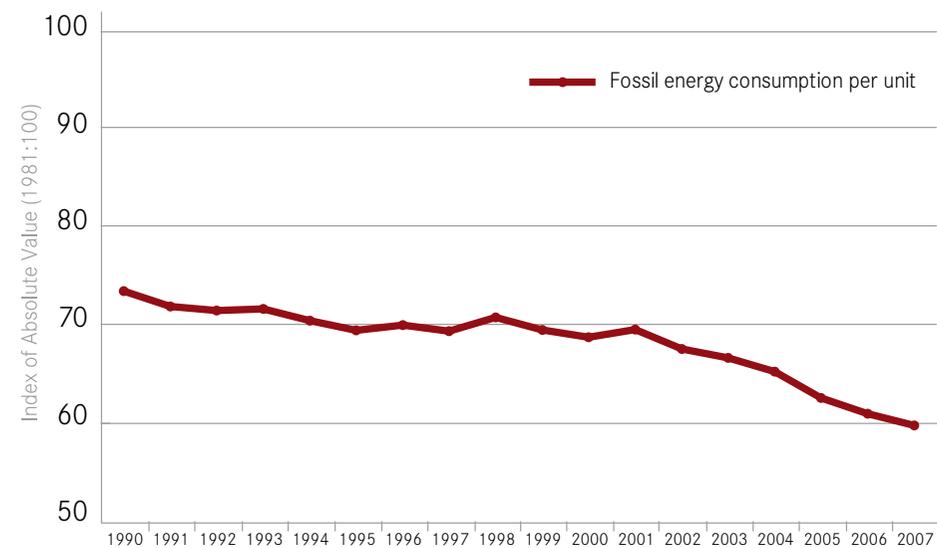
As of 2007, most New Zealand pulp and paper companies have stabilized greenhouse gas emissions at or below the 1990 level of 687,072 tonnes CO₂. This has been achieved in conjunction with significant production increases, with greenhouse gas emission intensity reduced by 31% while production has increased by 43%. This has been mainly achieved through the use of biomass to supply process heat, replacing natural gas, fuel oil combustion, and electricity. Additionally, geothermal electricity generation has recently been installed in a joint project with a pulp and paper manufacturer. Mechanical pulping mills have further reduced electricity usage by producing new low energy products, and through improved efficiency of use of electrical energy. Mills have also invested in recovery of waste heat.

SOUTH AFRICA (PAMSA)

South Africa has a coal-based energy economy, which historically has had relatively low energy prices supporting energy intensive industries. This contributes to its high emissions intensity relative to other major developing and developed countries.

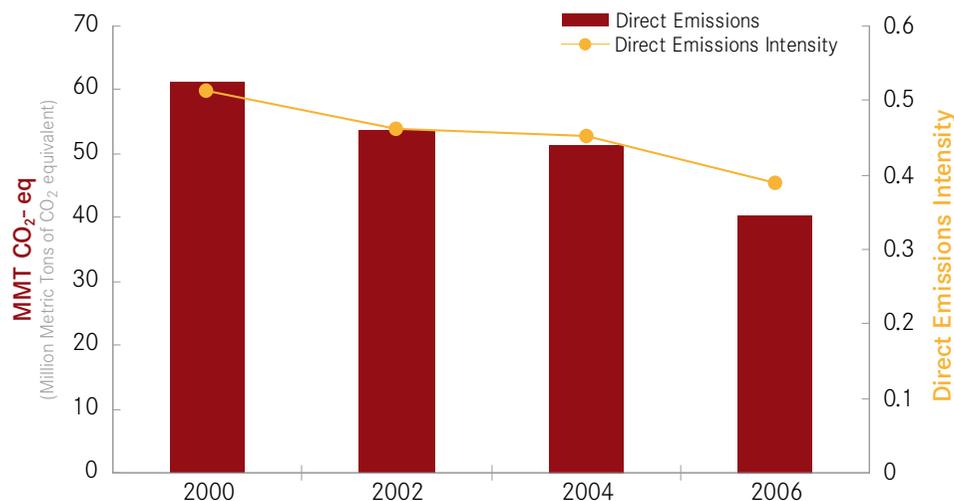
In March 2006, the South African cabinet commissioned a process to examine the options available to mitigate greenhouse gas emissions. PAMSA participated on the Task Team, amongst many other sector stakeholders, and investigated alternatives for emissions reduction options for South Africa's traditionally coal-based economy.

Graph 3: JPA - Trends of Fossils Energy Consumption per Unit



Source: Ministry of Economy, Trade and Industry

Graph 4: AF&PA - Direct GHG Emissions and Direct GHG Emissions Intensity



Mitigation options including industrial and transportation energy efficiencies and electricity supply options were identified.

Internally, PAMSA members are actively reviewing their energy efficiency and exploring alternative fuels (biomass, bagasse, gas) in the wake of electricity supply shortages and increased costs. One of PAMSA's members has begun the conversion of one of its mill's boilers from coal-fired to biomass-fired. The biomass originates from FSC certified forests and results in a reduction in coal use of 53,000 tonnes. Another mill is involved in a rebuild of a paper machine and conversion line, which will result in improved energy efficiency and a decrease in water consumption.

USA (AF&PA)

From 2004 to 2006, AF&PA members' pulp and paper mills reduced fossil fuel use per tonne of production by 9.2%, and in 2006 generated 64% of energy requirements from carbon-neutral biomass. Overall, total energy use per tonne of production at member mills has decreased by 11% since 1990. AF&PA continues to participate in Climate VISION, the U.S. Department of Energy's voluntary partnership program with a goal of reducing U.S. greenhouse gas intensity 18% by 2012. AF&PA members pledge to collectively reduce greenhouse gas emissions intensity by 12% relative to 2000 levels by 2012. From 2000 to 2006, AF&PA member companies collectively reduced their direct and indirect greenhouse gas emission intensity by 14% (see Graph 4).

PROMOTING SUSTAINABLE FOREST MANAGEMENT WORLD-WIDE

OVERALL PROGRESS

Sustainable forest management (SFM) is management that maintains and enhances the long-term health of forest ecosystems while providing environmental, economic, social and cultural opportunities for present and future generations. SFM certification systems and their use by the forest products industry is recognized globally as a key mechanism for ensuring the sustainability of forest resources, the maintenance of ecosystem functions and the well-being of communities that depend on forests. ICFPA members strongly support the principles of SFM and are actively applying recognized SFM certification systems around the world. They value credible forestry certification as a significant, voluntary, market-based tool for ensuring the application of SFM principles, for improving forest management practices on the ground, and for assuring customers and consumers that they can buy forest products with confidence. In the ICFPA's *Statement on SFM*, ICFPA members agree that the continued credibility of certification systems depends to some extent on the principles of internationally recognized SFM criteria, independent third-party audits, continual improvement, and transparency and stakeholder input.

Since the *2007 ICFPA Sustainability Progress Update*, certification among ICFPA member associations has increased significantly. Currently, over 320 million hectares – close to 13.4% of the production forest area worldwide – is certified, representing a 6% increase in the amount of SFM-certified land since the 2007 report. Significant gains in forest certification have been registered in Australia, Brazil, Canada, Chile, and Japan over this reporting period.

There are numerous SFM certification systems that provide consumers with objective evidence of forest-level sustainable management planning and practices that go beyond regulatory compliance. ICFPA members are supportive of multiple certification standards – those in use by ICFPA members include two global schemes: Programme for the Endorsement of Forest Certification (www.pefc.org) and the Forest Stewardship Council (www.fsc.org); as well as a number of smaller systems, most of which are recognized by PEFC or FSC.

Increasing SFM certification of global forestry operations plays an important role in the mitigation of climate change through the maintenance of carbon sinks and helping reduce levels of atmospheric carbon. Furthermore, implementation of SFM principles can help reduce dependency on fossil fuels through increased use of renewable energy from forestry waste and by-products. This may become of particular importance in developing countries, where the growth in demand for fossil fuels is the greatest.

ICFPA Statement on SFM:

www.icfpa.org/issues_statements/statements/sfm_certification.php

HIGHLIGHTS OF THE ICFPA MEMBER ACHIEVEMENTS ON PROMOTING SUSTAINABLE FOREST MANAGEMENT WORLD-WIDE

AUSTRALIA (A3P)

The Australian forest industry remains committed to achieving certification levels of 70% for both the area of forest certified and the percentage of companies with certification, and continues to promote chain of custody certification and the availability of certified products. Currently, 63% (1.2 million hectares) of the total 1.9 million hectares of plantation area is certified. Also, as of the end of 2008, more than 180 new chain of custody certifications have been issued.

BRAZIL (BRACELPA AND SBS)

In Brazil, 6.5 million hectares of forests were certified as of 2008, an increase of 16% over 2006. Of this total, the pulp and paper sector is responsible for 2.2 million certified hectares, equivalent to 33.8% of Brazil's total certified forested area. The number of chain of custody certificates has also been increasing over the last two years. In late 2008 there were 239 chain of custody certificates issued by both systems operating in Brazil, up from 221 certificates in 2006.

Currently, Bracelpa is developing *Principles of Best Forest Practices* that will commit its members to the principles of responsible forest management.

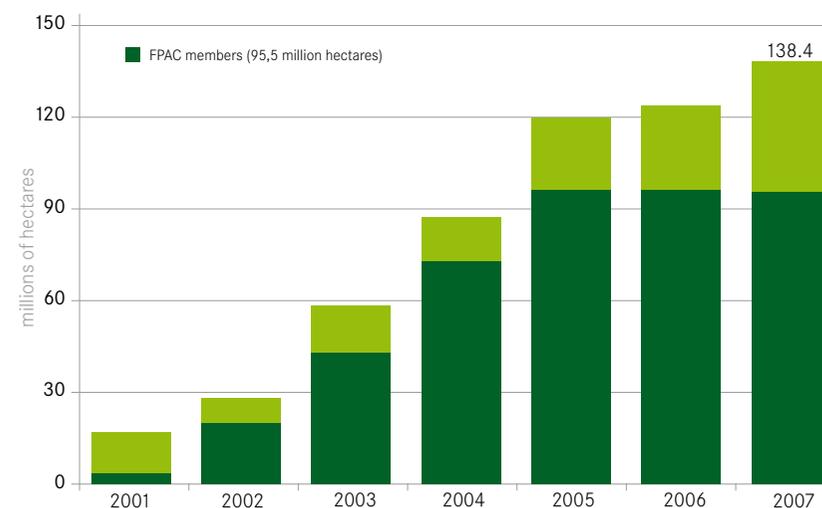
SBS collaborated with the FAO, the Brazilian Environmental Ministry, and other stakeholders in coordinating a meeting and national consultation process on the implementation of "Responsible Management of Planted Forests: Voluntary Guidelines". The results of the national consultation indicated that the majority of the 12 principles in the guidelines are adequately addressed (48%); 38% of the principles need some attention; 10% need substantial attention and 4% of the principles are not applicable for planted forests management in Brazil. The results were presented in a regional workshop organized by the FAO in Buenos

Aires with representatives of environmental and social NGOs, private sector associations, governmental bodies and research institutions from Argentina, Chile, Paraguay, Uruguay and Brazil.

CANADA (FPAC)

Canada is home to nearly 40% of the world's SFM certified forests and has the largest area of independently certified forests in the world. Of the 143 million hectares available to forestry operations in Canada, almost 97% (138.4 million hectares) is certified to one of the three SFM certification programs in use in Canada. FPAC members manage almost 70% of this land, and they continue to meet their commitment to maintain SFM certification on 100% of the forest lands they manage, with 95.5 million hectares certified (see Graph 5).

Graph 5: FPAC - Total SFM Certification in Canada



Source: Canadian Sustainable Forestry Certification Coalition, December 2007

CHILE (CORMA)

Currently in Chile, there are almost 1.8 million hectares certified under CERTFOR/PEFC, an increase of 13% over 2006. In total, nearly 2.1 million hectares under production are independently certified in Chile. In Chile, 48 companies have certified their Chain of Custody (see Graph 6).

COLOMBIA

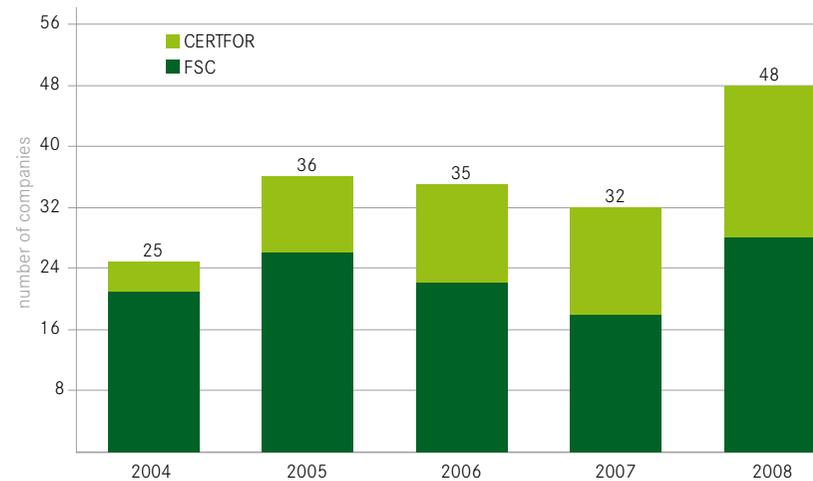
All of the sack paper and printing and writing papers produced in Colombia from wood pulp are certified to FSC's chain of custody standard.

EUROPE (CEPI)

In Europe, 86% of the forest area is independently certified, 55% of the wood used by the industry is certified, and 87% of the market pulp production capacity of company-owned mills has chain of custody certification, as does 63% of the paper, tissue and board production capacity.

In partnership with Eurosite (the largest network of public bodies, private organizations and NGOs devoted to nature conservation management in Europe), CEPI will publish a guide on industry best practices in biodiversity protection in late 2009. Guidance will provide best practices that will benefit biodiversity at all stages of the wood procurement chain, including silviculture and forest management, and transportation.

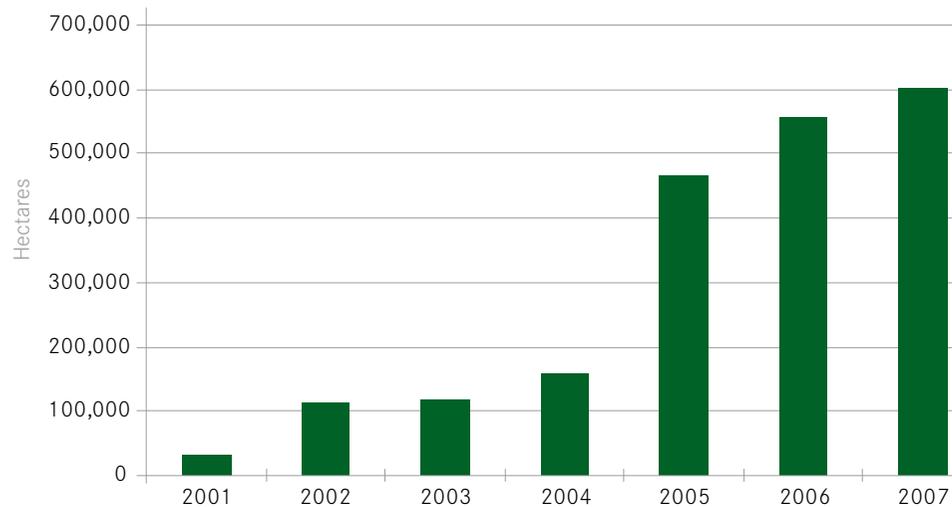
Graph 6: CORMA - Total Chain of Custody Certification in Chile



JAPAN (JPA)

Japan's certified plantation area, both domestically and overseas, was 603,000 hectares in 2007, compared to 32,000 hectares in 2001 and 549,000 hectares in 2006 (see Graph 7). As of 2008, 313,000 hectares of domestic forest area was owned or managed by pulp and paper companies, of which 86% was certified.

Graph 7: JPA - Certified Forest Area



NEW ZEALAND (NZFOA)

Of New Zealand's 1.79 million hectares of plantation forest, over 54% was independently certified as of December 2007. Of the 19.8 million cubic meters harvested from plantations, 34.5% was independently certified. All of the wood used in the New Zealand pulp industry comes from exotic forestry plantations, since all indigenous forests, which represent 24% of New Zealand's total land cover, are protected from harvesting.

SOUTH AFRICA (PAMSA)

Over 80% of plantation forests in South Africa are independently certified, covering 1.7 million hectares. Forestry South Africa (FSA), the association representing South African timber growers, has also made significant progress in the development of a National Certification Standard for SFM in South Africa.

USA (AF&PA)

Conformance with the Sustainable Forestry Initiative® (SFI) or other North American system endorsed by PEFC continues to be a condition of AF&PA membership. The SFI has strict requirements for international procurement of raw materials, and AF&PA members must promote SFM practices on all lands from which they procure. In 2008, over 34 million hectares of forestland in the United States was certified under the American Tree Farm System, Forest Stewardship Council and/or the Sustainable Forestry Initiative.

COMBATING ILLEGAL LOGGING

OVERALL PROGRESS

Illegal logging continues to be a global problem with serious environmental, social, and economic implications. Illegal logging contributes to deforestation, environmental degradation, loss of biodiversity, and undermines responsible forest management. Illegal trade in wood products impacts forest-dependent communities by depressing wood prices and is frequently associated with corruption, money laundering, human rights abuses, and even violent conflict. In 2004, it was estimated that up to 10% of global timber production could be illegal in nature. However, given the very nature of illegal logging, it is challenging to collect data on its prevalence.

ICFPA members are working actively in their own businesses and continue work with their governments to address illegal logging. They are putting in place industry codes of conduct and including these in fibre procurement requirements. They are adopting chain of custody or traceability mechanisms to provide assurance that their fibre is not from illegal sources. Working with governments and NGOs, they are participating in the development of guidelines, policies, programs and laws, including enforcement mechanisms, to address illegal logging. All ICFPA members commit to the principles found in the ICFPA *Statement on Illegal Logging*, which include encouraging SFM according to internationally agreed principles; supporting the conservation of forest areas which have been designated for protection by law; abiding by domestic and sovereign laws pertaining to logging and harvesting and supporting the establishment and enforcement of such laws and regulations in countries where none currently exist; and supporting government monitoring and assessment of forests as essential to devising appropriate and effective measures to counteract illegal logging and trade of illegally harvested wood.

ICFPA Statement on Illegal Logging:

www.icfpa.org/issues_statements/statements/illegal_logging.php

HIGHLIGHTS OF THE ICFPA MEMBER ACHIEVEMENTS ON ILLEGAL LOGGING

AUSTRALIA (A3P)

The Australian industry continues to advance its set of guidelines for systems that ensure imported products are not of suspect or illegal origin. The guidelines describe the process and level of audit required to demonstrate legality along the entire supply chain. The industry also liaises with the Australian Government on its policy response to the threats posed by illegal logging and works with it to:

- 📄 Build capacity within regional governments to prevent illegal harvesting;
- 📄 Develop and support certification schemes for timber and timber products sold in Australia;
- 📄 Require disclosure at point of sale of species, country of origin and any certification;
- 📄 Identify illegally logged timber and restrict its import into Australia; and
- 📄 Argue for incentives within the emerging global carbon markets to avoid deforestation and better management of tropical rainforests.

BRAZIL (BRACELPA)

Bracelpa continues to fully support the development of public forest protection and law enforcement initiatives, and liaises with government councils that address illegal logging issues. Bracelpa continues to provide assistance on environmental and forest planning to small farmers; offer guaranteed wood purchase contracts to tree farmers that comply with legislation; develop education programs; provide funding to small farmers to establish planted forests according to current standards of sustainable forest management; and provide strong support for FSC and CERFLOR/PEFC certification programs.

SBS membership is composed of both private and governmental organizations that are active in proposing and discussing actions and mechanisms to avoid illegal logging and illegal trade of forest products. SBS is a signatory to the “Wood is Legal” Program, a cooperative protocol between São Paulo State, São Paulo Municipal, NGOs, and 18 forest sector associations. Through this program, the civil construction sector, responsible for 70% of the consumption of Brazilian Amazon timber in São Paulo State, committed to developing best practices and procedures to eliminate the use of illegal wood. As part of this program, SBS is educating its members about environmental and related legislation, mechanisms for control of wood origin, sustainable forest management principles and credible forest certification schemes.

SBS has also helped develop an initiative related to public procurement of timber by the State of São Paulo, which is the main destination of native wood originating from the Brazilian Amazon region. As of July 2009, timber suppliers may only bid for government construction and civil works contracts if they join a voluntary registry, established by the Environmental Secretary of the State of São Paulo, which will require suppliers to submit evidence of the legal and certified origin of their forest products and byproducts.

CANADA (FPAC)

In 2006, FPAC and its members adopted a statement on illegal logging that includes a commitment to purchase and use wood only from legal sources. To support this commitment, FPAC members further agreed to trace their fibre supplies back to the forest area of origin by the end of 2008 to assure customers that the wood fibre they are using comes from legal sources. FPAC members are implementing traceability mechanisms, and recent developments in the market place have prompted consideration of third party chain-of-custody for all manufacturing facilities' wood fibre sources.

CHILE (CORMA)

In 2007, 98.7% of the logs feeding the forest industry in Chile originated in planted forests. The owners of these forests meet high sustainable forest management standards.

At the same time CORMA has promoted sustainable forest management, it has also encouraged its member companies to adopt Chain of Custody (CoC) certification.

CORMA advocated for the inclusion of SFM in the Native Forest Law. Approved in 2008, the law is now a strong tool against illegal logging. CORMA has also worked to establish a voluntary National Fuelwood Certification system that encourages the sustainable harvest of wood used for energy purposes.

EUROPE (CEI-BOIS)

CEI-Bois members condemn illegal logging and the trade in illegal wood and wood products. In April 2008, CEI-Bois adopted a code of conduct regarding illegal logging and trade in illegal wood and wood products. The code encourages CEI-Bois members to work together to develop practical strategies to reduce the risk of illegal products entering the supply chain. CEI-Bois is also working to establish a “due diligence” system to demonstrate the legal sourcing of wood material in a manner that is acceptable to the European Commission and the European Union legislature, without creating undue burden.

EUROPE (CEPI)

Following the adoption of the *Legal Logging Code of Conduct for the Paper Industry* in 2005 by CEPI's member associations, association member companies have also begun adopting the Code and are reflecting its contents in their procurement policies. A number of companies are attaching the Code directly to purchasing contracts, making compliance a condition of purchase. In some countries, the implementation of the Code is carried out under supervision of relevant Government Ministries.

JAPAN (JPA)

JPA maintains a *Mission Statement against Illegal Logging*, which requires compliance with local laws in countries of harvest, bans handling illegally harvested wood products, and includes a policy on procuring wood material and a system to confirm its legality. In March 2007, JPA strengthened the implementation of the mission statement through adoption of its *Committed Action Plan on Environment* (previously *Voluntary Action Plan for the Environment*). The Action Plan commits member companies to never handle illegally-harvested wood and enhances the credibility of company specific measures already in place against illegal logging through monitoring and audits.

NEW ZEALAND (NZFOA)

In 2008, an agreement was signed by the New Zealand forest industry, wood products sector and conservation groups, strongly opposing the import and use of illegally harvested and traded forest products. Furthermore, the NZFOA fully supports the government's plan to require labeling of Kwila, a tropical hardwood tree species native to South East Asia and the Pacific islands, estimated to comprise about 80% of illegally-sourced timber imported into New Zealand.

SOUTH AFRICA (PAMSA)

South Africa's forest industry participated in the Southern African Development Community's Forestry Protocol which outlaws illegal logging. In response to the high rates of timber theft, the industry also continues to colour mark or bar code its timber, ensuring that consumers know the wood has been legally harvested and comes from forests that are properly managed (often through FSC certification).

USA (AF&PA)

In 2005, AF&PA and Conservation International formed the "Alliance to Combat Illegal Logging", the aim of which is to use remote sensing technology to detect illegal logging in priority protected areas, and convey the information to local enforcement agencies and encourage enforcement action. In April 2008, an illegal activity alert, issued by the Alliance partners, led to the expulsion and arrest of eighty-one illegal loggers in Indonesia's Kerinci Seblat National Park.

The 2008 Food, Conservation and Energy Act, also known as the Farm Bill, contains provisions supported by AF&PA to address the global issue of illegal logging. AF&PA has worked with a coalition of industry and conservation allies to pass legislation that avoids onerous restrictions on legal trade, but provides the U.S. government with the tools necessary to put the U.S. in the forefront of efforts to block trade in illegal forest products. The provisions of the bill amend the Lacey Act making it a federal crime to import into the U.S. any plant or plant product where the plant was harvested in violation of specified laws of a foreign country or a state.

OVERALL PROGRESS

The recycling of pre- and post-consumer paper and wood products conveys substantial benefits to the forest products industry, to consumers and to society as a whole. Substantial progress continues to be made across the ICFPA membership in the recovery of fiber for processing and in national recycling rates. Recycling activities provide a significant fibre source for paper, board, packaging and wood product production. Recycling paper also reduces the amount of paper in waste streams, thereby reducing the waste directed to landfills. Each tonne of paper recovered for recycling saves approximately 2.5 cubic meters of landfill space (at least within a U.S. context).

The ICFPA and its members work actively to increase recovery rates through their supply chains. Recovery rates of 45% to 78% have been achieved in ICFPA member countries. Many ICFPA members have developed their own recovery goals or have signed on to broader multi-product recycling programs. Most of these members are well on track to meeting their goals, and in some cases have already exceeded them. The growth of exports of recovered paper for production purposes has also been growing with China being a major importer, though demand has declined recently due to the global financial crisis. Also, in some countries, wood product facilities have become dependent upon recycled wood as a production input. Certain members are moving to create greater consumer assurance around the authenticity of recycled content claims through auditing programs.

ICFPA members also work through indirect means to engage with stakeholders to develop corporate and governmental recycling programs, and raise awareness among the general public about the benefits of and programs for recycling of paper materials. Members are also investing in technology to increase recycled fibre input into modern paper and wood products. However, there are limits – according to a European study, there is an estimated technical limit to the paper recycling rate, since 19% of paper products cannot be recovered and recycled, such as hygiene items and cigarettes.

HIGHLIGHTS OF THE ICFPA MEMBER ACHIEVEMENTS ON FIBRE USE AND RECOVERY

AUSTRALIA (A3P)

The industry continues to work with governments to develop and fund initiatives to improve the economics and rate of recycling. Particular attention is being paid to printing and writing papers from offices and small businesses. Recovered paper is being used for paper manufacturing in Australia, and recent years have seen a dramatic increase in its export, primarily to China. Exports rose from around 350,000 tonnes per year to 1.2 million tonnes per year over five years. However, the global financial crisis has resulted in a dramatic decline in demand for this fibre, seriously impacting the collection infrastructure and resulting in further pressure on the domestic paper industry with respect to extended producer responsibility regulation.

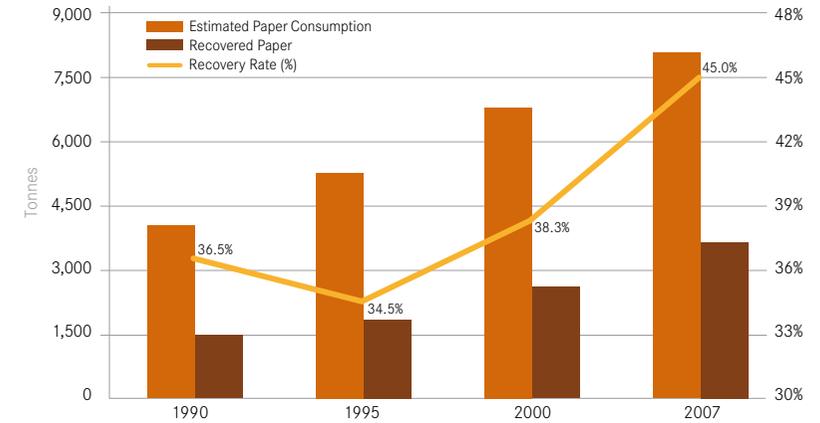
BRAZIL (BRACELPA)

From 1990 to 2007, the recovery rate of paper increased from 36.5% to 45% as industries improved their paper recycling operations. This represents nearly 3.5 million tonnes of paper (paperboard, copy paper, package paper, etc) (see Graph 8). The paperboard sector is responsible for 48.3% of this recovered paper.

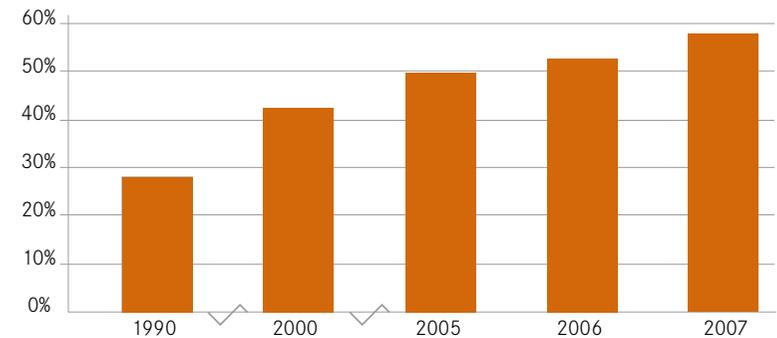
CANADA (FPAC)

In 2007, 58% of all the paper and paper-based packaging consumed in Canada was recycled, exceeding the commitment of FPAC members to reach a recovery rate of 55% by 2012, five years prior to the planned target date (see Graph 9). This achievement can be attributed to increases in recycling by Canadians, a substantial increase in exports of recovered paper, and a slight decline in overall Canadian paper and paperboard consumption. Canada's paper industry now recycles nearly three times as much as it did almost two decades ago, and more than half the paper consumed in Canada annually is recovered for use in recycling programs.

Graph 8: BRACELPA – Recovery Rate of Paper in Brazil



Graph 9: FPAC – Canada's Paper Recovery Rate

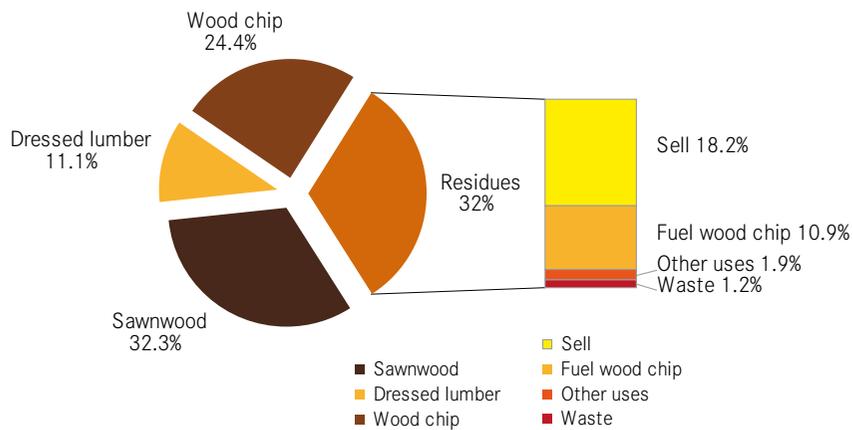


Source: Pulp and Paper Products Council

CHILE (CORMA)

CORMA promotes paper recycling and the utilization of wood residues. In Chile, approximately 42% of paper and board production is based on recycled materials. The use of sawmilling wood residues has also been continually expanding. In all, only 1.2 % of the total wood consumed in Chile is thrown away and studies are being conducted to determine commercial uses for this waste (see Graph 10).

Graph 10: CORMA - Sawmilling Wood Residues Utilization



COLOMBIA (ANDI)

For every tonne of paper or paperboard produced, the Colombian paper industry uses, on average, 700 kg of recycled fibre. In 2004, ANDI's Pulp and Paper Industry Chamber proposed to increase the recovery rate of consumed paper from 44% to 50% by the end of 2009. In 2008, the recovery rate remained at an estimated 44%.

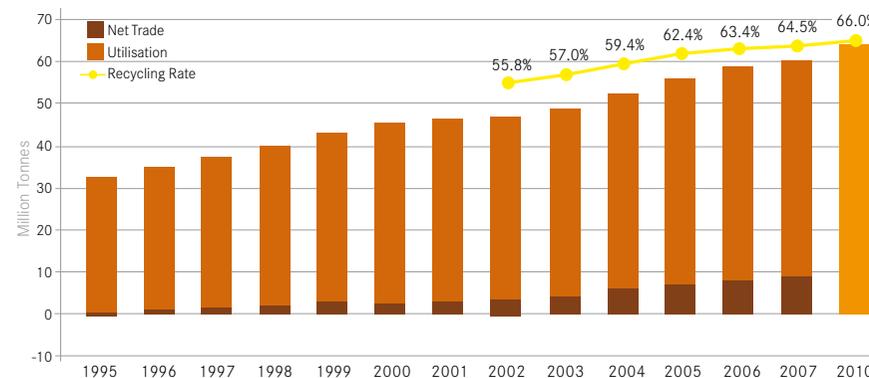
EUROPE (CEI-BOIS)

The wood-based panel industries, which form part of CEI-Bois, have become dependent upon the use of recycled wood. In order to guarantee the quality of the end product, the European Panel Federation has introduced industry quality criteria for recycled wood used for panel production. These criteria guarantee that panels composed of recycled materials meet the safety requirements introduced at the European Union-level.

EUROPE (CEPI)

In Europe, over half the raw material used for making paper is recycled fibre. At the end of 2007, the recycling rate within Europe (29 countries) was 64.5% (60 million metric tonnes), up from 62% in 2005 (see Graph 11). This rate is verified by a third party using ISAE 3000 standard. In their Declaration on Paper Recycling, the 18 CEPI members committed to increase the recycling rate to 66% by 2010, as well as to improve the quality and recyclability of fiber. CEPI has developed guidelines on responsible sourcing and quality management of recovered paper and, in 2008, launched a traceability system for recovered paper. (see www.recoveredpaper-id.eu).

Graph 11: CEPI - Recycling Rate



JAPAN (JPA)

Japan continues to work towards its commitment to achieve a recovered fibre utilization rate of 62% by 2010. In 2007, a rate of 61.2% was achieved. JPA continues to promote the development of new grades of recycled paper and will conduct research into new products and applied technology associated with wastepaper (e.g. refuse paper & plastic fuel, pulp mold etc.). In order to ensure credibility around recovered paper content, JPA is implementing a verification system that includes independent auditing.

NEW ZEALAND (NZFOA)

Established in 2004, the New Zealand Packaging Accord is a voluntary initiative to reduce wasteful packaging and promote recycling. From this base document, each sector has developed a five-year action plan against which their progress is recorded. After four years, the individual targets set for every type of packaging and container have been met or exceeded.

Paperboard package recycling in New Zealand continues to be an extremely effective program, achieving a recovery of 78% in 2007, which is close to the theoretical maximum and exceeds the New Zealand Packaging Accord Target of 70%.

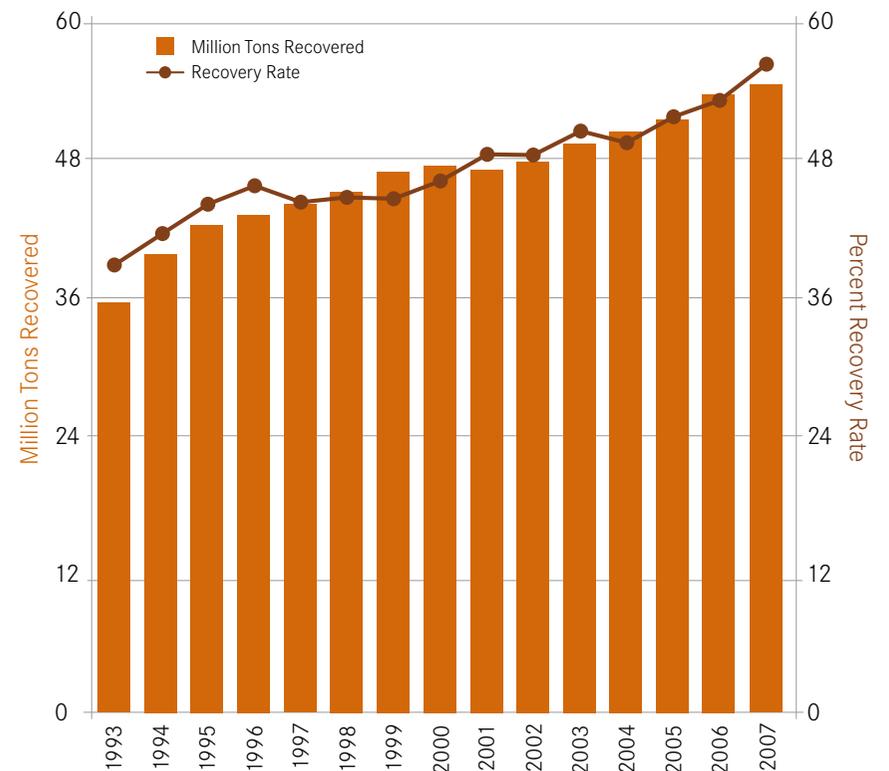
SOUTH AFRICA (PAMSA)

The Paper Recyclers Association of South Africa (PRASA) was formed under PAMSA to focus on increasing the collection and reuse of paper and the development of associated small businesses. Since 2001, paper recovery rates have averaged 45% annually. In 2007, 54.5% of paper was recovered for recycling. In coming years, it is anticipated that new legislation concerning waste management will lead to improvement in this statistic.

USA (AF&PA)

In the U.S., paper recovery was 56% (49.3 million tonnes) in 2007, which represents an average of 163 kg per person in the U.S., and an increase of 4% over 2005 (see Graph 12). In order to keep up with growing global demand, the U.S. paper industry has increased their original goal of 55% recovery by 2012 to 60% recovery by 2012. AF&PA has also created a variety of print and online resources about paper recovery and recycling (see www.paperrecycles.org).

Graph 12: AF&PA – Paper Recovery



OVERALL PROGRESS

The ICFPA and its members are committed to reducing the environmental footprint of their industrial activities, ensuring that their activities respect the environment, and maintaining and improving the natural resources on which the industry depends. At a basic level this means ensuring compliance with all relevant regulations in the jurisdictions in which its members operate. As an association of forest products associations working together around the world and committed to sustainable development, it also means going beyond compliance and aiming for continual performance improvement.

One of the main tools the ICFPA's members use in working towards continual improvement of environmental performance is the implementation and maintenance of an environmental management system (EMS). An EMS provides the framework for an organizational structure and accountabilities that define procedures for developing, implementing and monitoring policies and objectives around environmental performance.

The ICFPA has seen increases in the adoption of environmental management systems (EMS), particularly those that are certified to the ISO 14001 standard, across its reporting members. ICFPA members are applying EMSs and specific environmental programs to reduce the environmental footprint of their industrial activities, to maintain sustainability of fibre and wood supply, and to protect essential ecosystem services and the natural resources on which the industry depends.

Beyond the adoption of EMSs, the core of the ICFPA's environmental commitment is to reduce the environmental footprint of the industry, including the use of water and energy for industrial activities and the emission of pollutants to the atmosphere. Where data are available, member's efforts in these areas have achieved solid performance improvements. For example, The Asociación Nacional de Empresarios de Colombia (ANDI) has reduced sulphur dioxide emissions by over 60% since 2004. This performance is complemented by reductions in water consumption, total suspended solids, biological oxygen demand, and nitrogen dioxide emissions.

HIGHLIGHTS OF THE ICFPA MEMBER ACHIEVEMENTS ON ENVIRONMENTAL MANAGEMENT

AUSTRALIA (A3P)

The Australian industry continues to work towards its commitment to maintain best standards of environmental management. As part of its implementation plan, A3P requires members to adhere to all appropriate regulations and codes, and report breaches if they occur. The plan also covers the use of management systems, including requirements for company policies and stakeholder engagement processes. All Australian pulp and paper manufacturers have environmental management systems in place.

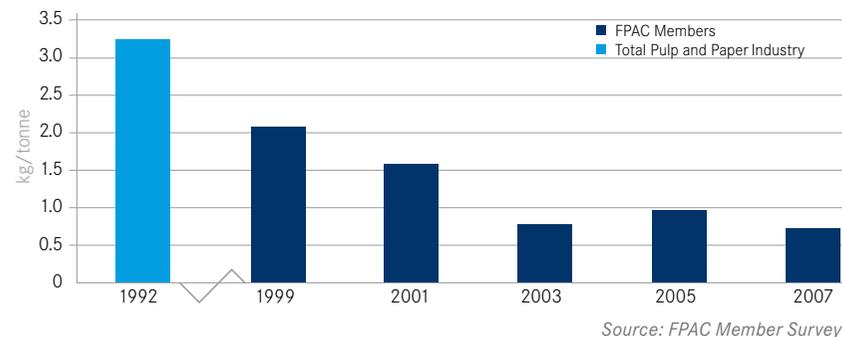
BRAZIL (BRACELPA)

As part of its efforts to reduce its environmental footprint, the Brazilian pulp and paper industry is investing in alternatives to oil for heat production and improving the efficiency of processes that use biomass as an energy source. In addition, Bracelpa strongly encourages its members to use environmental efficiency indicators and adopt programs to reduce water consumption, eliminate odours and properly manage solid wastes.

CANADA (FPAC)

Since 1999, FPAC members' paper mills have cut particulate emissions per tonne of output by 65% (see Graph 13). Though the amount of total reduced sulphur (TRS) released per tonne of output decreased by 60% over the period of 1999 to 2007, the last two years have seen a slight increase, which may be partially attributable to the 2007 adoption of TRS reporting by Canada's National Pollutant Release Inventory (NPRI), facilitating more consistent calculation of TRS emissions. Water consumption at FPAC member's mills was reduced by 6% between 2005 and 2007, for a total reduction of 20% since 1990.

Graph 13: FPAC – Total Particulate Matter (Pulp and Paper facilities)



CHILE (CORMA)

In order to promote and improve environmental management practices in the development and care of forests, CORMA encourages Chile's forestry companies to develop an Environmental Management System in line with the ISO 14001 standard. With the signing of the Environmental Certification Accord in 1999, implementation of Environmental Management Systems allows for the optimization of sustainable forest management plans, thus reducing costs.

Furthermore, the pulp industry was the first to sign a Clean Production Accord in Chile, which are voluntary agreements between companies and relevant environmental authorities that are designed to meet specific targets. Over the past few years, three other accords have been signed: one for the sawmilling and remanufacturing industry (2004) which represented 90% of the national production; one for the newsprint paper industry (2006) representing 100% of the national production; and one for the plywood, veneers and panels industry (2007) representing 90% of the national production. Since this last signing, the whole cycle of the forest industry is represented under these Accords.

CORMA's associated companies are committed to environmental and biodiversity management and have established more than 20,000 hectares of private and public parks for recreational and conservation uses.

COLOMBIA (ANDI)

Since 2004, the Colombian pulp and paper industry has made significant progress in the improvement of several key environmental efficiency indicators, including water consumption, total suspended solids, biological oxygen demand (BOD), chemical oxygen demand (COD), and sulphur oxides (see Graph 14).

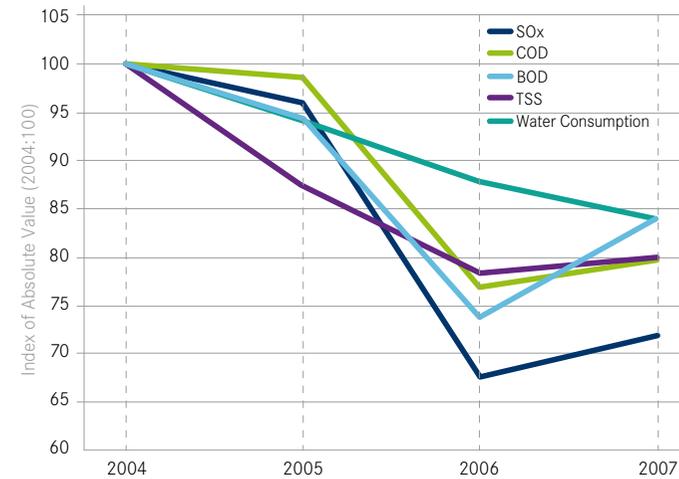
EUROPE (CEPI)

Within the CEPI membership, 83% of production capacity is certified according to an internationally recognized Environmental Management Standard (ISO or EMAS), an increase of 10% since 2005. CEPI has established the visionary goal of 100% EMS certification/registration.

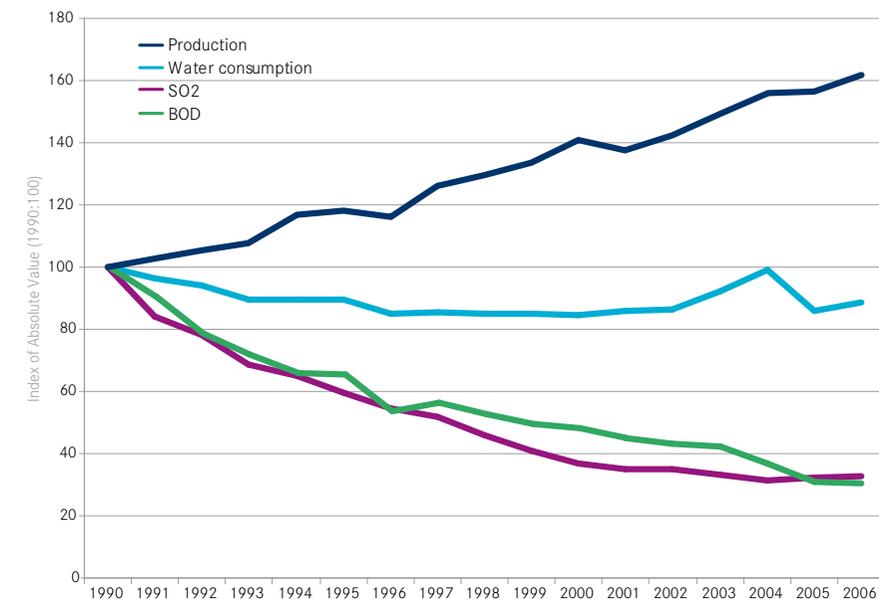
Performance across a range of environmental indicators has been improving steadily, while production has also increased. This shows a relative decoupling of production and environmental impact of the industry, i.e. an efficiency improvement has been achieved (see Graph 15).

Furthermore, a commitment has been made to further minimize residue directed to landfill, which in 2007 was down to 17.46 kg/tonne of product.

Graph 14: ANDI – Selected Environmental Indicators per unit for the Colombian Pulp and Paper Industry



Graph 15: CEPI - Pulp and Paper Production and Selected Environmental Indicators



JAPAN (JPA)

Under JPA's *Committed Action Plan on Environment* (previously *Voluntary Action Plan for the Environment*), all members agreed to reduce industrial waste. JPA members successfully reduced the amount of final disposal of industrial waste by 81% in 2007 compared with 1990. JPA is also committed to certifying all qualified mills to ISO 14001. Currently, 98% of all qualified mills are certified.

NEW ZEALAND (NZFOA)

NZFOA members have made a commitment to operate according to the NZ Environmental Code of Practice for Plantation Forestry. The aims of the code are to plan, manage and carry out commercial forest operations in a way that avoids, remedies, or mitigates adverse effects on the environment. The code is a practical means of helping forest planners, contractors and operators to consistently achieve required levels of environmental performance consistent with good health and safety performance, financial performance, and the community and regulatory expectations that they face. The code promotes self regulation that goes beyond the legislative requirements of New Zealand's main environmental legislation, the Resource Management Act.

SOUTH AFRICA (PAMSA)

Half of PAMSA members have operations that are ISO 14001 certified, while those who are not certified remain committed to the concept of continuous improvement. Since the publication of the overarching National Environmental Management Act in 1998, various laws pertaining to biodiversity, environmental impact assessment regulations, energy, waste management and air quality have either been proclaimed or gazetted as bills. PAMSA actively participates in the development of laws and/or regulations and serves on the Standards South Africa Technical Committee that is evaluating ambient and point source emission standards. These standards are expected to be published during 2009.

USA (AF&PA)

AF&PA members are required to adhere to the Association's Environmental, Health & Safety (EHS) Principles as a condition of membership. In 2006, formal EHS policies were reported by 95% of members, an increase of 12% over 2004. Between 2004 and 2006, AF&PA members' air emissions were reduced by 10.6% for sulphur dioxide and 8.9% for nitrogen oxides. Pulp and paper mills have reduced the rate of solid waste generation by 20.7% since 1995.

INVESTING IN WORKERS AND COMMUNITIES

OVERALL PROGRESS

Employing 13 million people in nearly 200 nations, the global forest industry plays a critical role in the economic health and well-being of thousands of local economies and communities, particularly in rural areas in many parts of the world. With the increasing pressures of rapid urbanization on urban infrastructure, housing and public services, the employment offered by ICFPA members in rural areas offers critical opportunities for families to avoid migration into cities. ICFPA members support rural communities through direct employment, salaries and benefits, through contracting of local businesses, as well as through donations and sponsorships in support of infrastructure including schools, roads and hospitals. Members also facilitate capacity development by working with local communities in areas such as training and education.

ICFPA members are also committed to maintaining safe work environments and improving health and safety standards and practices. Across the ICFPA membership, a decline in occupational health and safety incidences has been achieved. Some associations noted a particular decline in sawmill incidents over the past few years, an area that traditionally experiences higher than average accident rates.

ICFPA members continue to provide opportunities for growth and development for employees in the forest industry, and are working actively to provide skills training and certification.

HIGHLIGHTS OF THE ICFPA MEMBER ACHIEVEMENTS ON INVESTING IN WORKERS AND COMMUNITIES

AUSTRALIA (A3P)

The Australian industry has committed to reducing rates of accidents in the workplace. The industry does not tolerate any level of workplace accidents and operates within a rigorous set of Government programs to identify and eradicate unsafe practices and situations.

BRAZIL (BRACELPA)

The Brazilian pulp and paper industry made a total investment in 2005 of US\$ 585 million towards educational and health projects, environmental education programs and the forest fostering program, through which companies offer small and mid-size rural producers an opportunity to plant forests in conjunction with their other activities. The partnership with these producers helps to distribute income and establish a workforce to support rural economic activities.

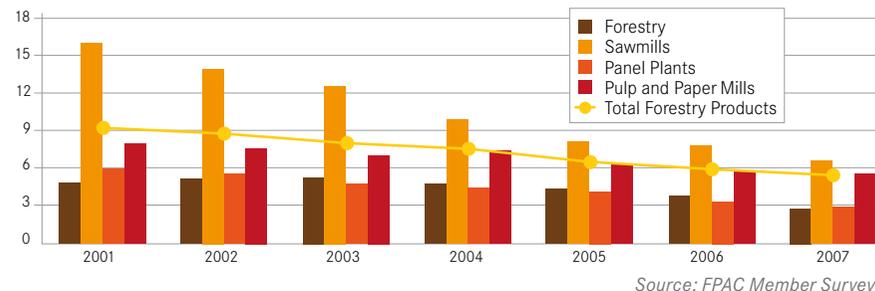
CANADA (FPAC)

Occupational health and safety is the number one priority for FPAC member companies. With 52,000 employees working a total of 104 million hours in 2007, FPAC members continued to achieve strong health and safety performance in 2007. The industry's overall recordable incident rate (RIR) dropped by 16% between 2005 and 2007, and by 42% between 2001 and 2007. The recordable incident rate for each operational division has also dropped. Most notably, the recordable incident rate at sawmill operations decreased 59% between 2001 and 2007, and by 51% at panel board mills over the same period (see Graph 16).

All FPAC member companies have health and safety policies. The majority collect health and safety statistics in order to benchmark their performance, and set specific health and safety or wellness performance targets. These processes facilitate continuous improvement in worker safety. Most FPAC member companies also collect safety statistics for

the contractors working on their mills' sites and ensure that contractors adhere to their company's health and safety policy.

Graph 16: FPAC – Employee Recordable Incident Rate



CHILE (CORMA)

CORMA has been carrying out a Working Competencies Certification System since 1994, which has issued almost 25,000 certificates to nearly 20,000 workers (see Graph 17).

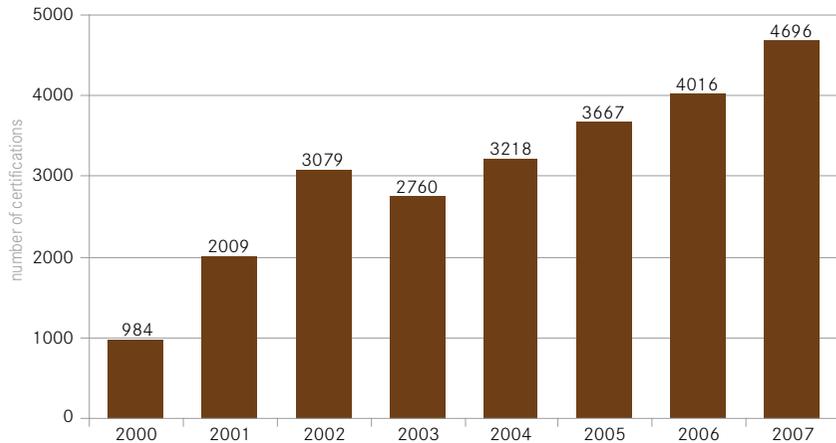
The main achievement of this program has been the proper training of workers in their jobs, resulting in improved productivity and reduced accident rates (number of accidents / average number of workers), which reached an industry average for CORMA member companies of 2.08% in 2007, down from 3.69% in 2005.

COLOMBIA (ANDI)

Companies in the Colombian pulp and paper sector continue to pay, per employee, 60% more in salaries and employee benefits than other Colombian industries. In addition to their legal obligations, ANDI member companies contribute to employee well-being by providing health, education, and recreation programs, as well as personal loans. Member companies also contribute to the economic development and well-being of forest communities by financing a wide variety of educational, housing, nutrition, recreation and after-school programs. The industry also

works to protect its “Recycler” community - people who collect paper and paperboard in the streets, one of the population’s most vulnerable groups. ANDI members have helped them organize, and has provided them with tools and equipment necessary to perform their trade safely.

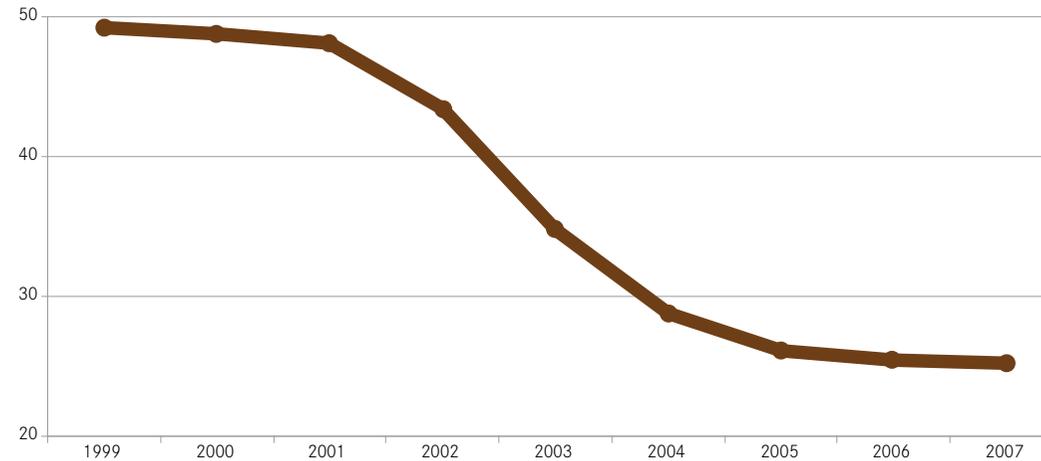
Graph 17: CORMA – Working Competencies Certifications Awarded



EUROPE (CEPI)

In 2006, 2.5% of CEPI member employees had accidents that resulted in absences of more than three days, down from 3.4% in 2003 (see Graph 18).

Graph 18: CEPI – Number of accidents resulting in an absence of more than three days (per 1,000 people employed)



EUROPE (CEI-BOIS)

CEI-Bois is engaged with the “European Federation of Building and Woodworkers” (EFBWW) on joint projects related to exposure of workers to formaldehyde and wood dust. These projects aim to identify best practices with regards to minimizing exposure, as an alternative to the setting of limit values by authorities. CEI-Bois is also a partner in the development of a flexible e-learning program, which will help workers gain a larger degree of mobility; and a new Internet based tool to test worker competencies in certain wood industry sectors.

JAPAN (JPA)

A decrease in the working population is expected in Japan due to the falling birthrate and the aging population, and the issue of employers securing good employees is becoming more important than ever. JPA's members continue to extend employment over the retirement age of 60 and put a strong emphasis on providing safer and healthier working conditions.

In order to establish good relations with local communities, JPA's members share awareness of environmental issues, invite local residents to activities and open houses at the mills, and help to improve local environments.

NEW ZEALAND (NZFOA)

Forestry and first stage processing of forest products employed 20,389 people in New Zealand in 2007. The forest industry training organisation (FITEC) maintains a training program based upon nationally recognised qualifications. As of June 2008, trainee numbers for the different industry sectors were: 880 in woodpanels; 2,515 in solidwood processing; 736 in pulp and paper; and 6,092 in forestry. FITEC has developed an active careers program, identifying opportunities and career pathways within the forest and processing sectors for new entrants to the industry. The New Zealand Forest Owners Association has also launched a "Drug and Alcohol Code of Practice" which is now being applied throughout the forest industry.

SOUTH AFRICA (PAMSA)

In June 2007, the Forest Sector Transformation Charter which outlines proposed targets and commitments by industry, government and labour to effecting sustainable transformation in and through the sector, was approved. The charter's objectives are to promote Broad-based Black Economic Empowerment (B-BBEE) by promoting investing in programmes that lead to sustainable B-BBEE-driven growth and development; to achieve sustainable change in the racial and gender composition of ownership and management; to increase the extent to which black women and men, workers and cooperatives, own and manage existing

and new forest enterprises; to use the forestry industry as a catalyst for empowering rural and local black communities; to promote sustainable employment and contracting practices; to promote access to finance for B-BBEE in the forest sector; and, to promote equitable representation in industry structures.

USA (AF&PA)

Through AF&PA's Environment, Health and Safety Principles Program, member companies remain committed to communicate with employees, customers, suppliers, communities, public officials, and shareholders to build greater understanding on environment, health, and safety matters. AF&PA and the Pulp & Paper Safety Association (PPSA) formed an Alliance in 2005 with the U.S. Occupational Safety and Health Administration (OSHA) to focus on reducing the frequency and severity of musculoskeletal disorders (MSDs) among employees of the forest and, pulp and paper industries. AF&PA members also participate in the association's annual safety benchmarking survey, and in its Safety Awards Program. These programs have resulted in significant improvement in members' safety performance. Injury and illness incident rates have been substantially reduced from 1992 through 2006, with the total case incidence rate decreasing by 73% at pulp and paper mills, and by 69% at wood products mills. Between 2004 and 2006, the decrease was 8.3% and 27%, respectively.

The ICFPA and its members are proud of their contribution to sustainable development, from producing essential materials and creating and maintaining employment and support for forestry communities, to responsibly managing the resources on which the industry depends and implementing continual improvements in its environmental practices. The industry is playing a particularly important role in the creation of solutions to climate change and energy supply challenges, which is reflected in the ICFPA's members' actions to address climate change in the forests, mills, and through the supply chain.

The ICFPA and its members recognize the continued need to manage sustainability issues, improve performance and to report on progress. In particular, the ICFPA and its members have an ongoing and growing role to play in the mitigation of climate change and adaptation to its impacts through sustainable forest management and using an increasing portion of non-fossil fuels for its operations. We will continue to work through our members to improve performance in this area of global importance.

The ICFPA will continue to provide biennial progress updates to keep stakeholders informed of the efforts of the industry. This reporting also serves as a tool to keep members informed of interesting actions and initiatives taken by others and as a motivation tool to encourage continual improvement in environmental and social performance.

CONCLUSION



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MATERIALS DEPARTMENT
EASTMAN KODAK COMPANY



ICFPA MEMBERS

ARGENTINA

Asociacion de Fabricantes de Celulosa y Papel (AFCP)
Buenos Aires, Republic of Argentina

AUSTRALIA

Australian Plantation Product & Paper Industry

Council (A3P) | Braddon ACT, Australia

www.a3p.asn.au

Australian National Association of Forest Industries
(NAFI) | Deakin West, Australia

www.nafi.com.au

AUSTRIA

Vereinigung der Österreichischen Papierindustrie -

Austropapier | Vienna, Austria

www.austropapier.at

BELGIUM

Association of the Belgian Pulp, Paper and Board

Producers (COBELPA) | Brussels, Belgium

www.cobelpa.be

BRAZIL

BRACELPA - Brazilian Pulp & Paper Association

Sao Paulo, Brazil

www.bracelpa.org.br

Sociedade Brasileira de Silvicultura (SBS) - Brazilian
Forest Association | Sao Paulo, Brazil

www.sbs.org.br

CANADA

Forest Products Association of Canada (FPAC)

Ottawa, Ontario, Canada

www.fpac.ca

CHILE

Corporacion Chilena de la Madera (CORMA)

Santiago, Chile

www.corma.cl

CHINA

China Paper Association (CPA) | Beijing, China

COLOMBIA

Asociacion Nacional De Industriales - Camara de

Pulpa, Papel y Carton (ANDI) | Cali, Colombia

www.andi.com.co

CZECH REPUBLIC

Czech Pulp and Paper Industry Association

Hostiva, Czech Republic

www.sppac.cz

EUROPE

Confederation of European Paper Industries (CEPI)

Brussels, Belgium

www.cepi.org

European Confederation of Woodworking Industries

(CEI-Bois) | Brussels, Belgium

www.cei-bois.org

FINLAND

Finnish Forest Industries Federation (FFIF)

Helsinki, Finland

www.forestindustries.fi

FRANCE

Confederation de l'Industrie Française des Papiers,

Cartons et Celluloses (COPACEL) | Paris, France

www.copacel.fr

GERMANY

German Pulp and Paper Association (VDP)

Bonn, Germany

www.vdp-online.de

HUNGARY

Federation of the Hungarian Printers

Budapest, Hungary

www.dunapack.hu

INDIA

India Paper Manufacturers' Association (IPMA)

New Delhi, India

www.ipma.co.in

ITALY

Associazione Italiana fra gli Industriali della Carta,

Cartoni e Pasta per Carta (ASSOCARTA) | Rome, Italy

www.assocarta.it

JAPAN

Japan Paper Association (JPA) | Tokyo, Japan

www.jpa.gr.jp

LATIN AMERICA

Confederacion Industrial de la Celulosa y del Papel

Latinoamericana (CICEPLA)

www.andi.com.co/cicepla

LEBANON

Syndicate of the Owners of Paper and Packaging

Industries in Lebanon | Beirut, Lebanon

Email: gf@gemayelfreres.com

MALAYSIA

Malaysia Pulp and Paper Manufacturers Association

Selangor, Malaysia

MEXICO

Camara Nacional de las Industrias de la Celulosa y del

Papel (CNICP) | Mexico City, Mexico

www.cnicp.org.mx

MOROCCO

Fédération des Industries Forestières, Association

des Arts Graphiques et de l'Emballage

Rabat, Morocco

NETHERLANDS

Vereniging van Nederlandse Papier-en

Kartonfabrieken (VNP) | Kruisweg, Netherlands

www.vnp-online.nl

NEW ZEALAND

New Zealand Forest Owners Association (NZFOA)

Wellington, New Zealand

www.nzfoa.org.nz

NORWAY

Federation of Norwegian Process Industries (PIL)
Majorstua, Norway
www.pil.no

POLAND

Association of Polish Papermakers | Lodz, Poland
www.t-system.com.pl/~spp

PORTUGAL

Associacao da Industria Papeleira (CELPA)
Lisbon, Portugal
www.celpa.pt

ROMANIA

Romanian Association of Corrugated Board
Manufacturers (ROMPAP) | Bucarest, Romania
Email: rompap.romania@gmail.com

RUSSIA

Confederation of Associations, Enterprises and
Organizations of the Forestry Industrial Complex of
the North-Western Federal Area (Russia)
Saint Petersburg, Russia
www.nwlpk.spb.ru

SLOVAK REPUBLIC

Union of Pulp and Paper Industry of the Slovak
Republic (ZCPP SR) | Banska Bystrica, Slovak Republic
www.paper.sk

SOUTH AFRICA

Paper Manufacturers Association of South Africa
(PAMSA) | Johannesburg, South Africa
www.pamsa.co.za

SOUTH KOREA

Korea Paper Manufacturers' Association (KPMA)
Seoul, Korea
www.paper.or.kr

SPAIN

Asociacion Nacional de Fabricantes de Pastas, Papel
y Carton (ASPAPEL) | Madrid, Spain
www.aspapel.es

SWEDEN

Swedish ForestIndustries Federation (SFIF)
Stockholm, Sweden
www.forestindustries.se

SWITZERLAND

Association of the Swiss Pulp, Paper and Board
Industry (ZPK) | Zurich, Switzerland
www.zpk.ch

THAILAND

Thai Pulp and Paper Industry Association
Bangkok, Thailand

UNITED KINGDOM

The Paper Federation of Great Britain | Swindon, UK
www.paper.org.uk

UNITED STATES OF AMERICA

American Forest & Paper Association (AF&PA)
Washington, DC, U.S.A
www.afandpa.org

URUGUAY

Asociacion de Fabricantes de Papel del Uruguay
(FANAPEL) | Montevideo, Uruguay
www.fanapel.com.uy

International Council of Forest and Paper Associations

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Design by Ben Timmers (CEPI)

