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A Sustainable Forest Products Industry is a Business and a Consumer Issue: PricewaterhouseCoopers

VANCOUVER, 10 MAY 2007—Climate change and the environment is now a number one issue for Canadians—and the forest products sector is feeling the heat. Global warming is changing the way the industry does business and will only intensify in the coming years. However, according to PricewaterhouseCoopers (PwC), there are a number of steps forest, paper and packaging (FPP) companies can take today to manage their changing business dynamics and satisfy consumer demands.

“Environmental sustainability is a business and consumer issue. Companies that do not adequately address environmental challenges could face limits on growth and suffer serious, negative reputation consequences. Those who ignore environmental issues do so at their peril,” says Bruce McIntyre, leader of PwC’s Forest, Paper and Packaging industry practice in Canada and who is also the Chair of PwC’s

Contacts

Jim Nelson

Vancouver
Tel:+ 1 (604) 806 7047

Carolyn Forest

Toronto
Tel:+ 1 416 814 5730

20th Annual Global Forest and Paper Conference being held today in Vancouver. “Yet there are opportunities to grow with the changing environmental and business climate through sound practices, better communication and bioenergy use. The key is to take action now.”

According to a previous PwC report, *CEO Perspectives: Viewpoints of CEOs in the forest, paper & packaging industry worldwide* executives said that sustainability is a critical factor to ensuring long-term success for companies. CEOs agreed that good forest management and a sustainable business model make sound business sense for companies in the sector.

A prime example of how environmental issues are affecting the forest industry in B. C. is the devastation caused by the mountain pine beetle. Its phenomenal spread is due in part to milder winter temperatures that aren't low enough to kill it off. It is estimated that 17 million hectares, roughly the size of the state of Florida, have been affected by the pine beetle. McIntyre notes, “It's incredible to think that simply because of changing weather patterns an insect has forced some B.C. lumber mills to change the way they do business and re-tool their processes to handle beetle-killed wood, which has different characteristics than normal wood.”

The changing environment is also changing customer demands on the FPP industry. Companies are now expected to provide an “environmental pedigree” of their products that follows the supply chain from where the wood was harvested to how it was manufactured. They are also expected to communicate this information to their stakeholders, for example through a Sustainability or Corporate Social Responsibility Report.

PwC’s independent chain of custody certification standard is another way companies can demonstrate and communicate to their stakeholders that they have the systems and controls in place to meet stated environmental objectives in a responsible, transparent and accountable manner. Independent certification of responsible forest management and manufacturing practices ensures accountability of forest products suppliers and allows credible claims regarding the environmental attributes of the products.

“There is a tremendous demand for transparency and good corporate citizenry regarding environmental issues today. Shareholders, investors, employees, the public and regulators are now expecting companies to go above and beyond meeting the challenges of a changing environment to protect society’s interests

overall,” adds McIntyre.

Another area where the FPP sector can be part of the environmental sustainability solution is in energy consumption. For years the industry has generated much of its own energy. Today, the opportunity exists for companies to expand the use of carbon-neutral bio-energy by using pine-beetle ravaged wood.

Over 500 senior forest and paper industry executives, analysts, suppliers, and customers will be attending PwC’s Global Forest and Paper Industry Conference. The conference theme is ‘20 Years of Change’. The event will feature speakers from the financial community, as well as forestry, pulp and paper, wood products and fibre-based packaging sectors, from around the world.

The PwC conference is A Carbon Neutral Event®. Working with Tree Canada, PwC has offset the estimated amount of carbon dioxide that will be generated as a result of its 2007 Global Forest and Paper Industry Conference through travel, accommodation and energy consumption, by funding the planting of over 900 trees on B.C. forest lands that have been affected by the mountain pine beetle.

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