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# Choose FSC<sup>®</sup> certified wood and paper

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Discover the benefits for your business



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# Introduction

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## From a good idea to a global market tool

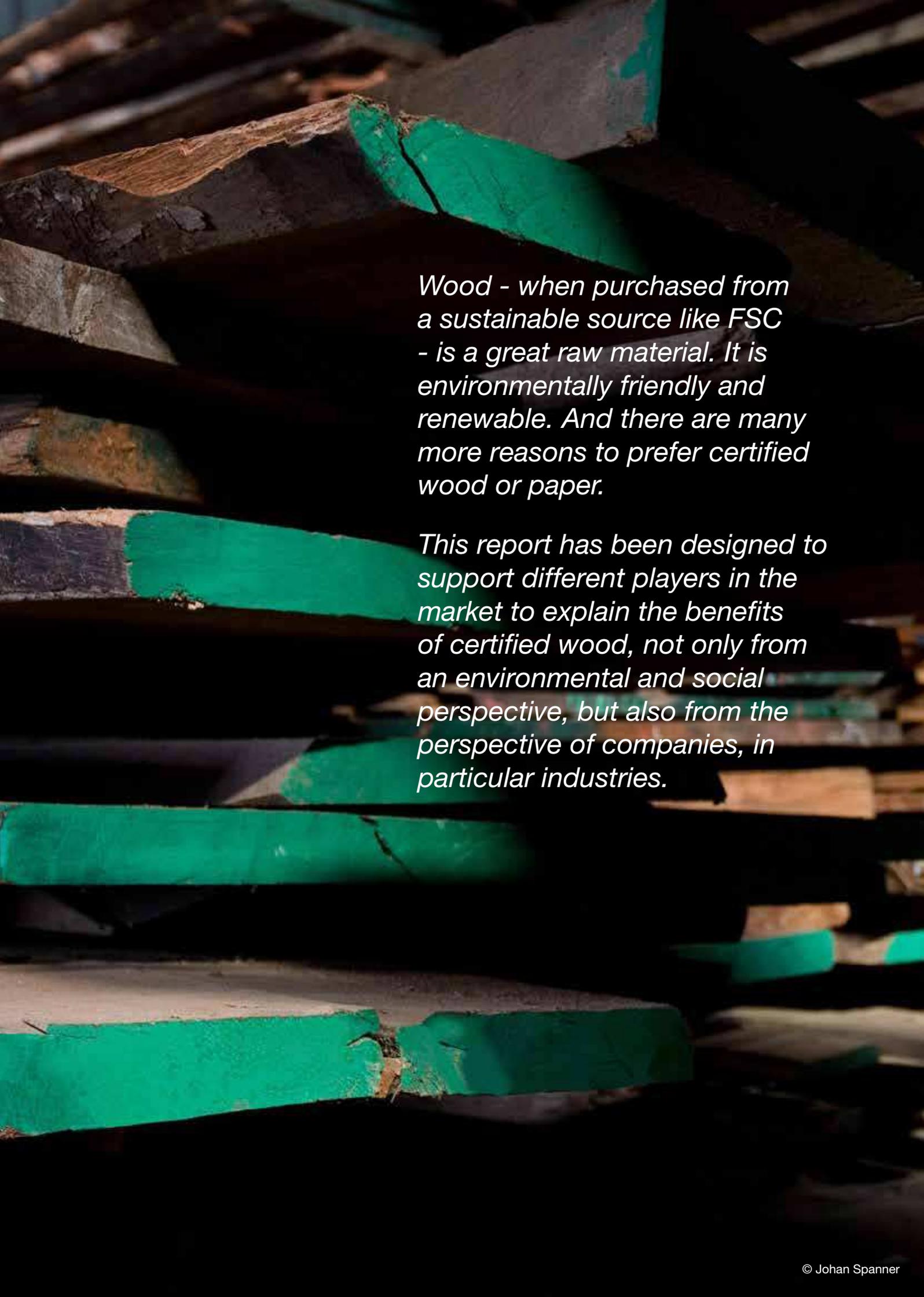
The Forest Stewardship Council® (FSC®) was formed in 1993, and the issue of the first certificates for sustainable forest management followed shortly afterwards. This ground-breaking act had a profound impact not only on the practice of commercial forestry but also on the expectations of consumers and the companies that produce and distribute forest products. Being able to buy products with an FSC label gave consumers the chance to make a positive difference around the world, allowing them to feel the connection between the product they had bought and the forest floor and the people who live and work there.

Since 1993, FSC has grown into the forest certification scheme with the most certificate holders worldwide. There are now more than 27,000 Forest Management and Chain of Custody certificate holders, and almost 180,000 million ha of forest is FSC certified worldwide. In twenty years, an ethical idea has been transformed into a globally-recognized, trusted brand in the market.

But despite this huge success, the need for certification has never been stronger. Climate change is probably the biggest threat facing life on the planet, and its impacts are being felt first and most strongly by the poorest, traditional communities.

Sustainable forestry is one of the most effective means to mitigate climate change. Trees absorb carbon dioxide (CO<sub>2</sub>) from the atmosphere as they grow. When harvested, carbon is stored in every piece of furniture, timber-framed house and piece of paper. And FSC certification ensures responsible management of forests with new trees growing, absorbing more carbon – a prerequisite to upholding the cycle. At the same time, FSC certification requires the maintenance or enhancement of the biodiversity of forests and demands that communities depending on these forests benefit from the forestry operations.





*Wood - when purchased from a sustainable source like FSC - is a great raw material. It is environmentally friendly and renewable. And there are many more reasons to prefer certified wood or paper.*

*This report has been designed to support different players in the market to explain the benefits of certified wood, not only from an environmental and social perspective, but also from the perspective of companies, in particular industries.*

# Retail

## From forest to shelf with FSC

The world's retailers are part of a major industry; in the US alone, the retail sector is estimated to include one million stores.<sup>1</sup> Deloitte's 2013 Global Powers of Retailing Report presents findings on the 250 largest retailers in the world, representing 94 percent of the retail industry. It shows that the global retail industry has continued to grow, despite global economic difficulties. In 2011 it generated a revenue of US\$4,271 trillion, of which 23.8 percent came from foreign markets. Furthermore, the companies report that they maintained a 3.8 percent composite net profit margin in 2011.

The study also shows that the

increase in retail demand has grown particularly for companies in emerging markets such as Africa, the Middle East, Latin America and parts of the Asia Pacific region. These markets are characterized by a growing middle class and young populations.<sup>2</sup>

### Increasing demand for green consumer goods

An increasing number of retailers of all sizes incorporate green strategies in their businesses or are interested in doing so. A 2009 survey by Retail Systems

Research investigating 94 retailers worldwide stated that 48 percent would describe the importance of their work with green initiatives as a "strategic initiative" for the enterprise, and 22 percent as a "tactical initiative" in certain areas of the business. Ten percent reported that they were investigating green initiatives, while 62 percent believed that customers expected them to focus on green initiatives.<sup>3</sup>

The demand for sustainable products and the pressure on retailers to implement sustainability programs are also increasing.

## Market recognition

The FSC logo is increasingly recognized around the world, and more and more consumers rely on the logo for assurance of responsible sourcing. The following rates of prompted awareness of the FSC logo were found in consumer surveys carried out in 16 countries.

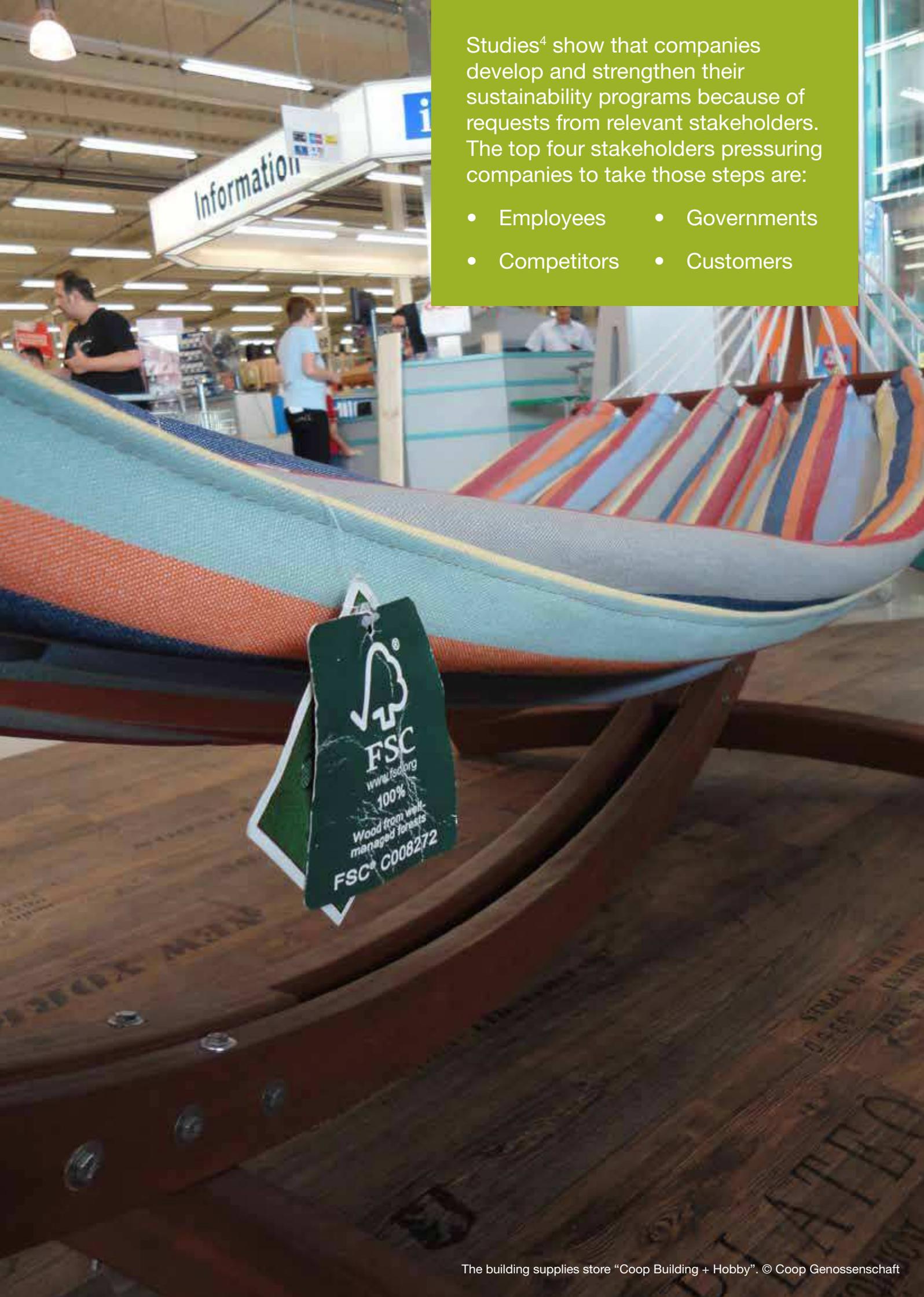
Country	Percent	Survey
Australia	15%	2012, Mobium Group
Belgium	31%	2011, Listen Media
Denmark	35%	2012, FDB
France	15%	2010, IFOP
Germany	28%	2011, PEFC Germany

Country	Percent	Survey
The Netherlands	71%	2009, Heliview
Hong Kong	29%	2011, WWF
Switzerland	68%	2011, WWF
UK	43%	2011, GfKNOP
USA	19%	2011, FSC US

*Numbers based on prompted awareness*

Studies<sup>4</sup> show that companies develop and strengthen their sustainability programs because of requests from relevant stakeholders. The top four stakeholders pressuring companies to take those steps are:

- Employees
- Governments
- Competitors
- Customers



There is an emerging market for green consumer goods in Europe. A study shows that its market value is set to double to €114 billion by 2015.<sup>5</sup>

A Retail Sustainability Report from 2013 conducted by the Retail Industry Leaders Association shows that companies choose to develop and strengthen their sustainability programs because of requests from relevant stakeholders. The top four stakeholders pressuring companies to take those steps are employees, competitors, governments and customers.<sup>4</sup>

According to a study by the Centre for Retail Research on behalf of Kelkoo, there is a emerging market for green consumer goods in Europe. The study shows that the value of this market is set to double to €114 billion by 2015.<sup>5</sup>

Taking a closer look at the UK, the development in the market for ethical goods and services has also been positive in recent years, remaining resilient despite the economic downturn. In the UK, the total value of ethical markets has increased from £35.5

billion in 2007 to £47.2 billion in 2011. Furthermore, consumers show concern for a company's responsible reputation, with half of UK consumers basing their decision to buy a product on reputation, and 41 per cent using reputation as a basis for recommending a company to others. UK consumers are also spending an increasing amount on ethical goods. In 2000, the average ethical annual spend per UK household was £291, which had increased to £989 by 2011. Spending on sustainable timber and paper grew by three percent from 2010 to 2011.<sup>6</sup>

### Why choose FSC?

More and more consumers are choosing green goods when shopping, and FSC certified companies are feeling this increasing demand. From a global perspective, awareness of the FSC label has increased since 2009. FSC's 2011 Global Market Survey reveals that two thirds of the respondents – 5,032 FSC certificate holders from 109 countries – had observed

a higher awareness about responsible forestry and FSC, and an increased demand for certified products. Three quarters of respondents based in the global South had experienced increased demand, while 65 per cent of those based in the global North had seen an improvement.<sup>7</sup>

The increase in demand for FSC certified products has also been noted in Europe. According to a survey conducted by FSC Denmark in 2013, 67 percent of Danish companies working with FSC are very satisfied or satisfied with their FSC certificate or trademark license. Furthermore, 37 percent experienced an increase in demand for FSC certified products within the previous 12 months, while 27 percent experienced it as stable. The primary source of demand was other companies (64 percent), followed by private consumers (28 percent). Fifty-six percent of the certified companies experienced FSC as a pre-condition for doing business.<sup>8</sup>

Further surveys show that several European countries experienced an increase in the recognition



### Global demand for FSC certified products

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of the FSC logo alongside an increase in the demand for FSC certified products. In the UK, 33 percent of consumers have knowingly bought FSC labeled products, and in Denmark 35 percent know the FSC label.<sup>9</sup>

FSC is growing outside Europe as well. The Asian market potential for FSC certified products has grown and it is expected that this growth will continue. Awareness of the label among consumers has also increased. In Hong Kong, 29 percent recognized the FSC label in 2011, compared to only 11 percent in 2008.<sup>10</sup>

Worldwide, more and more retailers are choosing FSC certified products as part of their portfolio. The FSC label is an easy way of showing customers that they are buying a product derived from forest operations

that protect the rights of the workers and local communities while maintaining the forest biodiversity and wildlife. Retailers can give consumers confidence that they are 'doing their bit' towards becoming more sustainable by buying products from responsibly-managed forests. As more retailers sign up, more consumers become aware, more suppliers perceive the business case for meeting

the standard and ultimately, more forest resources are certified. By committing to sell only responsibly-sourced timber, packaging and paper, retailers not only gain a reputational benefit for themselves, but may also be able to win new business as governments and other large procurers impose minimum standards on suppliers they buy from.



of retailers worldwide describe the importance of their work with green initiatives as a strategic initiative.<sup>3</sup>

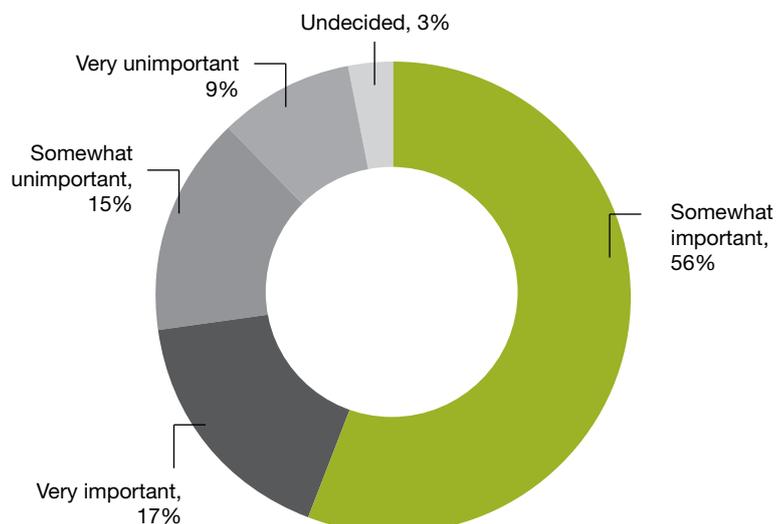


of retailers worldwide believe that consumers expect them to focus on green initiatives.<sup>3</sup>

The ImagePower Green Brands Survey from 2011<sup>11</sup> shows that:

- Consumers in Australia, France, the United Kingdom, and the United States cited packaging as their primary source of information on green brands and a major factor in determining what they will purchase.
- In China, France, and Germany, consumers rely on certification marks to help them decide whether a product is green.

The majority of US respondents thought it to be "very important" or "somewhat important" that companies are environmentally friendly or "green".<sup>11</sup>



## Case study: Kingfisher

# Retailing timber from responsible sources

Kingfisher is Europe's largest home improvement retailer. Its retail brands offer products for the homemaker, serious DIYers and trade professionals. Timber is one of its most important natural resources. In 2012/13, the company sold

of FSC, and in 1993 became one of the first retailers to develop a responsible timber policy. At an early stage, the company announced plans to work towards procuring all of its timber from sustainable sources.

most of them FSC certified, making it the first major UK retailer to reach this landmark. Across the entire Kingfisher group, 89 percent of reported timber volume sold came from proven well-managed or recycled sources.

*“B&Q UK is a founding partner of FSC and in February 2011 became the first major UK retailer to only source timber products from proven responsible sources.”*

Kingfisher plc website<sup>12</sup>

Kingfisher's next challenge is to extend its achievement across all of its operating companies. This has led it to reappraise its relationships with suppliers, several of which have grasped FSC's importance to the company and responded by building strategic relationships that ensure transparency and resource security.

As Europe's largest home improvement retailer, every week millions of people buy products to make their homes better. Kingfisher's purpose is to help create 'Better Homes, Better Lives'. Homes use substantial amounts of energy and raw materials to keep them warm and comfortable, so increasingly,

6.4 million m<sup>3</sup> of roundwood equivalent, comparable to an estimated forest area the size of Switzerland.

B&Q, the UK home improvement chain and part of the Kingfisher Group, was a founding member

## Building strategic relationships

In 2011, B&Q UK reached this target. It now buys timber for more than 16,000 products from independently certified sources,



'better homes' must mean homes that are more efficient and more sustainable.

'Net Positive' is the company's ambition to contribute positively to some of the big challenges facing the world, while creating a more valuable and sustainable business for their stakeholders. With Net Positive, Kingfisher is committing to make a positive contribution in four areas: timber, energy, innovation and communities.

In practice this means: not just preventing deforestation but working towards net reforestation; Kingfisher has pledged that by 2020 all timber and paper used throughout its operations (product, stores, packaging, goods not for resale) will be from responsible sources. In addition, the company has set a target that all products containing tropical hardwood will either be FSC certified or endorsed by schemes working towards FSC certification, and that none of its products will be

sourced from materials linked to tropical deforestation.

All Kingfisher UK and French operating companies have met the tropical hardwood target for purchased goods and have undertaken to determine the origin of all materials that could contribute to deforestation, such as palm oil and leather – a project which they hope to have completed by 2015.

### Traceability is key

From Kingfisher's point of view, traceability is key to the success of the certification process. To be able to tell its customers that it sells only sustainably sourced timber, the company must be able to measure progress and check sources of supply. FSC certification plays an important role in building such resilient supply chains.

Kingfisher has pledged that by 2020:

**1** All products containing tropical hardwood will either be FSC certified or endorsed by schemes working towards FSC certification

**2** None of its products will be sourced from materials linked to tropical deforestation

**3** All timber and paper used throughout its operations will be from responsible sources

## Retailers working together to support the EU timber regulation

Kingfisher has learned that it cannot do everything on its own. As well as its work with WWF, the Tropical Forest Trust and Rainforest Alliance, in 2010, the company invited IKEA, Marks and Spencer, and Carrefour to join it in forming the Timber Retail Coalition to support EU-wide regulations to control the import of illegally-logged timber.

The European Union Timber Regulation came into force in 2013, making it against the law to sell illegally-harvested timber and timber products within the EU. The members of the Timber Retail Consortium have come together to raise awareness of the need for clear and workable practices so that customers can be confident this is the case.

These developments show how the retail sector is anticipating and staying ahead of changes in regulation and growing consumer expectation and pressure. FSC can be an active partner in helping these schemes to develop.



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# Forest Stewardship Council®

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FSC Global Development GmbH  
Charles de Gaulle Straße 5  
53113 Bonn, Germany

T +49 (0) 228 367 660  
F +49 (0) 228 367 66 30  
[www.fsc.org](http://www.fsc.org)

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