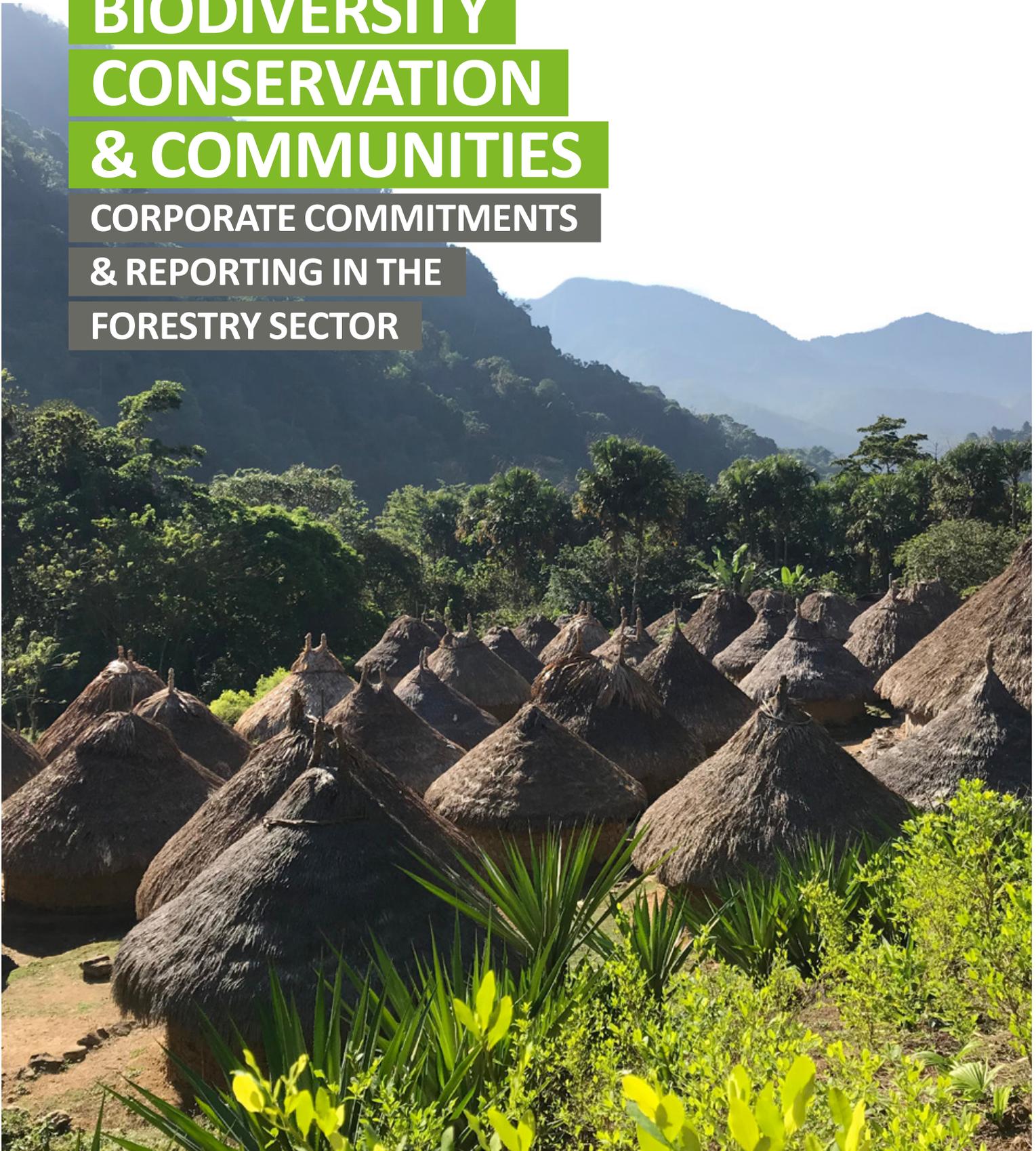




BIODIVERSITY CONSERVATION & COMMUNITIES

CORPORATE COMMITMENTS
& REPORTING IN THE
FORESTRY SECTOR



PUBLISHED: JANUARY 2022

VERSION: 1

AUTHORS: Jorn Struwe, Fabrice Inkonkoy, Zoological Society of London
CITATION: Struwe, J., Inkonkoy, F. (2021). Moving from risk to resilience: Climate change and the forestry sector. SPOTT. London: Zoological Society of London.

AVAILABLE AT: <https://www.spott.org/news/biodiversity-conservation-communities-forestry/>



This publication was funded by the Good Energies Foundation, UK aid from the UK government, and Norway's International Climate and Forest Initiative (NICFI), however, the views expressed do not necessarily reflect the views of these donors.

ACKNOWLEDGEMENTS: ZSL would like to thank Annabelle Dodson and Eleanor Spencer (ZSL) for their input and contributions to this report.

DESIGN: Sweeta Patel www.thecornershop.me.uk

IMAGE CREDITS: Shutterstock, [Camino Verde Peru](#)



ABOUT SPOTT

Developed by the Zoological Society of London (ZSL), SPOTT is a free online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice.

SPOTT assesses commodity producers, processors and traders on their public disclosure regarding their organisation, policies and practices related to environmental, social and governance (ESG) issues. SPOTT scores tropical forestry, palm oil companies and natural rubber annually against over 100 sector-specific indicators to benchmark their progress over time. Investors, buyers and other key influencers can use SPOTT assessments to inform stakeholder engagement, manage ESG risk, and increase transparency across multiple industries.

For more information, visit SPOTT.org

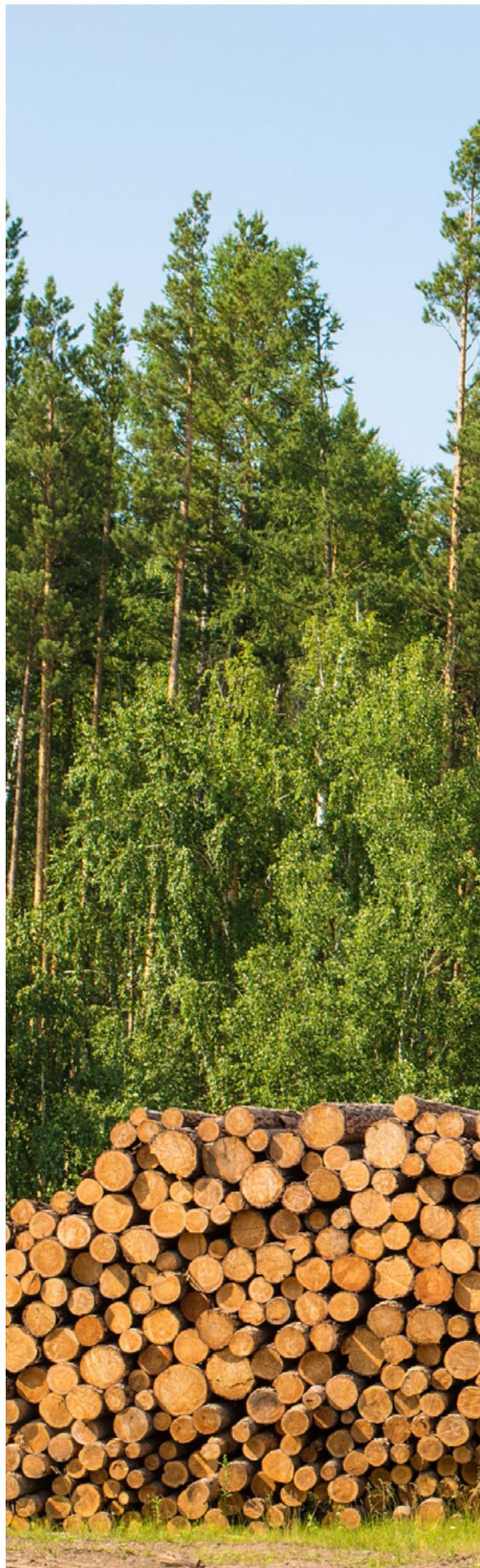


ABOUT ZSL

ZSL (Zoological Society of London) is an international conservation charity working to create a world where wildlife thrives. From investigating the health threats facing animals to helping people and wildlife live alongside each other, ZSL is committed to bringing wildlife back from the brink of extinction. Our work is realised through our ground-breaking science, our field conservation around the world and engaging millions of people through our two zoos, ZSL London Zoo and ZSL Whipsnade Zoo.

For more information, visit zsl.org

DISCLAIMER: The information in this publication, which does not purport to be comprehensive, is for illustrative and informational purposes only. While this publication has been written in good faith it does not constitute investment advice nor does it provide recommendation regarding any particular security or course of action. This report and the information therein is derived from selected public sources. ZSL expressly disclaims any responsibility for the opinions expressed by external contributors in this publication. The opinions expressed by ZSL are current opinions as of the date appearing in this material only and are subject to change without notice. No representation, warranty, assurance or undertaking express or implied is being made that any account, product, or strategy in particular will or is likely to achieve profits, losses, or results similar to those discussed, if any. ZSL expressly disclaims any liability arising from use of this publication and its contents





CONTENTS

EXECUTIVE SUMMARY	2
1. INTRODUCTION	3
2. HOW CAN THE TIMBER AND PULP SECTOR CONTRIBUTE TO SECURE IPLC RIGHTS IN FOREST PRODUCTION LANDSCAPES?	4
3. SPOTT REPORTING 2021 – INDICATORS AND ANALYSIS	6
3.1. HOW DO TIMBER AND PULP COMPANIES RECOGNIZE INDIGENOUS AND LOCAL COMMUNITIES' RIGHTS?	8
3.2. HOW DO TIMBER AND PULP COMPANIES ENGAGE WITH INDIGENOUS AND LOCAL COMMUNITIES IN PRACTICE?	9
3.3. HOW DO TIMBER AND PULP COMPANIES CONSERVE BIODIVERSITY VALUES?	12
4. CONCLUSIONS & RECOMMENDATIONS	14
REFERENCES	16



EXECUTIVE SUMMARY

At least a quarter of the world's land area is owned, managed, used, or occupied by indigenous peoples, encompassing up to 80% of the planet's biodiversity.

(IPBES / World Bank)

- Indigenous and local communities can and should be essential partners in the conservation of forest ecosystems and their inherent biodiversity. More than 90% of Indigenous Peoples' and Local Communities' (IPLC) lands are in good or moderate ecological condition (global analysis, 2021).
- Responsible forest management can help strengthen the livelihoods of indigenous and local communities as many communities using or occupying land may rely on it for their most basic needs, including food, shelter, medicine, and cultural heritage – often living in harmony with nature.
- If carried out in an irresponsible manner, however, forest management can disenfranchise or marginalise indigenous and local communities to an extent that they may be forced to engage in non-sustainable livelihoods or compete for vital resources, leading to deforestation and biodiversity loss in forest landscapes.
- To mitigate or reverse pressures, timber and pulp companies and their financiers and buyers should be aware of the current state of commitments and efforts of producer companies to protect indigenous and local communities' rights and halt deforestation and biodiversity loss, and where serious improvements are needed.
- This analysis draws on data from the 2021 SPOTT assessments of 100 timber and pulp producers, processors, and traders, to provide an overview of corporate disclosure regarding sustainability commitments and practices with a focus on those relating to indigenous and local communities.
- While 54% of companies have a commitment to respect indigenous and local communities' rights, only 16% of companies have a commitment to obtain free, prior, and informed consent (FPIC) prior to all new developments.
- A total of 59% of companies commit to conducting High Conservation Value (HCV) assessments, however, only 17% of companies make their High Conservation Value (HCV) assessment reports publicly available for all new developments and planting – a key step to evidence implementation and allow scrutiny by stakeholders.
- ZSL recommends a range of actions to better engage indigenous and local communities and to protect biodiversity in forest production landscapes. It is the responsibility of all actors involved – from the producer through to its downstream buyers, investors, and lenders – to ensure clear and robust policies on indigenous and local communities' rights and protecting species and landscapes are in place as a first step, but then crucially, to ensure these are followed up with the implementation of concrete and effective actions on the ground.
- We appeal to buyers and financial institutions, who are exposed to the Environmental, Social and Governance (ESG) risk of timber and pulp companies and can exercise considerable influence over their management, to:
 - Incorporate consideration of indigenous and local communities' rights and biodiversity impact mitigation into all decision-making processes.
 - Quantify and disclose their timber and pulp exposure.
 - Publicly disclose ESG commitments and implementation activities and demand upstream supply chain actors to do the same.

1.

INTRODUCTION

From an estimated global rural population of 3-4 billion, about 1.3 billion forest-dependent people live in forest landscapes as *Indigenous Peoples or Local Communities (IPLC)*, and several studies^{1,2} suggest that cooperation with IPLC for conservation purposes has positive impacts on the ecological condition of forest ecosystems and their inherent biodiversity values.³

This corresponds with global estimates that more than 90% of IPLC lands are in good or moderate ecological condition, providing evidence that IPLC custodianship is consistent with the conservation of biodiversity.⁴ As such, it is consistent to assume that IPLC are vital custodians of the world's remaining natural landscapes.

"Biodiversity – the diversity of life on earth – is integral to a healthy and stable environment. The natural world relies on a diversity of organisms to keep it in balance, healthy and thriving"

IUCN

The importance of indigenous and local communities as essential partners for the conservation of forest ecosystems is highlighted in a recent global analysis of the *State of Indigenous Peoples' and Local Communities' lands and territories*,⁵ which concludes that 32% of global land (or 43.5 million km²) and associated inland waters are owned or governed by indigenous and local communities, either through legal or customarily held means.⁶ This is an increase from previous IPBES / World bank estimates.⁷ These estimates underpin an urgent need for acknowledgement of indigenous and local communities as critical rights-holders and decision-makers in the conservation and sustainable use of natural resources.

Positive outcomes for both community livelihoods and conservation come from cases where Indigenous peoples and local communities play a central role, such as when they have substantial

influence over decision making or when local institutions regulating tenure form a recognized part of governance. "In contrast, when interventions are controlled by external organizations and involve strategies to change local practices and supersede customary institutions, they tend to result in relatively in-effective conservation at the same time as producing negative social outcomes."⁸

A universal definition for *Indigenous Peoples and Local Communities (IPLC)* does not yet exist. However, the following working definitions have international consensus and highlight essential aspects of self-identification, strong connection to land and resources and application of traditional and/or customary practices.

"Indigenous Peoples are descended from populations who inhabited a given country or region before the time of colonization or the establishment of state boundaries. It is a common term for more than 5,000 distinct groups who identify themselves as Indigenous Peoples."⁹

"The term 'local communities' is usually used to refer to communities that directly depend on and have a strong connection to the land and natural resources, and whose land governance is shaped by custom."¹⁰

"At least a quarter of the world's land area is owned, managed, used, or occupied by indigenous peoples, encompassing up to 80 per cent of the planet's biodiversity".

IPBES/World Bank



The fair and equitable integration of indigenous and local communities is essential for biodiversity conservation approaches to be successful, but integration is also critical for the sustainable development of productive forest and agricultural landscapes, especially in the tropics and developing parts of the world.

In tropical and forested countries indigenous and local communities can and do play a crucial role in addressing climate change and keeping forests standing. For instance, research revealed that from 2003 to 2016, indigenous territories in the Amazon have lost less than 0.1% of their aboveground carbon stocks whereas other lands have lost 3.6%.¹¹

Despite their role as the main stewards of the world's forests and biodiversity, IPLC lands are under increasing pressures due to commodity-driven industries such as timber and pulp or industrial agriculture, with potential negative impacts.¹²

In this regard, the Zoological Society of London (ZSL) believes that sustainable forest management requires a meaningful commitment to securing IPLC rights and land tenure and guaranteeing Free, Prior, and Informed Consent (FPIC). Hence, the logging industry has a fundamental responsibility to engage indigenous and local communities in timber and pulp value chains, while facilitating sustainable development and biodiversity conservation in forest production landscapes.

2.

HOW CAN THE TIMBER AND PULP SECTOR CONTRIBUTE TO SECURE IPLC RIGHTS IN FOREST PRODUCTION LANDSCAPES?

As custodians of at least 32% of the land across all regions of the world, indigenous and local communities are key actors in global environmental governance.¹³ In addition, about 500 million farms worldwide (84% of the total) are smaller than two hectares,¹⁴ meaning they are managed by ‘smallholders’ including indigenous and local communities.

These estimates highlight the need for careful consideration of indigenous and local communities’ realities in the design and implementation phases of forest projects.

As a first step towards securing IPLC rights, timber & pulp companies should commit to documenting IPLC presence and defining boundaries of their territories through a gradual process of trust-building and culturally informed discussion based on the Free, Prior and Informed Consent (FPIC) process. FPIC is a key component of effective IPLC engagement and consultation. It is a specific right that pertains to Indigenous Peoples and is recognized in the United Nations Declaration on Rights of Indigenous Peoples (UNDRIP). It allows them to give or withhold consent to a project that may affect them or their territories. A firm commitment to implementing environmental and social impact assessments (ESIA) will allow timber & pulp companies to better understand local contexts, how to avoid or mitigate negative impacts, and how to best involve indigenous and local communities in forest projects through a continuous process of trust-building and culturally sensitive discussion. For instance, it is likely that existing or new industrial plantations and developments have significant impacts on the livelihoods of indigenous and local communities. These impacts need to be carefully assessed and integrated into decision-making processes. At the very least, new plantations and developments should not contribute to existing land pressures and should not compete with

indigenous and local communities for vital resources. On a positive note, new plantations and developments can and should be designed in ways that contribute to rural economies and facilitate value creation at local levels.

Additionally, timber and pulp producers should comply with national regulations that set social obligations (revenue redistribution, direct payments, payments in kind, and access to justice or compensation) of logging concessionaires to affected communities.¹⁵ For instance, in Cameroon, national forestry regulations grant local communities rights to the financial income generated by the harvesting of forest resources. Logging operators are required to contribute to the completion of social and economic infrastructure through the implementation of Social Clauses of the Terms and Conditions of logging permits, that must be agreed with local communities at an information meeting and signed by local forest authority and government representatives.¹⁶

Besides national regulations, forest companies should be aware of and implement internationally agreed frameworks and performance standards that are applicable for the responsible management of forest assets such as the 2030 Sustainable Development Agenda, the International Labour Organisation Convention No. 169, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and the Universal Declaration of Human Rights (UDHR).



**BOX 1****WHICH INTERNATIONAL FRAMEWORKS AND STANDARDS CAN TIMBER AND PULP PRODUCERS APPLY FOR ENGAGEMENT OF INDIGENOUS AND LOCAL COMMUNITIES?**

Over the past decades a great deal of attention has been given to the rights of Indigenous Peoples in international law and policy thanks to global mobilization by Indigenous Peoples groups, civil society organisations and governments at the domestic, regional, and international levels.

At the international level, the International Labour Organization (ILO) Convention No. 169 and its predecessor, the ILO Convention on the Protection and Integration of Indigenous and Other Tribal and Semi-Tribal Populations in Independent Countries, 1957 (No. 107), are the only conventions specific to the rights of Indigenous Peoples.¹⁷ They promote Indigenous Peoples' rights to development, customary laws, lands, territories and resources, employment, education, and health.

Additionally, other international legal instruments that promote the protection of Indigenous Peoples' rights include:

- The UN International Covenant on Civil and Political Rights and the UN International Covenant on Economic, Social and Cultural Rights (ICESCR).
- The International Convention on the Elimination of All Forms of Racial Discrimination (CERD)
- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- Universal Declaration of Human Rights (UDHR)

Furthermore, indigenous Peoples' issues have received increasing recognition at the regional human rights institutions such as the African and inter-American human rights systems.¹⁸

Indigenous and local communities' important role in achieving sustainable development and food security is recognized in international frameworks such as the Sustainable Development Goals Agenda. For instance, the SDG target 2.3. plans to double the agricultural productivity and incomes of small-scale food producers, including Indigenous Peoples and to secure an equal access to land and other productive resources by 2030.¹⁹ Timber and pulp producers can apply this target in their stakeholder engagement policies, outgrower programs or similar. Agricultural productivity in this regard may apply to timber production or other crop production that may be impacted by project activities.

Free, Prior and Informed Consent (FPIC) is an important framework for engagement of indigenous and local communities. It guides informative and consultative processes to ensure that potentially affected communities give meaningful consent or can reject planned activities which affect their lands or livelihoods. See box 3 on page 9 for further details.

Other important frameworks and standards for engagement of indigenous and local communities in decision-making processes that may affect their regional or local economies include the Common Guidance for the Identification and Management of High Conservation Values (HCVRN),²⁰ the High Carbon Stock Approach Toolkit (HCSA)²¹ and FSC National Standards for Responsible Forest Management (FSC).²¹

3.

SPOTT REPORTING 2021 – INDICATORS AND ANALYSIS

SPOTT²³ is a free online platform that assesses forest-risk commodity companies on their public disclosure regarding their organisation, policies, and practices related to environmental, social and governance (ESG) issues.²⁴

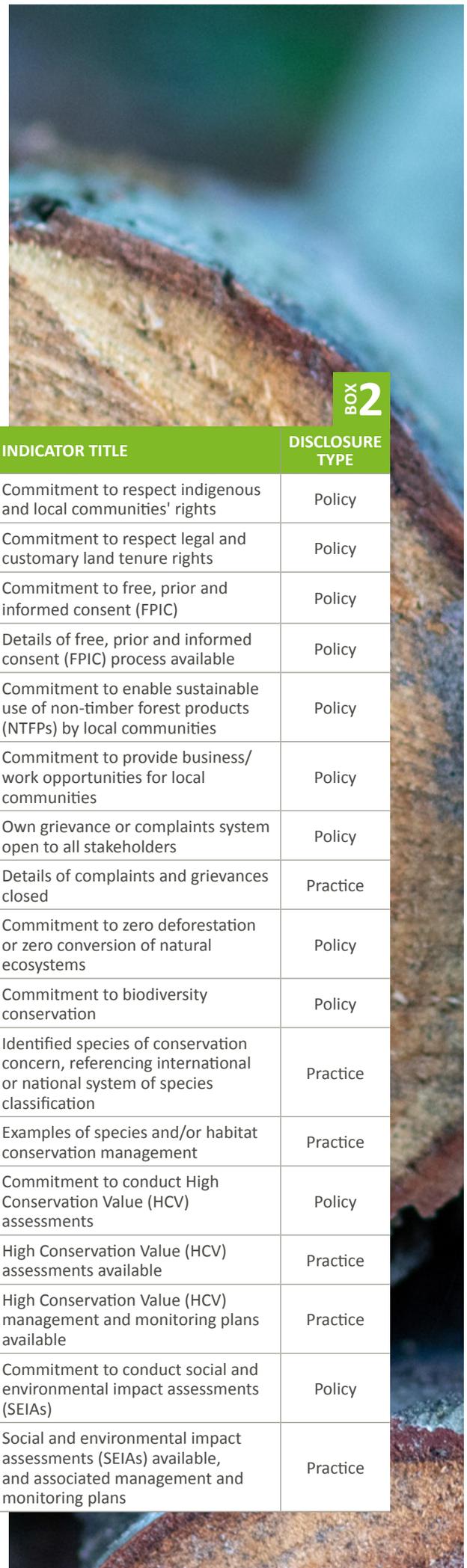
SPOTT scores palm oil, natural rubber, and tropical forestry companies annually against over 100 sector-specific indicators. This supports constructive industry engagement by investors, ESG analysts, buyers, and other supply chain stakeholders – those with the power to influence companies to increase disclosures and improve their practices on the ground. This analysis draws on data from the 2021 SPOTT assessments of 100 timber and pulp producers, processors, and traders. These account for a combined landbank of around 44 million hectares allocated for the main purpose of timber and pulp production and including set-aside areas for environmental and social conservation purposes.

Timber and pulp companies were assessed against 176 indicators. Arguably, most indicators that companies were assessed against on SPOTT in 2021 have implications for land rights of indigenous and local communities and access to resources, zero deforestation and biodiversity conservation. For this analysis, however, this report focuses on those most linked to the:

- recognition of indigenous and local communities' rights,
- engagement with indigenous and local communities (IPLC groups),
- biodiversity conservation.

While smallholders can be considered as IPLC's, indicators on smallholders have not been considered for this analysis. Accordingly, the following SPOTT timber and pulp indicators from the 2021 framework have been used for this analysis. See Box 2 for further details.

The SPOTT results show that companies vary significantly in the transparency and strength of their sustainability reporting. To allow SPOTT users to better understand where companies currently are and how they are progressing, indicators are separated into three groups: Organisation, Policy and Practice.



BOX 2

ID	INDICATOR TITLE	DISCLOSURE TYPE
127	Commitment to respect indigenous and local communities' rights	Policy
129	Commitment to respect legal and customary land tenure rights	Policy
131	Commitment to free, prior and informed consent (FPIC)	Policy
133	Details of free, prior and informed consent (FPIC) process available	Policy
138	Commitment to enable sustainable use of non-timber forest products (NTFPs) by local communities	Policy
141	Commitment to provide business/work opportunities for local communities	Policy
175	Own grievance or complaints system open to all stakeholders	Policy
176	Details of complaints and grievances closed	Practice
51	Commitment to zero deforestation or zero conversion of natural ecosystems	Policy
61	Commitment to biodiversity conservation	Policy
63	Identified species of conservation concern, referencing international or national system of species classification	Practice
64	Examples of species and/or habitat conservation management	Practice
72	Commitment to conduct High Conservation Value (HCV) assessments	Policy
74	High Conservation Value (HCV) assessments available	Practice
75	High Conservation Value (HCV) management and monitoring plans available	Practice
79	Commitment to conduct social and environmental impact assessments (SEIAs)	Policy
81	Social and environmental impact assessments (SEIAs) available, and associated management and monitoring plans	Practice



SPOTT-ASSESSED TIMBER AND PULP
COMPANIES CONTROL ABOUT
**44 MILLION
HECTARES**
OF LAND

For several Practice indicators that align with the FSC Principles & Criteria, producers that have any land certified under the FSC automatically receive one full point for progress that is externally verified. Some Policy indicators are also awarded automatic points based on FSC certification if the company is an FSC member and has at least 75% of its landbank FSC-certified, and a time-bound commitment to certify its remaining landbank within five years.

The focus of the SPOTT assessments is on the transparency of information, as this is key to sustainability in forest-risk commodity production. The following results therefore only consider policies and reporting that are made publicly available and meet the assessment criteria.²⁵ It should be kept in mind that there may be cases where a company does not score points for an indicator but does in fact have a relevant policy or activities in place that it has not made publicly available.

3.1. HOW DO TIMBER AND PULP COMPANIES RECOGNIZE INDIGENOUS AND LOCAL COMMUNITIES' RIGHTS?

Indigenous and local communities' rights

More than half – 50/93 (53.8%) - of companies assessed on SPOTT have a public commitment to respect indigenous and local communities' rights. This commitment is based on international frameworks such as the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) or ILO Indigenous and Tribal Peoples Convention (no. 169).

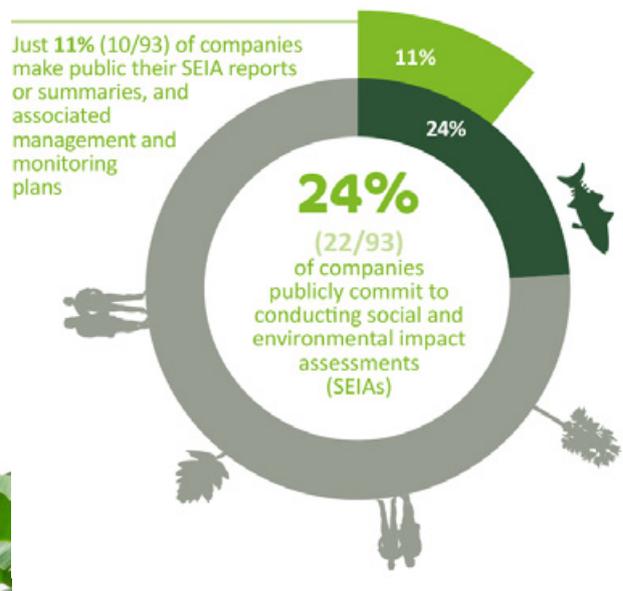
However, few companies – 17/93 (18.3%) – specify a commitment to the recognition of legal and customary land tenure rights. The recognition of customary land tenure rights is of high priority in this context, because these types of rights refer to the enjoyment of some use of land that arises through customary, unwritten practice rather than through written codified law (Land Portal, 2021).²⁶ As such, these types of rights are far more vulnerable than their formalized and legal counterparts.

Customary land tenure rights are the norm for indigenous and local communities in tropical and developing countries, and as such these groups frequently face challenges of competing claims for their land (SPOTT, 2020).²⁷ Therefore, company commitments should recognize customary land tenure rights as an important first step towards more inclusive and sustainable development pathways of forest production landscapes.

Grievance mechanisms

Also relevant in this context, few companies – 19/100 (19%) – report having a grievance procedure that is open to both external and internal stakeholders such as indigenous and local communities as well as employees. Fewer companies even – 5/100 (5%) – provide comprehensive details of grievances reported to them and their resolution.

This is an important finding from this year's SPOTT assessment because effective grievance procedures and mechanisms are key to ensuring that company policies and commitments have a real impact for forests and the people that depend on them (Rainforest Action Network, 2018).²⁸ When these are not in place or are not working effectively during day-to-day operations, one cannot be assured that negative or unintended impacts are absent at ground level, because no safe or transparent feedback loop exists that could pick up critical or constructive feedback.



3.2. HOW DO TIMBER AND PULP COMPANIES ENGAGE WITH INDIGENOUS AND LOCAL COMMUNITIES IN PRACTICE?

Social and Environmental Impact Assessments

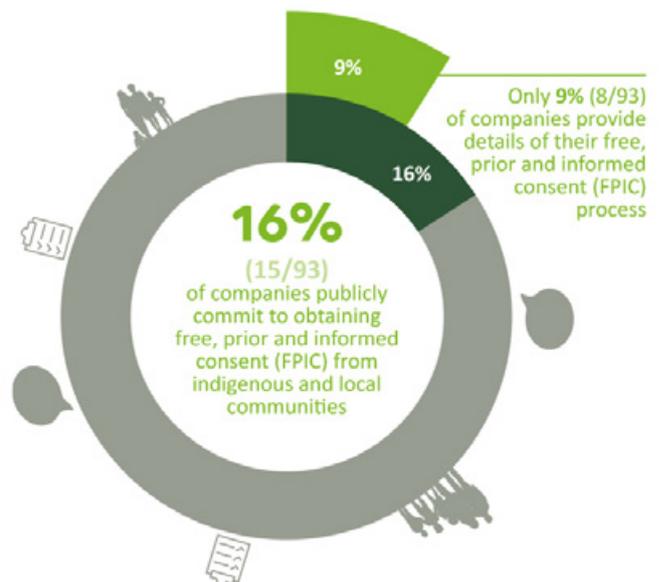
Few companies – 22/93 (23.7%) – have a public commitment to conduct Social and Environmental Impact Assessments (SEIAs) for all new development and planting. Fewer companies even – 10/93 (10.8%) – make public their SEIA reports or summaries, and associated management and monitoring plans. This indicates a need for action for the timber and pulp sector to better understand local contexts, to better understand how to avoid or mitigate negative impacts on indigenous and local communities, and how to best involve these groups in the design and implementation phases of new developments and plantings.

This is a concerning result from this year's SPOTT assessment for the timber and pulp sector, as SEIAs are essential mechanisms for effective and meaningful engagement of indigenous and local communities.

Free, Prior and Informed Consent

Another increasingly important framework for effective and meaningful engagement of indigenous and local communities is that of Free, Prior and Informed Consent (FPIC). FPIC frameworks guide informative and consultative processes to ensure that potentially affected communities give meaningful consent or are able to reject planned activities which affect their lands or livelihoods.^{29,30} See Box 3 for further details.

However, few companies – 15/93 (16.1%) – have a full commitment to obtain FPIC prior to all new developments. Fewer companies still – only 8/93 (8.6%) – provide details of their FPIC process.



WHAT IS FPIC?

FPIC frameworks guide informative and consultative processes to ensure that potentially affected communities give meaningful consent or can reject planned activities which affect their lands or livelihoods.³¹

What are the components of FPIC?

- Free, means without coercion, intimidation, manipulation, threat or bribery.
- Prior, indicates that consent has been sought in advance, before any project activities have been authorised or commenced, and that the time requirements of the indigenous community's consultation/consensus processes have been respected.

- Informed, means that information is provided in a language and form that are easily understood by the community, covering the nature, scope, purpose, duration and locality of the project or activity. This should include economic, social, cultural and environmental impacts.

- Consent confers the right of indigenous peoples and local communities to give or withhold their consent to any decision that will impact their lands, territories, resources, and livelihoods .

Why adhere to FPIC principles?

- The right to FPIC is included under international instruments such as the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the International Labour

Organization Convention 169 (ILO 169), the Convention on Biological Diversity (CBD) and many national laws.

- Applying FPIC principles in forestry and agriculture production is a requirement under leading sustainability schemes such as FSC, RSPO and GPSNR.
- A case study by WWF, FMO and CDC Group found that an initial cost of US\$30,000 in community engagement represented a return on investment of 880%, as it served to avoid community disputes like those which had previously cost the company US\$ 15 million (Levin et al., 2012).

For more details on how to apply an FPIC process in your operations, see UN-REDD (2013),³² RSPO (2015)³³ and FSC (2021)³³.

BOX 3

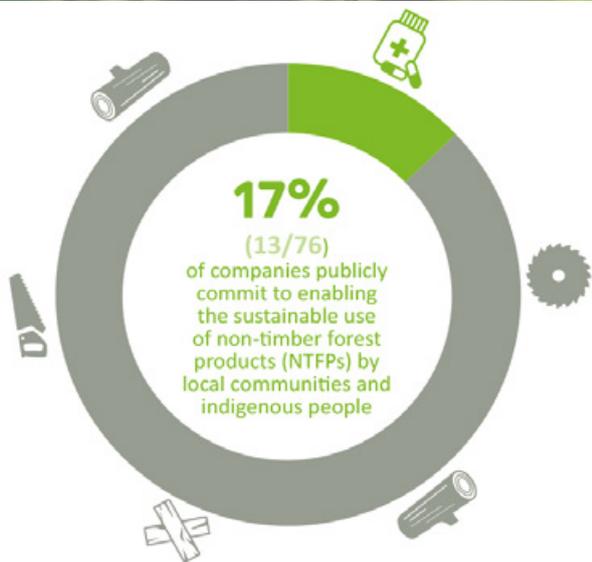
Socio-economic considerations

In rural settings, especially in tropical and developing countries, timber and pulp companies may be among the most important drivers of socio-economic development. Therefore, it is important that timber and pulp companies promote sustainable rural development including promotion of local businesses and markets, promotion of decent incomes and wages, promotion of equitable access to resources for indigenous and local communities including women and youth, improvement of agricultural practices and enhancement of ecosystem services.

The development and provision of local business/work opportunities should be an obvious measure for timber and pulp companies to engage indigenous and local communities. However, few SPOTT assessed timber and pulp companies - 22/93 (23.7%) - have a public commitment to provide business/work opportunities for local communities.

Fewer SPOTT assessed companies – 13/76 (17.1%) – report a commitment to enable commercial or subsistence use of non-timber forest products (NTFPs) by indigenous and local communities. This finding highlights a shortcoming of the timber and pulp sector given the critical importance of NTFPs for indigenous and local communities as safety nets of accessible food, fiber and medicinal sources.





WHAT ARE NON-TIMBER FOREST PRODUCTS (NTFPs)?

BOX 4

“It’s any product other than timber that is naturally produced in forests and can be harvested for human use without cutting down trees. Think food items, such as nuts, berries, mushrooms and seeds, or non-food items such as oils, perfumes and medicinal plants. These are all examples of what we call “NTFPs” for short.³⁵

“Forests provide products for different uses at households and industrial levels (Appiah 2009). These products are grouped into timber and non-timber products (NTFPs). Although timber products are highly valued worldwide, the NTFPs which play an important role in sustaining livelihoods of communities living around forest areas but have been given minimum attention. Although NTFPs may not be the most important income generating products for local people living close to the forests, they contribute significantly to household income, food security, and household healthcare as well as, provision of multiple social and cultural values³⁶ (Ojea et al. 2016; Endamana et al. 2016).

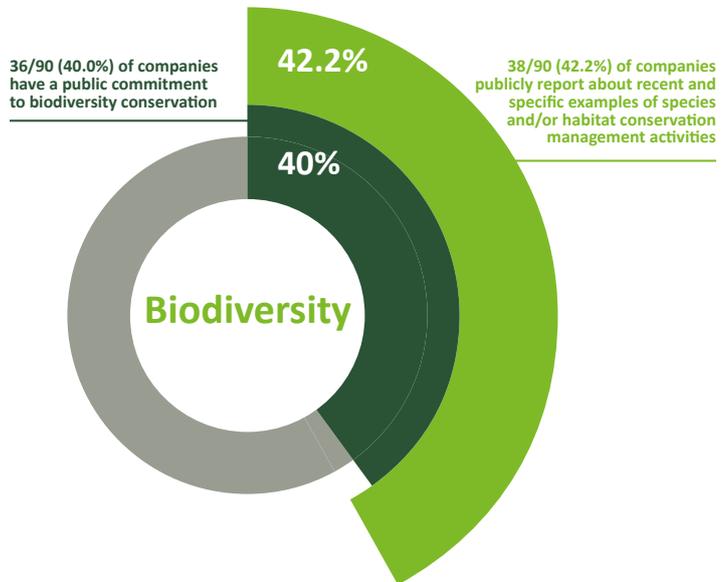
Collectively, even conservative estimates of the gross annual value of smallholder crop, fuelwood and charcoal, timber, and non-timber forest products (NTFPs) lie between US\$869 billion and US\$1.29 trillion.³⁷”





3.3. HOW DO TIMBER AND PULP COMPANIES CONSERVE BIODIVERSITY VALUES?

Many companies – 36/90 (40.0%) – have a public commitment to biodiversity conservation, while more companies even - 38/90 (42.2%) – publicly report about recent and specific examples of species and/or habitat conservation management activities. These may include a whole range of approaches, from setting aside important ecosystems or habitats within a concession boundary, to habitat management and restoration, species monitoring and stakeholder engagement.



WHAT ARE HIGH CONSERVATION VALUES?

The concept of ‘High Conservation Value’ (HCV) areas was first established by the Forest Stewardship Council (FSC) but is now widely implemented across various soft commodity sectors and is a key component of several voluntary certification schemes.

The HCV approach is a practical tool for identifying and protecting biological, ecological, social, and cultural values ‘of outstanding significance or importance’ in production landscapes and incorporates a precautionary approach and consideration of the wider landscape context within which HCVs are identified.³⁸ There are six categories used to classify HCVs, of which HCV 5 is essential in the context of this report.

HCV 5: Sites and resources **fundamental for satisfying the basic necessities** of local communities or indigenous peoples (for example for livelihoods, health, nutrition, water) **identified through engagement with these communities or indigenous peoples.**

HCV 5 refers to sites and resources that are fundamental for satisfying the basic

necessities of local people. The role of the HCV assessment is to characterize the level of dependence on the resource and to provide management recommendations for how to mitigate negative impacts on local people’s livelihoods.³⁹

The following would qualify as HCV 5, if they were determined to be fundamental for satisfying basic needs:

- NTFPs such as nuts, berries, mushrooms, medicinal plants, rattan
- Fuelwood for household cooking, lighting, and heating
- Fish (as essential sources of proteins) and other freshwater species relied on by local communities
- Etc.

What can timber and pulp companies do to identify and manage HCV 5 within their concessions or land banks?

Timber and pulp companies should commit to conducting HCV assessments. An HCV assessment is a field study led by assessors. It involves the collection of field data, stakeholder consultations and desk-based analysis of existing information. The outcome is a report that informs the company responsible

for land development of the presence, potential presence, or absence of HCVs, as well as recommendations for their long-term protection.

HCV assessments are required by several agricultural commodity certification schemes, by financial institutions as part of their investment due diligence processes, and by initiatives such as The Consumer Goods Forum, which represents over 400 of the world’s largest consumer goods companies. To ensure integrity of HCV assessments and subsequent management of sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples, companies should rely on the services of the HCV Network. The HCV Resource Network (HCVRN)⁴⁰ oversees development and coordination of the HCV approach, providing guidance and quality-checking. The HCV Resource Network also runs the Assessor Licensing Scheme (ALS),⁴¹ which issues licenses to HCV and HCV-HCSA assessors and monitors the quality of their reports through desk-based evaluation by a Quality Panel.

FOREST CERTIFICATION

What is forest certification?

Forest certification is a market mechanism that promotes responsible production, harvest and trade of forest-based products including fibre materials (wood, bamboo, rattan, cellulose), non-timber forest products (rubber, nuts) and ecosystem services (biodiversity, water, carbon).

The aim is to reward forest managers who pursue fair, transparent, and inclusive forest management practices rather than forest management practices with the potential to cause negative social and environmental impacts on affected stakeholders.

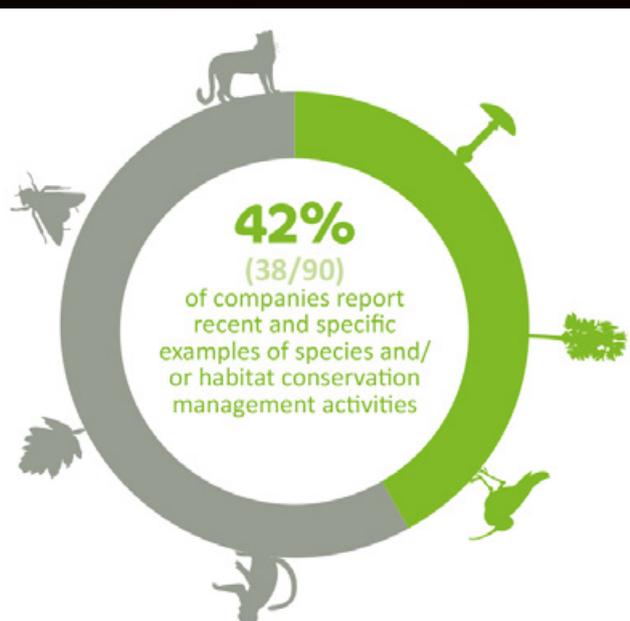
Why is forest certification important?

Forest certification promotes assurance and transparency that forest management activities are carried out in conformity with a set of minimum requirements. The Forest Stewardship Council (FSC), for instance, maintains forest management standards that cover requirements for the application of Free, Prior and Informed Consent (FPIC), promotion of local markets and decent employment conditions, identification and management of High Conservation Values, compliance with legal requirements and forest regulations.

What are the benefits of forest certification?

Forest management certification has a variety of benefits. The most immediate benefit for forest managers is the streamlining of forest operations due to improvements in efficiency and greater control of production processes.⁴²

Forest certification may help bring about improvements in the working conditions and safety and health of forest workers, lead to improved forest conservation outcomes, and encourage sustainable forest use. Forest certification can help boost the public image of companies - both those that pursue certification in their own forest operations, and those that purchase only certified products.⁴³



A conservation management approach that is becoming more and more important in this regard is that of *High Conservation Values (HCVs)*. See box 5 for further details.

The majority of SPOTT assessed companies – 53/90 (58.9%) – have a public commitment to conduct HCV assessments for all new development and planting. However, few companies – 15/90 (16.7%) – make their HCV assessment reports or summaries publicly available. ZSL urges timber and pulp companies to increase the transparency of their public reporting in this regard.





4. CONCLUSION & RECOMMENDATIONS

Given the critical environmental and social impacts associated with loss of land rights and/or access to resources, deforestation, and biodiversity loss, it is crucial that timber and pulp companies work to minimise the risks on and around forest management areas and those of their suppliers.

Given the critical environmental and social impacts associated with loss of land rights and/or access to resources, deforestation, and biodiversity loss, it is crucial that timber and pulp companies work to minimise the risks on and around forest management areas and those of their suppliers.

We recommend the following actions be implemented by timber and pulp producers, supply chain companies and financiers:

TIMBER AND PULP PRODUCERS SHOULD:

- Commit to protect and enhance the rights of indigenous peoples and local communities with legitimate claims to tenure, information rights, access and use rights of managed forest areas.
- Comply with national legal requirements to share revenue and make contributions in kind to affected communities where relevant.
- Disclose relevant documents related to the implementation of legal social obligations such as social agreements and evidence of social and economic infrastructure realisation.
- Adopt a Free, Prior & Informed Consent (FPIC) policy and commit to the use of the FPIC approach across all operations when engaging with indigenous peoples and local communities.
- Put clear and robust policies in place relating to biodiversity protection and the procedure for identifying priorities, including commitments to identify species of conservation concern in their operations, to conduct High Conservation Value assessments prior to any development.
- Publish locations of managed areas alongside spatial data including concession maps and boundaries to help stakeholders identify total forest area managed by companies.
- Report clear data on the extent and type of areas set aside for environmental or social reasons in their concessions.
- Make their High Conservation Value Management & Monitoring plans, or summaries of these, publicly available.
- Collaborate with external expert stakeholders where relevant, to inform their management and monitoring practices. This could include using external tools, such as SMART,⁴⁴ to promote effective monitoring and adaptive management.
- Engage with local communities and invite their participation in biodiversity protection, including in the development and implementation of High Conservation Value Management & Monitoring plans.
- Incorporate use of remote-sensing technology where possible, to support monitoring of all operations for deforestation and fires.
- Implement rigorous 3rd party audited forest certification across 100% of eligible area.



TIMBER AND PULP

2021 SPOTT-ASSESSMENT

ZSL IS STRONGLY URGING TIMBER AND PULP SUPPLY CHAIN ACTORS TO PUBLICLY DISCLOSE ALL OF THEIR SUSTAINABILITY POLICIES SO BUYERS, FINANCIAL INSTITUTIONS AND OTHER STAKEHOLDERS CAN ASSESS THE QUALITY OF CORPORATE COMMITMENTS.

DOWNSTREAM BUYERS SHOULD:

- Develop strong, clear human rights, zero deforestation and biodiversity policies that apply to all their timber and pulp suppliers.
- Require suppliers to provide clear and robust supply chain due diligence on the source of timber materials.
- In addition, require evidence that the High Conservation Value approach, Free, Prior & Informed Consent and social and environmental impact assessments are implemented on the ground.
- Assist with capacity building of supplier companies and IPLC to help them implement best practices and engage with these groups on a regular basis.
- Preferentially purchase FSC-certified (or other relevant certification schemes) timber and pulp products and set clear timebound commitments for purchasing 100% of materials from suppliers as FSC certified.
- Actively participate as FSC members, to strengthen the organisation and support implementation of the standards.

BANKS AND INVESTORS SHOULD:

- Assess the impact of their financing in the timber and pulp sector on human rights, deforestation, and biodiversity, as well as the risks they themselves are exposed to through unsustainable timber and pulp production.
- Establish strong and clear ESG policies that cover their financing of the timber and pulp sector, with time-bound and measurable targets for monitoring progress and incorporate progress criteria into capital allocation due diligence frameworks.
- Report on the impact of their financing and the progress they are making in the implementation of their policies and targets relating to the timber and pulp sector.
- Support FSC-certified timber and pulp through financing decisions, including setting clear timebound commitments for forestry organizations to achieve 100% certification across all operations.
- Participate as FSC members, to strengthen the organisation and support implementation of the standards.
- Join financial sector initiatives such as the Principles for Responsible Investment (PRI) collective engagements on sustainable commodities and deforestation, the UN Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Banking and Principles for Sustainable Insurance or sign up to the Finance for Biodiversity Pledge.⁴⁵

Support ZSL's work in engaging with the timber and pulp sector by signing up to the SPOTT Supporter Network and calling for increased transparency in commodity sectors to promote sustainable production and trade.

<https://www.spott.org/supporter-network/>

LIST OF ACRONYMS AND ABBREVIATIONS

ESG	Environmental, Social, Governance
FPIC	Free, Prior and Informed Consent
FSC	Forest Stewardship Council
GPSNR	Global Platform for Sustainable Natural Rubber
HCV	High Conservation Value
HCVRN	High Conservation Value Resource Network
HCS	High Carbon Stock
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
ILO	International Labour Organization
IPLC	Indigenous Peoples and Local Communities
M&M	Management and Monitoring
NTFP	Non-timber Forest Product
P&C	Principles & Criteria
RSPO	Roundtable for Sustainable Palm Oil
SDG	Sustainable Development Goal
SEIA	Social and Environmental Impact Assessment
UNDRIP	UN Declaration on the Rights of Indigenous Peoples

REFERENCES

- Porter-Bolland, L, Ellis, EA, Guariguata, MR, Ruiz-Mallén, I, Negrete-Yankelevich, S and Reyes-García, V (2012) Community managed forests and forest protected areas: an assessment of their conservation effectiveness across the tropics. *Forest Ecology and Management* 268: 6-17. DOI: 10.1016/j.foreco.2011.05.034
- Seymour, F, La Vina, T and Hite, K (2014) Evidence linking community level tenure and forest condition: an annotated bibliography. Climate and Land Use Alliance, San Francisco, USA. www.climateandlandusealliance.org/uploads/PDFs/Community_level_tenure_and_forest_condition_bibliography.pdf
- Macqueen, D and Mayers, J (2020) Unseen foresters - an assessment of approaches for wider recognition and spread of sustainable forest management by local communities. WWF, Stockholm, Sweden
- WWF, UNEP-WCMC, SGP/ICCA-GSI, LM, TNC, CI, WCS, EP, ILC-S, CM, IUCN. The State of Indigenous Peoples' and Local Communities' Lands and Territories: A technical review of the state of Indigenous Peoples' and Local Communities' lands, their contributions to global biodiversity conservation and ecosystem services, the pressures they face, and recommendations for actions Gland, Switzerland (2021)
- 4
- Rights and Resources Initiative (RRI). 2015. Who owns the world's land? A global baseline of formally recognized indigenous and community land rights. Washington, DC: RRI.
- IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services). 2019. Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science- Policy Platform on Biodiversity and Ecosystem Services (Díaz, S., Settele, J., Brondízio, E.S. et al. [eds]). IPBES Secretariat: Bonn, Germany
- Dawson, N. M., B. Cooslaet, E. J. Sterling, R. Loveridge, N. D. Gross-Camp, S. Wongbusarakum, K. K. Sangha, L. M. Scherl, H. Phuong Phan, N. Zafra-Calvo, W. G. Lavey, P. Byakagaba, C. J. Idrobo, A. Chenet, N. J. Bennett, S. Mansourian, and F. J. Rosado-May. 2021. The role of Indigenous peoples and local communities in effective and equitable conservation. *Ecology and Society* 26 (3):19. <https://doi.org/10.5751/ES-12625-260319>
- Definition adapted from Oxfam, ILC and RRI 2016. *Common Ground: Securing land rights and safeguarding the Earth*. Oxford: Oxfam
- 9
- Walker, W.S., Gorelik, S.R., Baccini, A., Aragon-Osejo, J.L., Josse, C., Meyer, C., Macedo, M.N., Augusto, C., Rios, S., Katan, T., de Souza, A.A., Cuellar, S., Llanos, A., Zager, I., Mirabal, G.D., Solvik, K.K., Farina, M.K., Moutinho, P., Schwartzman, S., 2020. The role of forest conversion, degradation, and disturbance in the carbon dynamics of Amazon indigenous territories and protected areas. *Proc Natl Acad Sci USA* 117, 3015–3025. <https://doi.org/10.1073/pnas.1913321117>
- 4
- 4
- Fair Trade Advocacy Office, Fern, IUCN NL, Solidaridad and Tropenbos International. (2021) Including smallholders in EU action to protect and restore the world's forests. Briefing paper. The Netherlands.
- YOUNG, D., NKUINTCHUA, T., 2021. Social obligations in the logging sector in Cameroon, Ghana, Liberia and Republic of Congo [WWW Document]. URL <https://www.ingentaconnect.com/content/cfa/ifr/pre-prints/content-ifrg#> (accessed 12.27.21).
- 4
- 4
- 4
- Goal 2, End hunger, achieve food security and improved nutrition and promote sustainable agriculture, Target 2.3. [Accessed 11 October 2021]. Available at: <https://sdgs.un.org/goals/goal2>
- The High Conservation Resource Network. [Accessed 11 October 2021]. Available at: <https://hcvnetwork.org/libraries>
- The High Carbon Stock Approach. [Accessed 11 October 2021]. Available at: <http://highcarbonstock.org/>
- The Forest Stewardship Council. [Accessed 11 October 2021]. Available at: <https://fsc.org/en/document-centre>
- See more on SPOTT here: <http://www.spott.org>
- ZSL SPOTT Indicator Framework (2020). Available at: <https://www.spott.org/wp-content/uploads/sites/3/2020/05/SPOTT-Palm-Oil-Indicator-Framework-2020.xlsx>
- See SPOTT's assessment criteria here: <https://www.spott.org/spott-methodologies/>
- The Land Portal. [Accessed 18 October 2021]. Available at: <https://landportal.org/voc/landvoc/concept/customary-land-rights>
- 18 Hammans, C. (2020). *Tropical timber: A guide to responsible sourcing and financing*. SPOTT: London: Zoological Society of London.
- Rainforest Action Network. 2018. *Assessing the Impacts of Corporate Pulp and Paper Commitments on Forests and Frontline Communities*. Available at: https://www.ran.org/beyond_paper_promises/
- UN-REDD Programme (2013) *Guidelines on Free, prior and Informed Consent* [Accessed 28 September 2021] <https://www.unclearn.org/wp-content/uploads/library/un-redd05.pdf>
- Theresa Buppert and Adrienne McKeenan. *Guidelines for Applying Free, Prior and Informed Consent: A Manual for Conservation International*. Arlington, VA: Conservation International, 2013.
- 30
- 29
- Free, Prior and Informed Consent (FPIC) Guide for RSPO Members. 2015. Available at: <https://rspo.org/resources/free-prior-and-informed-consent-fpic->
- FSC Guidelines for the Implementation of the Right to Free, Prior, and Informed Consent (FPIC). 2021. Available at: <https://fsc.org/en/document-centre/documents/resource/332>
- What on Earth is a non-timber forest product. Conservation International. 2018. [Accessed 18 October 2021]. Available at: <https://www.conservation.org/blog/what-on-earth-is-a-non-timber-forest-product>
- Suleiman, M.S., Wasonga, V.O., Mbau, J.S. et al. Non-timber forest products and their contribution to households income around Falgore Game Reserve in Kano, Nigeria. *Ecol Process* 6, 23 (2017). <https://doi.org/10.1186/s13717-017-0090-8>
- 3
- Brown, E., N. Dudley, A. Lindhe, D.R. Muhtaman, C. Stewart, and T. Synnott (eds.). 2013 (October). *Common guidance for the identification of High Conservation Values*. HCV Resource Network.
- 38
- HCV Resource Network [Accessed 11 October 2021]. Available at: <https://hcvnetwork.org/>
- Assessor Licensing Scheme. HCV Resource Network [Accessed 11 October 2021]. Available at: <https://hcvnetwork.org/als/>
- FAO Sustainable Forest Management (SFM) Toolbox. 2021. [Accessed 25 October 2021]. Available at: <https://www.fao.org/sustainable-forest-management/toolbox/modules/forest-certification/basic-knowledge/en/>
- 42
- SMART Spatial Monitoring and Reporting Tool. [Accessed 27 September 2021]. Available at: <https://smartconservationtools.org/>
- <https://www.unepfi.org/banking/bankingprinciples/>

ZSL | **LET'S WORK
FOR WILDLIFE**

We're ZSL, an international conservation charity
working to create a world where wildlife thrives.
Join us at [zsl.org](https://www.zsl.org)