Sustainable and certified forest management of natural tropical forests

empowering people - valuing forests - protecting biodiversity

Ocober 9, 2017
Our Mission in the context of global trends

Precious Woods is one of the world’s leading suppliers of sustainably produced tropical wood products, of electricity generated from biomass and of emission certificates based on sustainable forestry.

- Sustainably managing 1’100’000 ha of natural forest
- Preservation of the biodiversity
- Carbon sink

- 1’300 local employees
- Support of local communities
- Income, insurances, economic status

- 100% FSC certified
- 70 different timber species – secured source
- Carbon emission rights
### Brazil
- **Location:** Amazon State
- **Founded in:** 1995
- **Forest operations, timber processing and electricity production**
- **FSC certification since:** 1997

### Gabon
- **Location:** Gabon
- **Acquired in:** 2007
- **Forest operations, timber processing and veneer production**
- **FSC certification since:** 2008

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>Gabon</th>
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</thead>
<tbody>
<tr>
<td><strong>Forest area</strong></td>
<td>506'637 ha</td>
<td>596'800 ha</td>
</tr>
<tr>
<td><strong>Net area</strong></td>
<td>78%</td>
<td>92%</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>550</td>
<td>750</td>
</tr>
<tr>
<td><strong>Communities</strong></td>
<td>9</td>
<td>44</td>
</tr>
<tr>
<td><strong>Harvesting volume pa</strong></td>
<td>140’000 m3</td>
<td>250’000 m3</td>
</tr>
<tr>
<td><strong>Area used per year</strong></td>
<td>11’700 ha</td>
<td>22’000 ha</td>
</tr>
<tr>
<td><strong>Harvesting volume ha</strong></td>
<td>12 m3</td>
<td>12 m3</td>
</tr>
<tr>
<td><strong>Harvesting cycle</strong></td>
<td>35 years</td>
<td>25 years</td>
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</table>
What is our resulting impact?

**Territorial control**
- Control of poaching
- Prevention of deforestation

**Natural forest**
- Conservation of natural forest
- Growth of natural forest
- Protecting biodiversity
- Carbon sink

**Social engagement**
- Employment/Education
- Additional income
- Stability
- Housing
- Providing healthcare

**Economic contribution**
- Investments in poor regions
  - Valuation of forest services
  - Taxes

**Transparency Compliance**
Deforestation outside the management area
2004
2° 50' 02.21" S 58° 47' 05.75" O

UPA Q - 6 months after harvesting
UPA Q – 2 years after harvesting
PRECIOUS WOODS @ FSC’s GA 2017

UPA Q — 13 years after harvesting

still another 22 years to go
A contribution to permanent forest protection

4 : 1

- 20 years measurement of wood volume growth
- 4m³/ha/year growth in managed area compared to 1m³/ha/year 1)

330’000’000 tC

- Carbon sequestered by PW forest areas
  Calculated with 300tC/ha 2)

Fauna / Flora

- Large populations of Elephants and Gorillas in Gabon
- RIL practice protects best the existing biodiversity 3)

1) Studies of Universities in Brazil and Switzerland  2) average  3) WWF
Social engagement

Employees
- More than 1300 local employees with stable income > minimal income
- Housing for more than 3500 people in Gabon
- Education/Health

Communities
- More than 50 communities in our areas
- Support in events, education/training
- Additional income possibilities
- Strong cooperation/support from a bottom-up perspective
Economic value

**Government**
- Income taxes from company and employees
- Forest taxes out of harvesting activities and export duties

**Shareholders**
- ROI on a lower level but combined with the mission a much higher return

Our triple bottom line impact makes the difference!
Sustainability reporting in general

Our sector is sustainable per definition

- The existing standards do not reflect our mission
- As a minority we have little influence on the standards
- As a result the reports compared to other industries look poor and uncomplete

we like to be recognized as a sustainable driver in difficult markets and framework conditions
Market and FSC certified tropical timber

**Acceptance**
- Just being legal is not enough
- We are always in a defense position
- Lesser known species
- Market doesn’t know what stands behind the label FSC

**Pricing**
- Production costs are much higher than in plantations
- Some markets accept higher prices but with limits
- We always have to sell twice
Where to go?

**Increasing certified area**
- Entry barrier for new companies is relatively high
- Support of existing players is required
- New standards must be proven economically viable

**Markets**
- Endusers must become aware about the impact of our work
- Special label for SECURED FOREST SOURCE
- Buying incentive program from governments for the local market

We always will be in a niche but its worth to fight for.
Contact

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