

Humboldt Watershed Council

www.humboldtwatersheds.org
PO Box 1301, Eureka, CA 95502



Social License

Mark Lovelace

President, Humboldt Watershed Council

“Character is doing the right thing
when nobody’s looking.”

J.C. Watts

What is social license?

Unwritten acceptance of a business or industry by society which allows it to operate

What is social license?

- Legal obligations are not the sole measure of societal expectations
- Regulation is not created in a vacuum, rather it is created in recognition of a need, as demanded by the public.

What is social license?

- Societal expectations exist independent of regulation
- Regulation codifies minimal societal expectations.
- Compliance with regulations is the minimal demand of society

License to operate

- Economic license
 - *A business must make money*
- Legal or regulatory license
 - *A business must follow the law*
- Social license
 - *A business must be accepted by society*

Enforcing the license

- Economic license
 - *Enforced by markets and economics*
- Legal or regulatory license
 - *Enforced by regulators and the courts*
- Social license
 - *Enforced indirectly by all of the above*

Who are the players?

Social license assumes the existence of:

- Public interest organizations
- An active and involved citizenry
- A functional regulatory and political climate
- Responsive economic players

Types of capital

- Financial capital
- Natural capital
- Political capital
- Reputation capital

Reputation capital

A good reputation has monetary value

- Good community relations
- Allows greater flexibility
- Easier access to regulatory approvals

Reputation capital

- Build reputation capital in times of peace
- Pays dividends when times are bad

*Character is much easier kept
than recovered.*

Thomas Paine

Societal issues in forestry

Practices which are legal, but not generally accepted by society:

- Clearcutting
- Logging old-growth
- Herbicides
- ‘Incidental take’ of endangered species

Societal issues in forestry

Societal concerns extend to the Board Room:

- Ownership structure
- Financial structure (debt vs equity)
- Role of science
- Labor issues

Responses to social license

- Obliviousness
- Bribery, ‘buying off’ the community
- Green-washing, PR campaigns
- Open involvement, transparency
- *Beyond compliance* measures

The role of the community

Open community involvement is crucial to social license

- Lack of transparency breeds mistrust
- The community will expect the worst about things it is not privy to
- If not allowed in, the community will seek access through regulatory pressure, the courts, or political fixes

Social license vs green washing

Green washing makes it harder for *all* parties to earn social license

- Maximum Sustainable Production
- Long-Term Sustained Yield
- Sustainable Forestry Initiative
- Sustained Yield Plan

What does 'sustainable' mean?

What does 'sustainable' mean?



SFI certified forest, Oregon

What does 'sustainable' mean?



SFI certified forest, Washington

What does 'sustainable' mean?



SFI certified forest, Montana

What does 'sustainable' mean?



SFI certified forest, California

What does 'sustainable' mean?



Maximum Sustainable Production

Long-Term Sustained Yield

Sustained Yield Plan

SFI Certified


SFI certified forest, California

'Sustainable' has been reduced to meaninglessness

CERTIFIED DECEPTION

The timber industry knows that Americans care about seeing the world's last remaining old-growth forests. In fact, 70 percent of us say that we are more likely to buy a product if the company that makes it is known to implement environmentally friendly practices in its operations. That's why the SFI, the largest forest industry trade association in the United States, has given themselves a fancy green label. How can the logging industry certify a product as sustainable when it doesn't even value more than half of its wood volume?

The SFI is a multi-billion dollar marketing scheme designed to convince Americans that the timber industry has cleaned up its act. A forest, if certified, can please continue to **destroy** old growth, **strip** charismatic, and **disrupt** endangered species habitats. Most major environmental groups as well as the U.S. Green Building Council do not recognize the SFI for anything more than what it is, the **Sustainable Forest Industry**. The SFI program is the best guarantee the foresters. Don't be misled by corporations that say one thing and do another. Don't be fooled by industry labeling designed to greenwash old growth. **Don't buy SFI.**



DON'T BUY SFI

www.DontBuySFI.com The Sustainable Forest Industry

ENVIRONMENTAL ACTION NETWORK

American Oversight | Environmental Defense Fund | Greenpeace | Sierra Club | Union of Concerned Scientists

- Damages trust
- Creates a skeptical public
- Forces greater scrutiny of 'good stewardship' claims
- Results in greater oversight and cost

Regulatory approval does not equal societal approval



Regulatory approval does not equal societal approval



Failure to respect social license

Over-regulation results from the failure of industry to adequately perceive and respond to societal demands.

- Regulatory attempts to codify societal demands can be complex and cumbersome.
- Once codified, regulations are rarely taken off the books.

Failure to respect social license

Failure to anticipate and respond to societal expectations results in:

- Increased regulation
- Greater complexity
- Less flexibility
- More cost
- Bigger government

Value of Social License

- A supportive community
- Minimizing risk
- Getting ahead of the curve
- Flexibility in how issues are addressed
- Can avoid future regulations
- Margin of safety against violations

“If you take care of your character, your reputation will take care of itself.”

American proverb

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