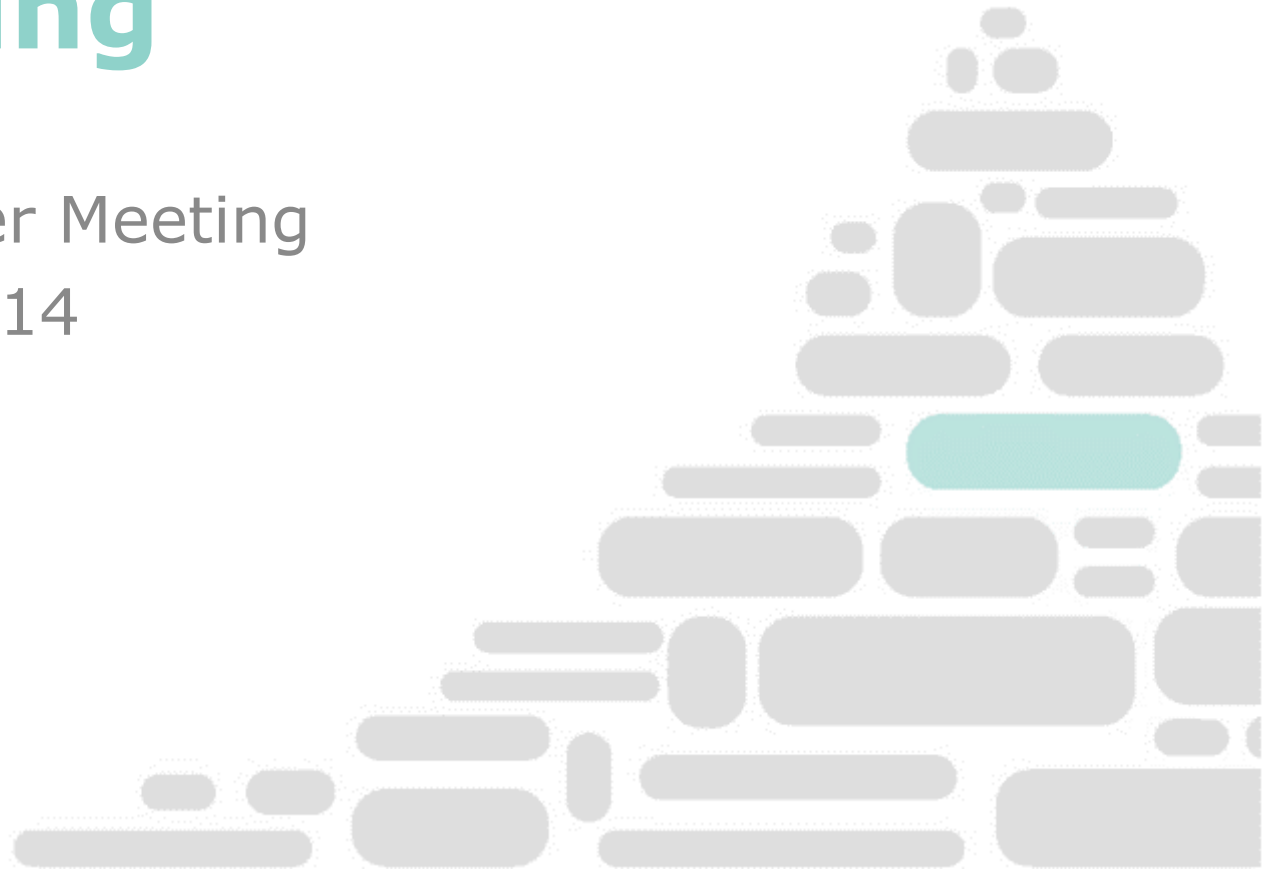


Due Diligence in Importing

Pulp and Paper Meeting
20th March 2014



Relevant experience

- Management consultancy specialising in sustainability
- Strong focus on retail global supply chains:
- Strong focus on media sector:
 - Publishing industry clubs including PREPS



Questions to answer

- Describe a **credible risk assessment** for an imported paper product
- What are the **information blockages** that importers are facing?
- What sorts of **declarations and documents** suppliers are offering?
- What value do different documents have? **What makes them credible?**

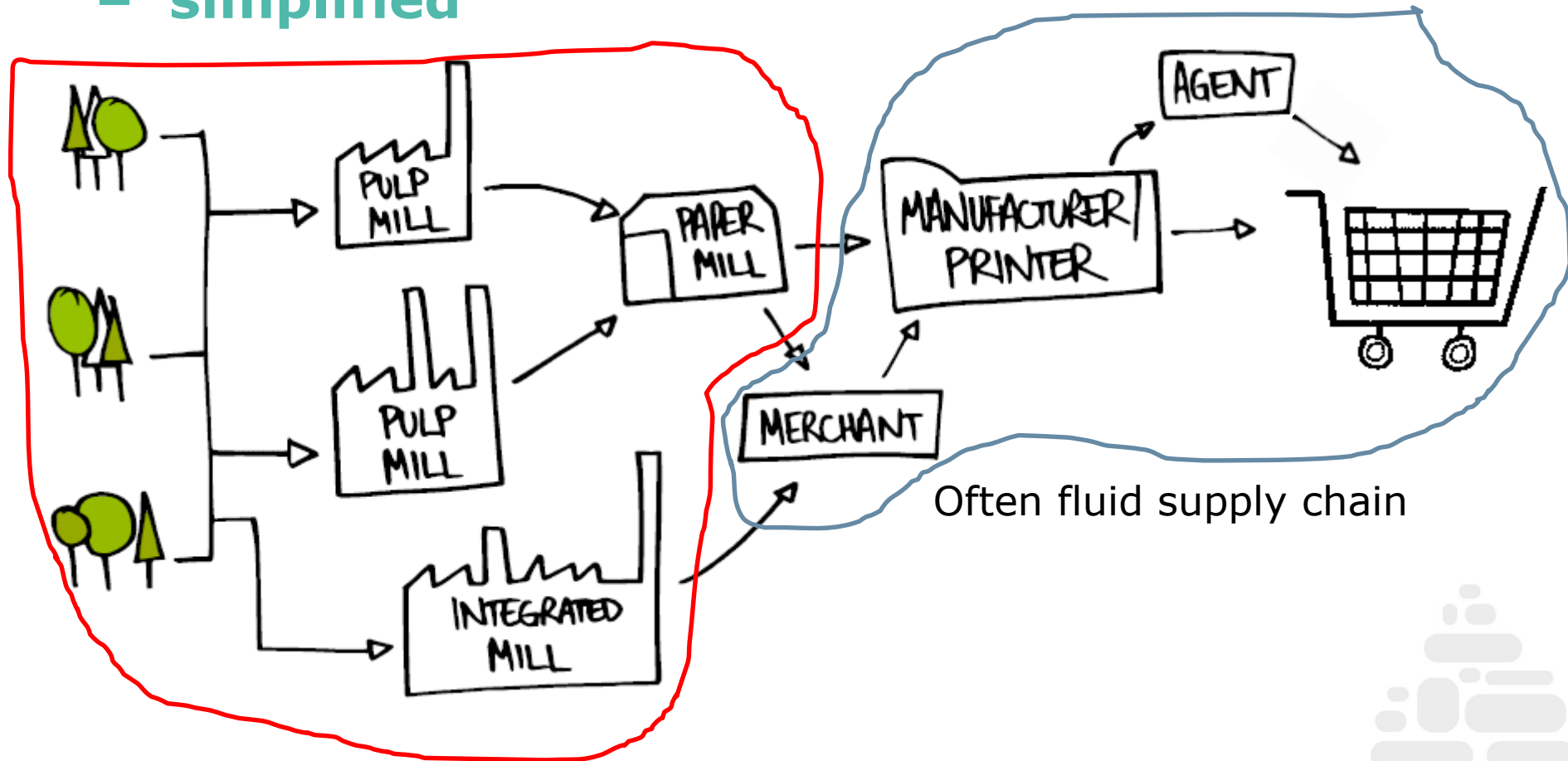


Topics to answer those questions

- Overview of paper products supply chains
- Upstream: from forest to paper mill
- Downstream: from paper mill to the retailer
- Specific case studies

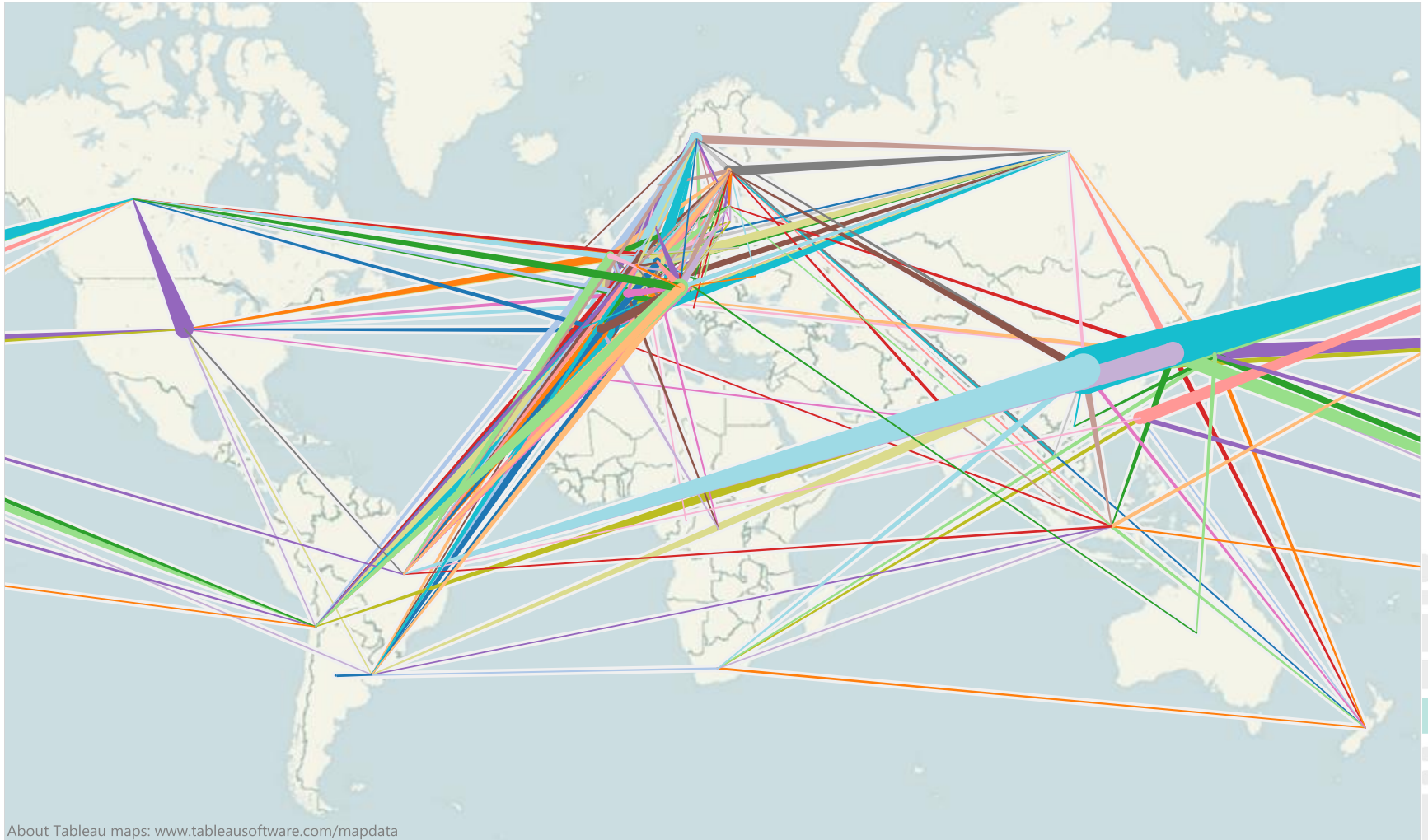


Overview of paper product supply chains – 'simplified'



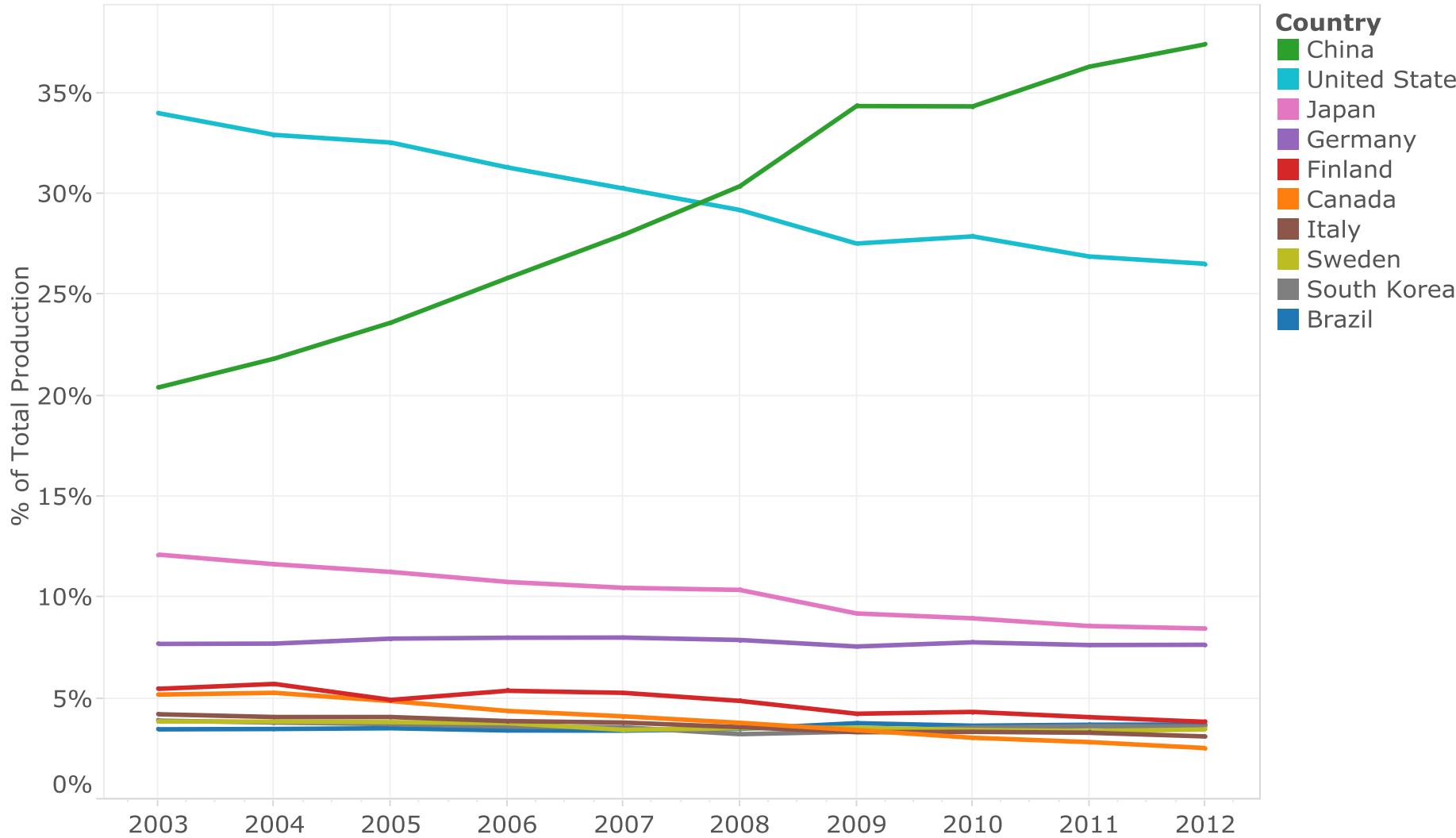
Strategic supply chain –
security of supply concerns

Upstream: from forest to paper mill



About Tableau maps: www.tableausoftware.com/mapdata

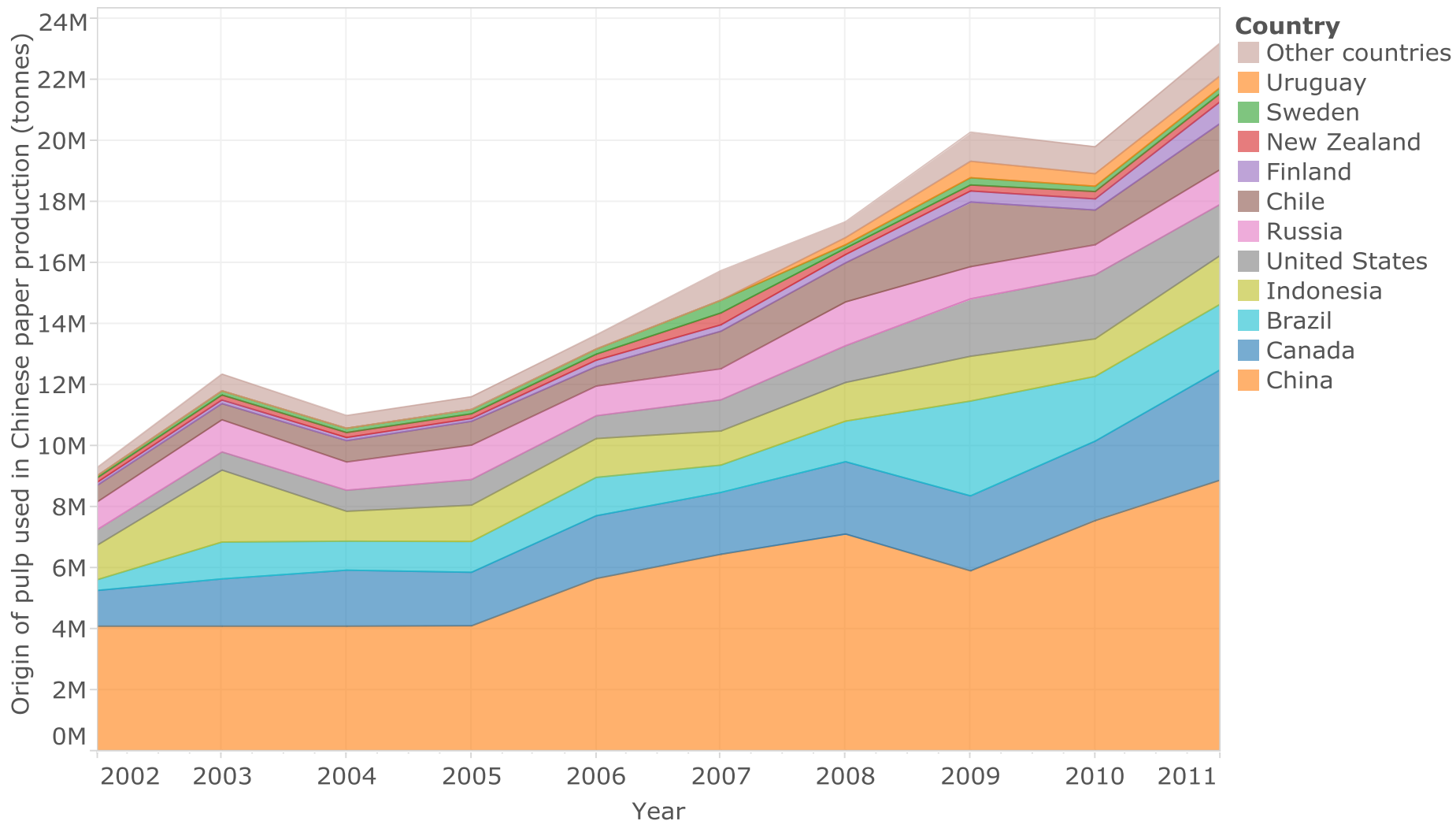
Upstream: from forest to paper mill



FAO production data for Paper & Board excluding Newsprint, 2013



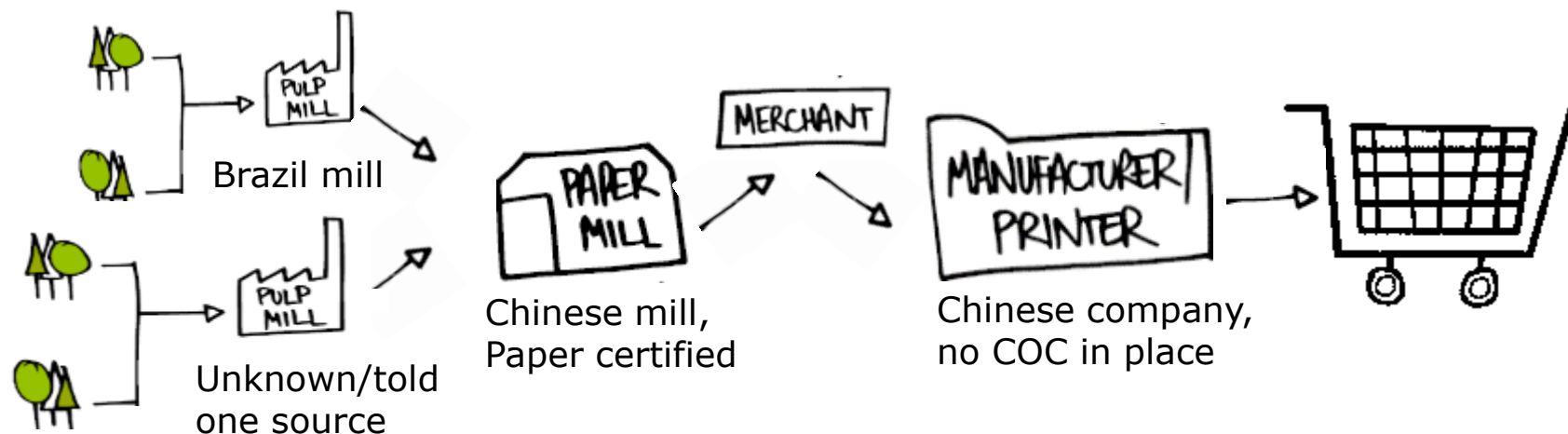
Upstream: from forest to paper mill



Downstream: from paper mill to retailer

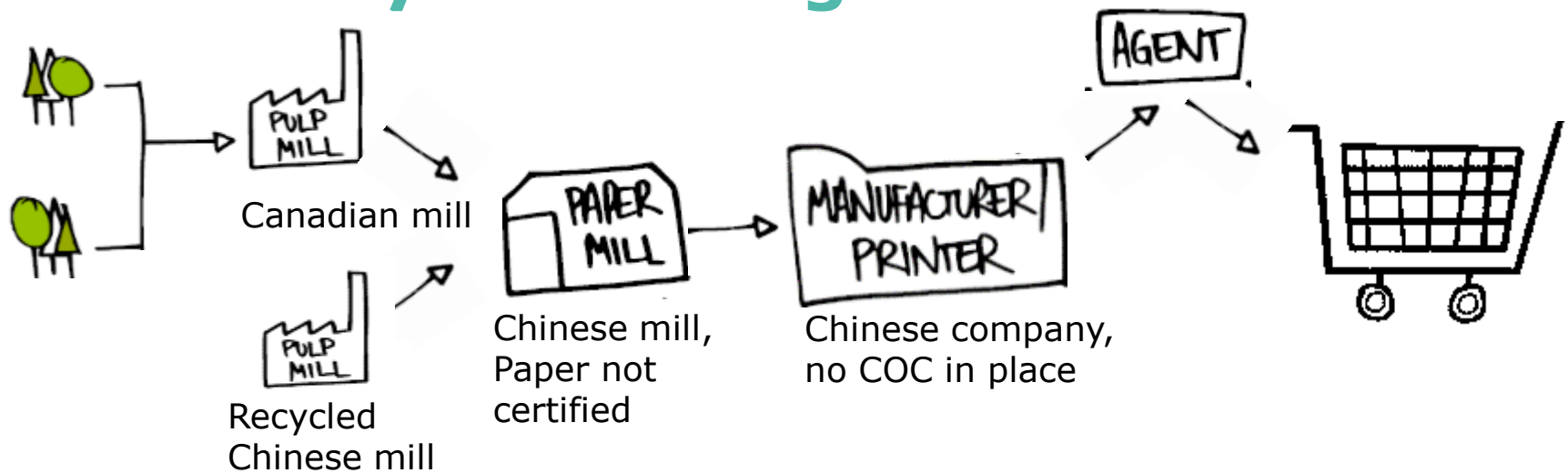
- 'Sustainable' paper policies often already in place – identifies high risk countries (forests and processing)
- EUTR needs a shift from historical data collection/verification to real-time – at least for 'in-scope'
- This is a challenge with fast moving, seasonal, varied product lines – little time/budget for detailed risk assessment
- So heavy reliance on certification:
 - ideally with a COC in place & if not then 'create' a COC
 - may take a 'tiered' approach to acceptance of schemes

Case study 1: Christmas wrapping paper



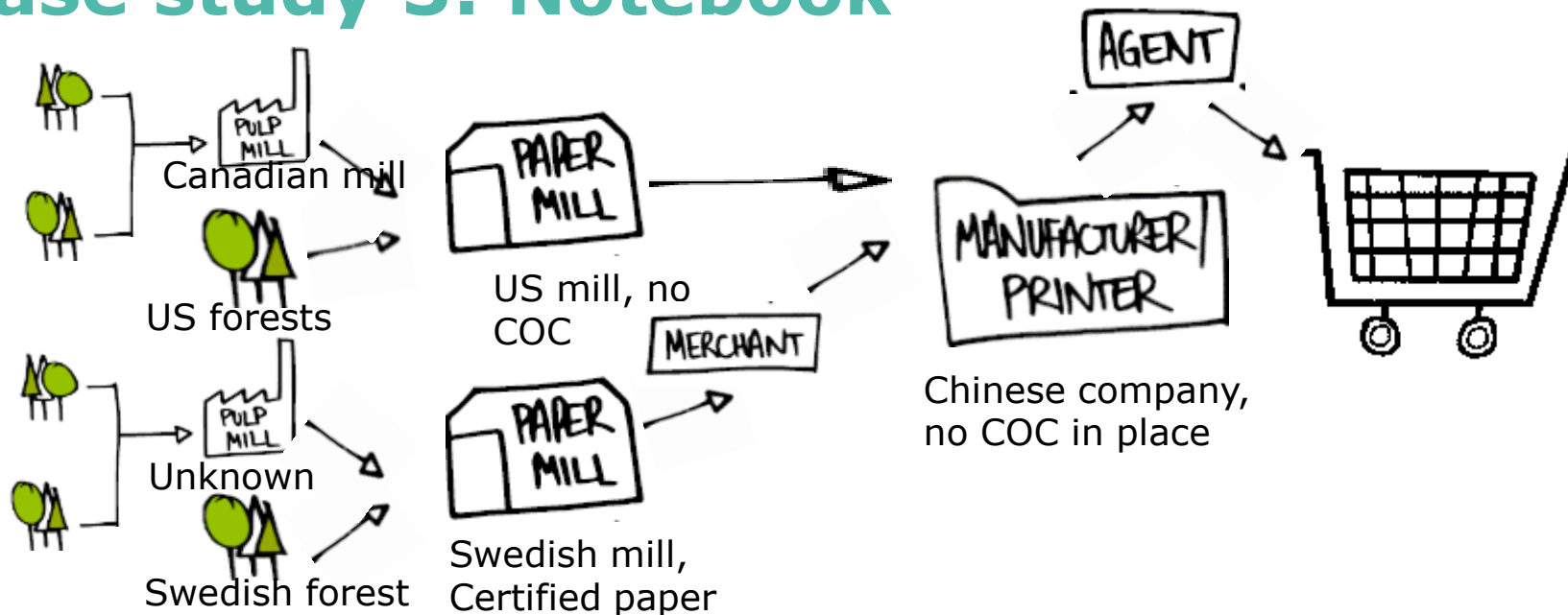
- Retailer is importer/operator, seasonal business and fluid supply chain
- Being told that the paper is certified – know mill, and mill COC
- Printer says forest source is Eucalyptus from Brazil – no further details
- Invoice for proof of purchase of paper – but problems with 'brand name'
- Declaration that paper is being used – systems don't allow the list of the paper brand on invoice sent to retailer
- Potential use of random fibre testing

Case study 2: Gift bags



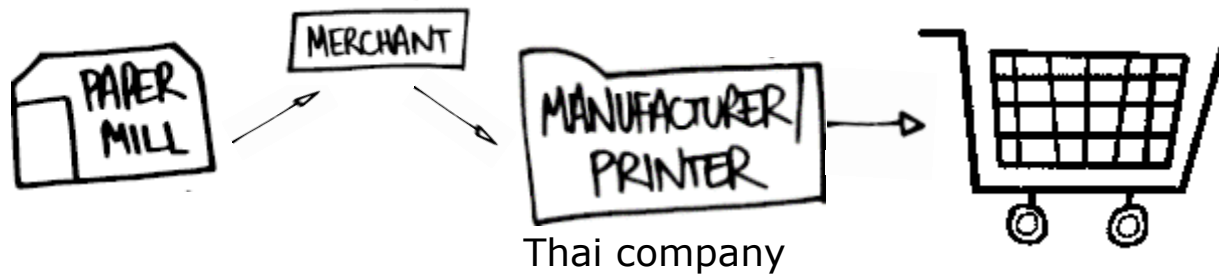
- Manufacturer and agent work in partnership, long-term supply chain as recycled source is crucial for product. Agent is importer/operator
- Agent able to supply full list of country of harvest and species data for virgin pulp due to relationship of manufacturer with mill, 80% of paper is recycled
- Paper mill has sent invoice proof of purchase of recycled pulp
- Invoice for proof of purchase of paper supplied, paper listed on PO
- Retailer may only ask for 'historical data' to show performance for sustainability performance reporting

Case study 3: Notebook



- Manufacturing site is a JV between with the agent and a Chinese company – agent is importer/operator
- Agent able to supply full list of country of harvest and species data for main paper - paper is from a 'low risk' mill and 'low risk' pulp/country of harvest
- Agent able to supply mill name and paper brand for other paper which is certified
- Invoice for proof of purchase of paper supplied, paper listed on invoice sent

Case study 4: Paper plates



COC in place throughout chain, product certified

- Retailer is acting as the importer
- Manufacturer able to supply forest location and species – but only gives one species
- Intact COC in place and so retailer satisfied with information supplied

Summary

- Challenges to get good information as far from the supply chain & limited influence
- Depends on relationship with supplier & supplier's influence & understanding
- Rely on certification, often with 'own COC'
- Problem is speed and value of purchase - so little interrogation of info at source
- Credibility of information is based on who is supplying
- Future? Specify 'risk assessed' papers



Key

