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

Often fluid supply chain
Unsurprisingly, some mills are more reliant on imported timber than others. Forest sources come from multiple locations.
Upstream: from forest to paper mill

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FAO production data for Paper & Board excluding Newsprint, 2013
FAO production and import data for wood pulp
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 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

- 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