BACK TO THE FOREST

TFT CALLS ON THE PULP AND PAPER INDUSTRY TO CHOOSE A RESPONSIBLE, PROSPEROUS FUTURE

#BACKTOTHEFOREST

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Big challenges face companies that seek to produce, source, trade or finance natural raw materials responsibly. Soaring demand on the natural world is driving severe damage to forests, soils, water, biodiversity and climate - the systems that make production possible. Intensive competition for land often leads to dispossession and entrenched, sometimes violent, conflict. Meanwhile, corrupt practices flourish – a recent report by leading research organisations found that forestry crime alone costs USD 15 billion every year1.

Businesses cannot afford to distance themselves from these issues if they are to survive and grow long term. Better governance, better land tenure and community rights are essential, but companies must also play their full part and get ‘back to the forest’ if we are to achieve radically better outcomes. A few companies are already taking responsibility for the impact of their products by working with supply chain partners, communities and NGOs to take on ‘wicked’ (complex and dynamic) environmental and social issues. We need more companies to take this approach of enlightened self-interest, especially in the most impactful sectors, so that people, business and nature can prosper together.

TFT calls on producers, suppliers and buyers to end deforestation and to ensure respect for communities and workers in the supply base, creating a truly responsible pulp and paper industry.

1IUFRO, 2016: ‘Illegal Logging and Related Timber Trade’
Pulp does more than any other commercial wood-based industry to shape forests worldwide, with pulpwood grown in a huge range of landscapes and societies. Most production is still in North America, Europe, China and Japan, but increasing investment is flowing to South America, Africa, Asia and Russia, attracted by lower production costs, shorter rotations in the tropics, growing local demand, and the availability of natural forest fibre. These commercial advantages often also come with high social, environmental and governance risks.

Pulp production creates revenue, rural jobs and many great products. It often promotes good forest management. But in some cases it drives large-scale deforestation, illegal logging, peatland destruction, pollution, corruption and community and human rights violations. Elsewhere, less dramatic but still harmful impacts include exploitation of people, damage to High Conservation Value land and conversion of richly biodiverse habitat to monocultures. As competition for land intensifies, so too will the problems, and the potential for severe supply chain disruption.

Ambitious, forward-looking companies can secure their long-term supply chain and transform their sustainability performance. They can gain deep knowledge of their supply base and create pragmatic, practical solutions by refining their processes and sourcing requirements, working in new partnerships with upstream stakeholders, and using the best available information and technology.

This approach is most urgently needed in regions afflicted by the worst social and environmental problems, but a better, more secure and responsible industry is possible worldwide.

TFT began work in the forest sector in 1999 when we partnered with international furniture producers and their suppliers in South-east Asia to forge a new approach to responsible timber sourcing. Since 2010 we've expanded to work very closely with major companies in the pulp and paper, palm oil and other land use sectors.

With APP and large-scale paper and packaging buyers including Nestlé, 3M and Mars, we have made breakthrough achievements in the pulp and paper sector, and learned vital lessons along the way.

We've seen that:

1. When a company takes direct responsibility for its wood pulp sources, new ways of working and new solutions can quickly emerge. APP showed that a major producer with a long association with deforestation and community conflict in Indonesia can make profound change to its own and to its suppliers' operations. APP's bold Forest Conservation Policy, and its new willingness to reach out even to its severest critics for support, unlocked the creative energy needed to grapple with very tough issues, and to reach practical long-term solutions - converting commitment into transformation on the ground.

On the web
Asia Pulp and Paper Forest Conservation Policy
2 • Where pulp and paper is implicated in deforestation and community conflict, key opportunities exist to limit, halt and reverse damage. A new pulp mill (or expanded capacity), will have major implications for surrounding people and forests, perhaps for hundreds of miles around. We have seen how companies that understand affected landscapes and communities, and that seek dialogue with local stakeholders, have helped to turn conflict situations into shared opportunities, replace deforestation with land restoration, and evolve chaotic land use change into informed, consensual decision making.

Downstream, Nestlé, 3M and Mars announced sourcing policies that go far beyond certification and legal compliance. They are mapping and analysing complex global supply chains to discover what is actually happening on the forest floor, and – where that does not meet their values – to take effective action. This needs rigorous supplier assessment, but it is not a traditional auditing approach. It is fundamentally built on partnership with the brands’ upstream suppliers to share ownership of values, policies and information, and to close the gap between finished products and forest origin.

3 • Traditional compliance approaches make important but limited contributions to responsible sourcing. Forest law and law enforcement varies hugely between countries. It is always necessary to demonstrate legal compliance, but this alone is rarely sufficient.

Third-party certification offers additional assurances and is an important part of many companies’ pulp and paper environmental, social and chain of custody policies. However, most forests remain uncertified. Certification has struggled over the years to make a difference where change is most needed. Fixed standards alone don’t inspire the creativity needed to tackle difficult and dynamic challenges, and an over reliance on certification holds back direct engagement, new thinking and practical solutions. Certification can be a powerful tool in some circumstances, but it is not a realistic alternative to taking genuine responsibility for your product and its impacts.

There is widely shared agreement, not least by signatories of the Sustainable Development Goals, that we need a better, more harmonious relationship between business, people and nature. But there’s less clarity about how to achieve this in the vast, complex and diverse land use sector. TFT’s experience has given us no easy answers, but has shown that major change happens when industry rolls its sleeves up and gets involved, with commitment, direction, good information and willingness to work with others.

We challenge – invite – pulp and paper producers, suppliers and buyers to grasp the opportunity and to lead a transformation of your industry.
We believe progress will be unlocked when companies:

- Commit publicly to ongoing improvement of your supply chain impacts on people and nature. Make this a core business value to engage in, deeply and continually.

- Conserve and enhance forest cover and ecological values. In high-risk landscapes where forests are threatened, support robust, verified No Deforestation measures.

- Respect all people who are directly affected by your supply chain. Working conditions should meet International Labour Organization (ILO) standards, and land use changes should happen with communities’ genuine free, prior and informed consent.

- Operate grievance procedures. Producers should operate grievance procedures that respond rapidly, effectively and as transparently as possible.

- Map your supply chain. That’s the only way to understand what’s really happening to the people and forests in your supply chain. Where you discover risks that your values are being compromised, dig deeper – the truth might be uncomfortable, but you need to know.

- Communicate transparently, speak clearly and listen closely. Lasting solutions grow out of constructive dialogue, when people - businesses, communities, government, NGOs and others - speak and listen to each other with respect, understanding of each other’s perspectives, a degree of trust, and with key information made available.

- Set credible goals. Then report regularly and publicly on the progress you make.

- Embrace innovation. We need responsive, practical tools and partnerships to make transformation happen, whether that means high-resolution land use imagery, enhanced community-based verification, new collaborations for improved land use planning and land restoration, or something else to drive the change needed.

- Use forest and chain of custody certification only as a tool. Certification is not a substitute for taking direct responsibility for your supply chain impacts. Understand certification’s value, its limitations, and what needs to be done beyond certification to achieve your goals.

TFT’s brand members 3M and Nestlé take responsibility for their products. That involves working closely with their upstream suppliers, and getting back to the forest to gain first-hand knowledge of key issues.
In some regions, species-rich forests are bulldozed to make way for plantations, but long-term land use planning can balance production and conservation needs.
TFT’s role

TFT’s work for a responsible pulp and paper industry is evolving as we and our members learn what works, and identify opportunities to tackle deforestation and exploitation directly.

TFT will continue to partner member companies to craft pioneering policies, to map and analyse fibre supply chains, and to improve supply chain impacts on people and forests. We have carried out site assessments at converters, mills and forests in 23 countries across Asia, Africa, Europe, and North and South America to support our members’ policy implementation. In 2016 alone, we completed 260 such visits in addition to our continuous work to map and analyse supply chains, and to assess and engage our members’ suppliers.

These four steps are what we use when we work with a company, from creating values-led policies to verifying progress in the field. We also have a number of tools and programmes to help drive change.

TFT and our members have been instrumental in developing and implementing the ‘High Carbon Stock’ forest conservation approach.
We and our members will increasingly focus our efforts to transform conditions where deforestation and exploitation are most severe, and to enable effective verification of what’s really happening on the ground. We will innovate to help bring companies’ influence to bear constructively and effectively, and this now involves engaging with members and stakeholders to investigate opportunities for integrated landscape-level planning in Asia, Africa and Latin America.

TFT has been instrumental in game-changing initiatives such as the High Carbon Stock (HCS) methodology, No Deforestation and No Exploitation commitments and Forest Conservation Policies, and in brokering dialogue between industry, communities and NGOs.

We will continue to work closely with companies to support responsible production. To complement this, we have developed the following tools and programmes.

- **Starling** - Making powerful new land use change information available through satellite technology, in partnership with Airbus Defence and Space and SarVision
- **Kumacaya** - Engaging civil society in monitoring companies’ No Deforestation and No Exploitation policies
- **Respect** - Protecting the rights of workers in global supply chains
- **Rurality** - Empowering rural smallholder groups with greatly improved production models and access to markets
- **Centre of Social Excellence** - In West Africa and Indonesia, building forest companies’ capacity to engage with communities constructively.

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