

CGF Pulp, Paper & Packaging Guidelines June 21, 2013

Approach

For pulp, paper and packaging, a three-pronged approach is recommended:

- **Develop** sourcing policies that avoid controversial sources of pulp, paper and packaging contributing to deforestation.
- **Verify** supply from high priority countries has low risk of controversial sources contributing to deforestation.
- **Disclose** company policies, goals and progress to avoid controversial sources of pulp, paper and packaging contributing to deforestation in their individual supply chains.

Since degradation of forests can lead to deforestation in the longer term, it is also recommended that participating CGF companies promote awareness of **sustainable forestry practices** in markets where awareness is low.

Scope

For CGF purposes, the scope of these guidelines applies to pulp, paper, & packaging used in a company's operations AND its products. For retailers, the scope for products applies to private label brands.

It is recommended that companies conduct a materiality assessment across the breadth of forest products that they buy to determine the appropriate scope of their individual company sourcing policies.

The CGF working group will facilitate sharing of tools to assist with materiality assessments.

Pulp, Paper and Packaging Sourcing Guidelines

Wood fiber optimization

- **Efficient use:** Use of forest materials should be optimized while also meeting safety, regulatory, performance and cost requirements.
- **Recycled content:** Use of recycled forest materials should be optimized while also meeting safety, regulatory, performance and cost requirements.
- **Alternative fibers:** Use of alternative fibers should consider the full life cycle impacts, food security impacts and impacts to biodiversity to avoid unintended environmental /social impacts.

Virgin wood fiber sourcing

- **Known & compliant sources:** Sources of virgin wood fiber should be known, free of corruption and compliant with applicable legal requirements.
- **Controversial sources:** Risk assessments should be done to assure low risk of controversial sources contributing to deforestation in the supply chain. When identified, measures should be taken to work with suppliers to eliminate controversial sources of virgin fiber. Controversial sources may include:
 - Illegally harvested wood
 - Wood harvested in violation of traditional or civil rights

- Wood harvested from forests in which high environmental, ecosystem, and cultural values are threatened by management activities
- Wood harvested from forests containing protected and endangered species, including requirements of CITES, where applicable
- Wood harvested from areas where significant conversion of forests and other wooded ecosystems to plantations or to non-forest areas took place after December 31, 2010
- **Verification:** Supply from suppliers & sources in high priority countries should be independently verified for low risk of controversial sources contributing to deforestation.

High Priority Country List

Countries where supply should be **verified** for low risk of controversial sources contributing to deforestation:

- Indonesia (fiber source)
- Malaysia (wood chips source)
- China (fiber source and trader)
- Thailand (fiber source)
- Colombia (fiber source)

Countries where practices should be **monitored** for potential deforestation due to pulp, paper and packaging demand:

- Myanmar
- Vietnam
- PNG
- Cambodia
- DRC, Cameroon, Ghana

The working group will periodically review and discuss the need to update the high priority country list including the need to move countries from the monitor list to the verify list.

Considerations for selecting high priority countries include:

- Presence of tropical forests
- Risk of deforestation due to wood fiber for pulp, paper or packaging
- Publicly available information such as The EU Commission Working Document: Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss - IMPACT ASSESSMENT (2008)
- Input from NGOs
- Input from suppliers

CGF companies may determine additional countries to be of high priority to their individual businesses based on their specific sourcing activities. Additional tools to assist companies with developing company-specific high priority country lists include the Global Forest Risk Registry <http://www.globalforestregistry.org> and the Transparency International Corruption Perception Index.

The CGF working group will facilitate the sharing of tools to assist companies with conducting risk assessments of their pulp, paper and packaging supply chains.

Verification

There is a continuum of verification mechanisms that may be used to increasingly reduce the risk of controversial sources contributing to deforestation in the pulp, paper and packaging supply chains.

- 1) Verify **legality** of a source
Examples: FLEGT VPA, Rainforest Alliance Verified Legal Compliance (VLC)
- 2) Verify legality & **low risk of controversial sources contributing to deforestation***
 - a) FSC controlled wood
 - b) PEFC chain of custody due diligence and chain of custody standards endorsed by PEFC
 - c) Other credible, independent mechanisms that verify there is low risk of controversial sources, as defined by the CGF sourcing guidelines, contributing to deforestation in the supply chain. Experts and key stakeholders should be engaged to assure the verification process is transparent and credible.
- 3) Verify legality, low risk of controversial sources contributing to deforestation & **sustainable forest management****
 - a) FSC certified product
 - b) Product certified by a national forest standard endorsed by PEFC

*These mechanisms are sufficient to verify **low risk of controversial sources contributing to deforestation**, as defined by the CGF sourcing guidelines and meet the goal of helping to achieve zero-net deforestation set forth in the resolution.

**These mechanisms also verify low risk of controversial sources contributing to deforestation AND also address forest degradation which may lead to deforestation over the longer term. Although 2a, 2b and 2c are considered sufficient to meet the intent of the CGF resolution, companies may also purchase certified products as described in 3a and 3b to help promote sustainable forest management.

Transparency

It is recommended that participating CGF companies publicly disclose their pulp, paper and packaging sourcing policies, goals and goal progress.

CGF companies are also encouraged to be transparent about their forest footprints through mechanisms such as the Forest Disclosure Project.

Antitrust

All work of The Consumer Goods Forum (TCGF) is carried out in accordance with TCGF Antitrust Guidelines, and in compliance with all competition laws, thus ensuring independence of activity, collaboration only on non-competitively sensitive issues, and confidentiality of information.

Participating companies will undertake their own decisions on IF and HOW to implement the elements of these guidelines in their individual supply chains.