MILL ASSESSMENT FRAMEWORK

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Background

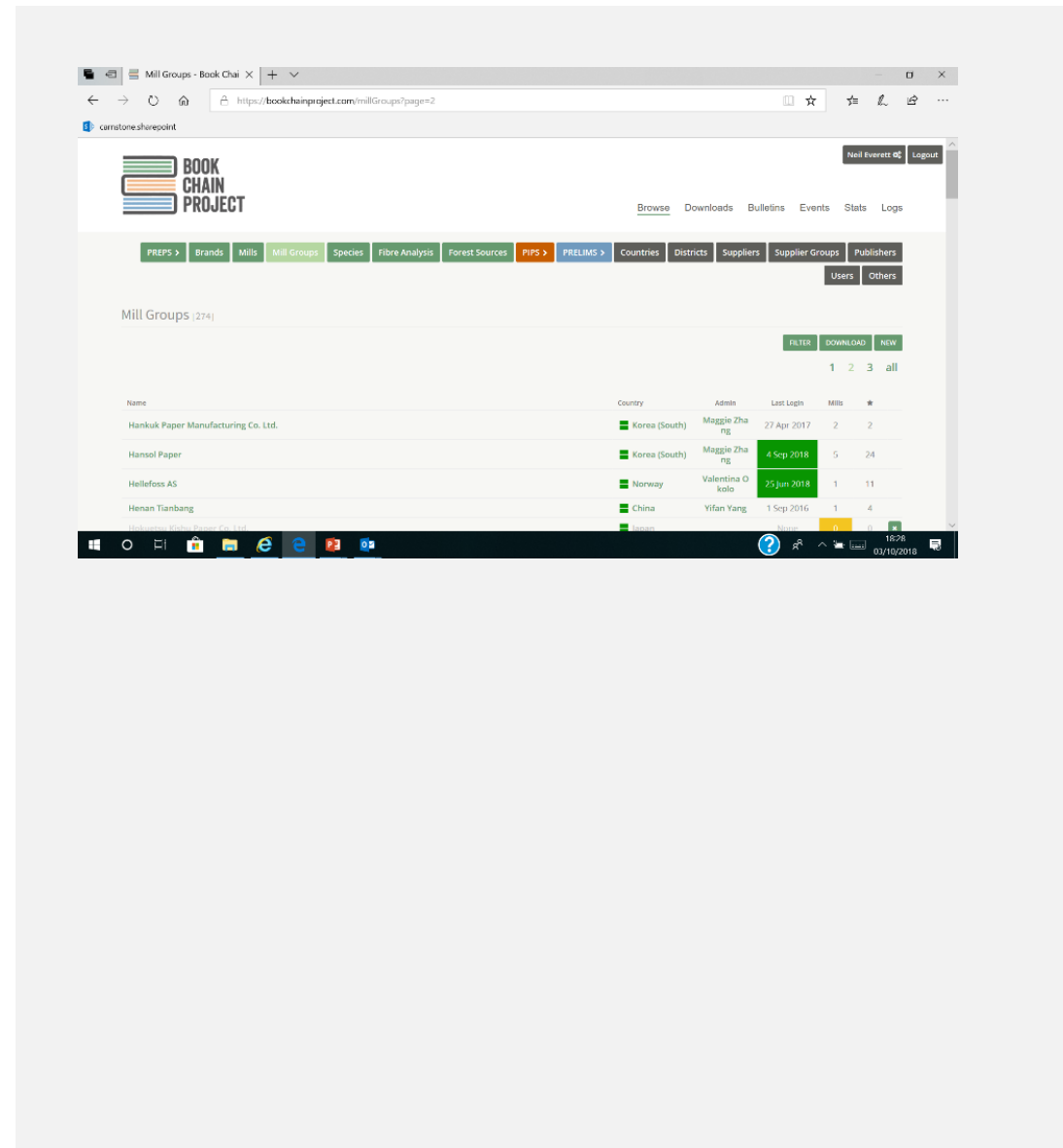The forest element of the Book Chain Project has two clear objectives:

- To give our publishing partners accurate and timely information to help them source paper responsibly; and
- To develop our collective understanding of the impacts of paper sourcing on the world's forests.

Ultimately, the Book Chain Project has always been, and will always continue to be, about enabling publishers to make beautiful books using responsible fibre sources.

One of our core values is to collect information from source where we can have greater confidence in its accuracy. We do this by going directly to the paper makers themselves, bypassing intermediate actors in the supply chain. The collaborative voice, and combined commercial influence, of the publishers involved with the Book Chain Project makes this direct approach possible.

Up to now our focus has been to collect forest source data. We ask our paper mill partners to share the tree species and country of origin of the forest sources used in their paper brands. In higher risk locations we also request the region where the trees were harvested. With this we map forest sources from the paper mill, back to the pulp mill, and eventually to the forest itself. We use a publicly available risk tool to highlight sources of concern. These high-risk sources require third party certification (either FSC or PEFC) in order for the overall paper rating to achieve what we call Grade 5: 'Known and Responsible'.

This Project has run for more than ten years. In that time, we've challenged the way we collect and assess forest sources to ensure that we use best practice and make consistently rigorous assessments with the information we have available. This Mill Assessment Framework is part of our continuously evolving journey.

The Mill Assessment Framework

As a collective through the Book Chain Project, we ask paper mills to provide forest source information, but we currently have no clear understanding of their capacity to practically manage responsible sourcing of their forest products. We know from our experience and the insights from our key opinion formers that the patterns of sourcing forest materials are constantly changing, the issues of deforestation are often complex and inter-linked, and that while third party certification remains the best measure of ensuring responsible sourcing it does have its limitations.

At 2018's Book Chain Project Seminar in London WWF explained that forest loss in 2016 was the highest on record. They, along with others in civil society, are challenging us all to act, to demonstrate how we can live up to the strong claims many organisations have made to halt deforestation. A civil society group have established the Accountability Framework Initiative (AFI) to challenge companies to be clear about their claims and transparent about how they are working towards targets of around deforestation and protection of indigenous rights.

In creating this Mill Assessment Framework (MAF), we have learned from the draft documents of the AFI which aims to accelerate progress to halt deforestation, protect other natural ecosystems, respect community land rights, and protect human rights and labour rights. The MAF makes specific reference to the Operational Guidance on Monitoring and Verification and Supply Chain Management (Preliminary Draft July 2018)[2]. By introducing the MAF to the Book Chain Project we hope to improve our collective understanding of:

- The **capability** of mills to implement responsible sourcing in their supply chains;
- The **commitments** mills are making to achieve responsible fibre sourcing; and
- The **systems and processes** mills have in place to manage their fibre sourcing, including: risk assessment, supplier engagement, monitoring and verification, and follow up action.
- Areas of **best practice** that the Book Chain Project can learn from, as well as areas for improvement where we might support longer-term development.

The approach

This is the first step in a long process of deeper engagement with paper mills. We do not expect them to have all the answers right away, but we want this process to set out our long-term expectations and start a dialogue. By identifying mills with the desire and intent to improve, the outputs from this initiative will help us to better support their development.

Our engagement in Year 1 (Oct 18 - Sept 19) has established a baseline of mill performance and the challenges they face. In 2020 we've brought 14 paper mills together in China to explore some of these challenges, share good practice among the mills we have visited, and invited external experts to explore possible solutions.

We want this to raise the standard of all the paper mills we work with. Longer-term this initiative will inform new indicators visible to the publishers, giving their buyers more context for where their paper is from.

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[2] https://accountability-framework.org/framework/contents/#guidance

The Mill Visit

We want to strengthen our relationships with the mills, and it is therefore important that the visit forms the basis of a conversation with the mill; exploring each issue and accepting that the mill may not have all the answers. The mill should feel encouraged to openly explain their approach to fibre sourcing, sharing insights where possible. The visit is a way for us to improve our collective understanding.

During the visit, mills will be assessed against 7 broad topics:

1. Right people, right conversation
2. Capability & resourcing
3. Supply chain assessment and management
4. Supplier engagement
5. Ambition & commitment
6. Wastewater effluent
7. Human resource management

The mills are informed in advance of the topics we want to explore with them, and that we will be wanting to see verification in the form of data/documentation where applicable. After the assessment is complete, we will be scoring them against each of the framework elements to help them understand where they are performing well and where they need to focus their energies on improving.

Following the visit, we prepare a visit report and share this with the mill to review and provide feedback on. The final reports are uploaded to the Book Chain project system. They are visible only to the publishers.

The following pages explain each topic in more detail.

A note on scoring

We have developed a comprehensive 5-star scoring system for each topic to accompany this framework (Whereby 1 star indicates poor performance and 5 stars indicates best practice). The scoring system allows us to provide comprehensive and objective feedback to the mills and communicate performance in a consistent and comparable way to the publishers. It is separately available here.

Step 1: Right People, Right Conversation

We often talk to salespeople or account managers at paper mills. While they have an important role to play as an early point of contact, the topics we've identified require meeting with the people with key responsibilities in procurement and environmental management.

This might include:

- People responsible for buying fibre or pulp (perhaps a Procurement Manager)
- People responsible for selecting fibre or pulp suppliers
- People responsible for working with raw timber suppliers (if applicable) to ensure quality (perhaps a Quality or Forestry Manager)
- People responsible for setting standards and/or guidance for fibre or pulp suppliers
- Senior managers that approve those standards
- People responsible for the systems and processes managing fibre arriving at the mill. This includes people responsible for the maintenance of any forest chain of custody (CoC) certification (FSC or PEFC)
- People responsible for managing the mill's environmental performance (perhaps an Environment Manager or HSE Manager)
- People responsible for managing the mill's human resource policies and practices (perhaps an HR manager or GM)

Step 2: Capability and resourcing

During the visit we'd want to explore the following:

How the fibre supply chain works at the mill. We'll explore questions like:

- Is it an integrated[3] mill or do you buy market pulp? Or is it a combination of both? If so, what percentage do you buy of each?
- Who is responsible for buying your fibre? Do you know which countries the fibre comes from?
- How do you buy the fibre? Do you go directly to pulp mills or use third party agents?
- What criteria do you use when choosing fibre suppliers? Who is responsible for setting those criteria?
- How long have you been working with your fibre suppliers? How often do your suppliers change?

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[3] Integrated paper mills normally sit in, or very close to, the forest supplying their fibre. They can also buy in unprocessed round wood logs and/or wood chips. Their mill has the machinery to process this wood to make pulp ready for the paper-making process.

- Is there anyone on the site who specifically owns your procedure for responsible fibre sourcing?
- If the mill has an FSC or PEFC CoC certificate, then who is responsible for maintaining it?

How responsible fibre sourcing works? We'll explore questions like:

- How do you define responsible fibre sourcing? Does it include:
    - Respect for local laws, including ensuring no illegal logging?
    - Protection of high conservation value forests?
    - Respect for indigenous peoples and local communities in and around the forest?
    - Respect for workers' rights, including those harvesting the timber and working in your upstream fibre supply chain?
- How do you stay up-to-date with the issues of responsible fibre sourcing (the risks of deforestation/human rights and land rights violation) in your fibre supply chain? Does someone have responsibility for doing this?
- Are you talking to external stakeholders with links near your operations (e.g. local government or civil society) to help inform your approach to responsible fibre sourcing? Are you involved with any industry collaborations or initiatives looking specifically at responsible fibre sourcing?
- Do you provide any specific staff training? Do you use any third-party information sources or organisations to stay up to date?
- Do you have staff with environmental and social expertise that understand the potential social and environmental issues related to global forest supply chains?

Step 3: Supply chain assessment and management

During the visit we'd want to explore the following:

Where fibre at the mills is from? We'll explore questions like:

- Do you collect tree species and country of origin information for all the fibres you buy? If yes, what level of detail do you collect [country, region/state/province, forest concession]?

- When you buy fibre indirectly – e.g. from pulp suppliers or agents – do you collect information on the control mechanisms they use to trace fibre back to the forest? Does this include information on social impacts, and evidence that the Free, Prior and Informed Consent of affected communities has been obtained? If yes, can you explain how this is done? What challenges do you have collecting this information?

Spotting high risk sources: Risk assessment

- How do you assess the following risks associated with the sourcing of fibre:
    - Risk of deforestation of high conservation value forests
    - Risk of illegal logging
    - Risk to indigenous peoples and local communities who depend on the forested area may not be considered
    - Risks to labour rights and risk of poor conditions of those working in the forest supply chain
- What indicators do you use to assess these risks?
- Are there guidance documents for staff? Do you use third party tools?
- Who is responsible for doing these risk assessments, and what training do they receive?

Mitigating risks

- Have you identified the potential risks in your fibre supply chain? What do you think these risks are?
- How have you mitigated these risks? For example:
    - Third party verification such as forest certification
    - Documented evidence of mitigation by the fibre supplier such as legality verification documentation
    - Independent assessments of forest management
    - Independent assessments covering the labour conditions of the loggers
    - Independent assessments that detail how the forest company engages local stakeholders including forest dependent/dwelling communities
    - Visits to specific forest areas or use of technology e.g. geospatial tracking to monitor harvesting boundaries or third-party mapping via services such as Global Forest Watch
- What challenges do you face when mitigating risks? For example: checking documentation in foreign languages, lack of response from suppliers

Collecting information

- How do you collect and store your fibre sourcing information? Is this part of a wider procurement process or a stand-alone procedure?
- What information do you store? For example, this might include: supply chain data, risk assessment results, evidence of mitigation, and final decisions.

Step 4: Supplier engagement

During the visit we'd want to explore the following:

- How do you communicate your requirements on responsible fibre sourcing to your fibre suppliers?

- Are you providing any capacity building to your own supplier? If so, what?

Step 5: Ambition and commitment

During the visit we'd want to explore the following:

- Have you set any targets or objectives around responsible forest sourcing?
- How are you performing against your targets?

Step 6: Mill waste water effluent treatment

During the visit we'd want to explore the following:

- Do you measure the volume of water used? Can you tell us how this is measured (e.g. cubic metres per tonne of paper)?
- Have you set targets to reduce the amount of water used? What is this target and how have you performed over the past three years?
- Do you face challenges with water supply?
- How do you treat your waste water?
- Do you discharge waste water directly to local waterways after treatment?
- How do you monitor your waste water discharge? Are you testing it, and if so when and how is it tested?

Step 7: Mill human resource management

During the visit we'd want to explore the following:

- Do you have health and safety policy?
- Who in your organisation is responsible on a day to day basis for health & safety? And who is the most senior person in the organisation with responsibility for ensuring the mill operates safely?

- How do you facilitate engagement between workers and management? Is there a trade union or other means of worker dialogue such as a worker committee?
- Do you have a grievance mechanism or other process to allow workers to raise issues of concern in confidence?
- How do you follow up with the issues raised by workers?
- Do you have any policies or written procedures on disciplinary practices?
- Do you have any policies or procedures on non-discrimination?
- How do you recruit workers? What contract is in place? Are they permanent workers or temporary workers?
- What is the local minimum wage? Do you provide payslips for your workers?
- How is overtime agreed between you and workers? What level of overtime wages are paid?
- Do you employ any internal migrant workers (workers whose home is 100km or more from the mill)? If so, how do you recruit those migrant workers? And where are those migrant workers from?
- Do you employ any overseas migrant workers? If so, how do you recruit those migrant workers? And where are those migrant workers from?
- Do you use recruitment agencies? Do you conduct due diligence on them? What policy and measures do you have in place to ensure recruitment process by agencies is fair?
- Do the people responsible for these areas receive any trainings on the topics?