CEPI Sustainability Report
2011
ABOUT CEPI
The Confederation of European Paper Industries (CEPI) regroups the European pulp and paper industry and champions its products and achievements. A Brussels-based non-profit making organisation, CEPI’s mission is to promote the members’ business performance through targeted strategies such as monitoring and analysing activities in the areas of industrial policy, environment, energy, forestry, recycling, research and trade.
CEPI also aims to boost the knowledge of its members in specific technical areas, and to facilitate the flow of information between companies and associations. Its 19 member countries (17 European Union members plus Norway and Switzerland) regroup some 700 pulp, paper and board producing companies across Europe, ranging from small- and medium-sized companies to multinationals, operating some 1,000 paper mills between them. Together they regroup nearly 25% of world production.

ABOUT THIS REPORT
The Global Reporting Initiative (GRI) provides standardised criteria which public and private bodies can use to benchmark, chart and report progress in their activities from economic, environmental and social perspectives. This sustainability report is guided by the GRI Sustainability Reporting Guidelines and maintains the B+ requirements with A+ being the highest possible ranking.
This report assimilates information and aggregates data from 2009 and 2010 voluntarily provided by companies and member organisations, and it is complemented by our own research. We are confident that the process is fully inclusive, transparent and stands up to scrutiny. The last of these biennial reports was published in 2009 and covered 2007 and 2008 data.
More information on our stakeholder engagement, data collection, materiality, report boundaries and reporting methodology starts on page 59.
CEPI’s reporting of sector performance was updated to the GRI 3.1 guidance and reviewed by plenum (as expressed in the Assurance Statement), whose constructive analysis has resulted in comprehensive coverage of salient information and key data. The report is endorsed by the CEPI Board.

OUR IMPROVEMENTS
This is our fifth Sustainability Report. With each report we invest to improve the reporting. This time stakeholder involvement has been taken to a new level to include face-to-face discussions. In response to feedback from stakeholder meetings, we decided to provide more information on water, energy and recycling. We have also added a feedback form, which our readers can return to us easily.

ABOUT THE PAPER
Fedrigoni: Oikos is a natural paper with a compact surface, high whiteness and good smoothness achieved with sizing. The result is a level of printability to meet the most demanding requirements. In addition, it gives excellent results for all packaging applications from cutting and folding to foiling and varnishing.
The Oikos range comes in two formats and five weights, from 80 to 300gsm. Oikos is certified FSC Mixed Sources, made up of 50% pre-consumer FSC recycled fibres and 50% FSC pure cellulose fibres.

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Subject areas in this report are discussed and explained in further detail at www.cepi.org
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FOREWORD
CEPI Sustainability Report 2011

Dear Reader,

Introduction to sustainability
Since our last report, the world has gone through an unprecedented economic crisis, a devastating tsunami has struck Japan with unforeseeable ecological and political consequences and many countries have overthrown their long standing leaders. The quest for sustainability is embedded in these events. They happened in different areas of our world, but they have brought evidence – if evidence was needed – that people, events, drivers and consequences are interconnected.

Link with resource efficiency
CEPI fifth Sustainability Report aims to reflect the interconnections in the use of resources. It reports on the GRI indicators applicable to our sector and our activity from the perspective of an efficient use of resources and their impact on the environment.

…and with stakeholders
The interconnections are also reflected in the stakeholders’ consultation that we organised to improve our sustainability reporting. They mainly pointed out information that they would like to see in this latest report and information they would like us to highlight.

What has happened since the last report?
In the reporting period of 2009 and 2010, our sector has been recovering from the financial crisis while coping with various blips in the availability of our raw materials. Substantial amounts of recovered paper collected in Europe are going to China, and wood is increasingly being subsidised for energy generation. In spite of this, recycling has increased and certification of the wood used in our mills has risen to a new level.

We have further reduced CO₂ emissions, independently of mills closures, and reduced our energy consumption. The percentage of companies with environmental management systems is at an all time high of 90%.

However, our renewable energy target set in 2003 will not be met, for which reasons will be given later in this report.

On the social side, CEPI has started a dialogue with EMCEF, the European Employees Federation representing the workers in our mills, and health and safety is a priority.

Greening the office
Sustainability is central to all CEPI activities and a large proportion of its resources are devoted to ensuring the industry minimises its environmental impacts across the EU. CEPI not only supports the paper industry’s environmental improvements, but practices the same care in the way it manages its office environment in Brussels. CEPI has been granted two stars for its environmental office management by the IBGE.*

Our goal with this initiative is to remain true to our vision that sustainability and economic well-being can go hand in hand.

In our CEPI 2050 Roadmap - Unfolding the Future (to be published in November 2011) we explain that the paper industry of the future will be a cluster of integrated activities and sectors. Our industry is a modern high-tech one with a traditional heritage. Our competitive edge is based on resource efficiency and on the sustainability credentials of our processes and products. Our future is based on the excellent knowledge that our industry possesses concerning one of the world's most important raw materials: wood. We have expertise in logistics of extracting wood from the forest and how to treat wood fibre. This knowledge is the foundation for a bio-based and sustainable future.

Thank you very much for your interest.
Brussels, November 2011

** Teresa Presas  
CEPI Director General**
and ICFPA President

** Berry Wiersum  
CEPI Chairman 2010-2011  
CEO Sappi Fine Paper Europe **

** Steps Management s.p.r.l., DG of CEPI **
THE FUTURE IS IN OUR HANDS
The paper sector is determined to be at the heart of the 2050 bio-economy. It is, after all, an essential platform for a range of bio-based products and a model for the recycling society. The future paper industry will be a cluster of integrated activities and sectors. New business models, products and services will complement the future use of printing and writing papers and meet the growing need for packaging and hygiene solutions.

We believe that the consumer of the future will choose to live in a bio-society. Operating around the living resource that is wood, which yields fibres and other useful substances, the paper sector is anticipating the future direction of society and consumer demands by developing new technologies and products to meet daily needs.

The paper sector’s carbon profile is defined by more than simple direct and indirect emissions. It creates products that can substitute carbon-intensive fossil fuel-based products, whether for construction, fuel, chemicals, packaging or other purposes. And it works within Europe’s forests, which, thanks to their continuous growth in volume and surface area, store carbon.

This reporting snapshot taken every two years shows how the European pulp and paper industry is maximizing its potential to promote the social, environmental and economic wellbeing of Europe’s citizens. In this respect, our ambition is for the European industry to lead the global pulp and paper sector. Staying faithful to our sustainability agenda is essential, even in difficult economic conditions. With this in mind CEPI is also an active participant in the creation of public policy developments. The current list of positions and press releases can be found on the CEPI website.

As a federation of national associations, whose members are corporate companies, we have to take additional steps to secure meaningful commitment. We are successful in this regard, however, as the many good examples of governance/compliance guidelines and compliance documents show:

- Recycling: European Declaration on Paper Recycling 70% recycling rate target in 2015 and design for environment
- Health & Safety /accident rate: zero accidents target
- Roadmap: how to get to -80 CO₂ in 2050
- Footprints: carbon footprint measuring framework, transport emission framework; water profile and preparation of water footprint.
- Industry guideline and GMP (Good Manufacturing Pracises): voluntary guidelines to harmonise rules for safe packaging for food

The paper industry is committed to improving its environmental performance and is moving towards being an important member of the bio-economy.

Key impacts, risks and opportunities for the pulp and paper industry

The economic health of the paper industry is of particular concern to the wide range of businesses that rely on paper-based products. Like any other organisation, CEPI is also experiencing pressure from wider environmental factors, namely economic, social, institutional, technological and demographic. It can influence these elements through the active management and integration that comes with the sector’s journey towards sustainability. In the context of health, safety and environment, these pressures and the sector’s responses can either be managed defensively, or pro-actively as essential steps for improved sustainability. CEPI is committed to the latter.

Future trends

In the past few years paper machines have been subject to constant improvements in design and construction which have further reduced the use of resources and environmental impact. This process can be expected to continue, particularly in smaller and older mills. As well as new low-carbon products, new advanced processes offer great hope for the future. These include improved mechanical pulping, lignoboost and biomass gasification. All these processes offer new ways to optimise the use of raw materials, improve energy efficiency and develop new products and applications based on pulp and paper.
2 SUSTAINING THE INDUSTRY through economic development
The paper industry plays a key role helping to add value and create jobs within a long value chain. The many sectors that use paper-based products or supply goods and services to the paper industry benefit considerably as a result.

- Turnover: €80.6 billion (2009: €70.7 billion)
- Production:
  - Paper and board: 96.5 million tonnes (2009: 89.3 million tonnes)
  - Market pulp: 12.7 million tonnes (2009: 11.6 million tonnes)
- Share of global production: 24.5% (2009: 24.1%)
- Companies: 683 (2009: 711)
- Mills: 998 (2009: 1029)
- Employees: 224,129 (2009: 229,569)
- Added value: €16 billion (2009: 15 billion)
- ROCE: 8.0% (2009: 1.2%)
- EBITDA: 13.2% (2009: 10%)
- Investments: 3.6 billion (2009: 3.7)

Paper and board consumption per capita has remained relatively stable in Europe compared to the US. The potential for higher consumption in emerging countries is substantial. New emerging markets offer a great opportunity for European companies. (Absolute figures can be found in the Annex on page 68)

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1 European paper industry’s contribution to the GDP
2 ROCE: Return On Capital Employed
3 EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation
4 Per capita consumption of paper and board here is a calculation taking the amount of paper and board consumed in each country (for this report the amount of paper and board delivered domestically by paper manufacturers plus imports) divided by the number of the population in that country. It cannot be assumed to be the average amount of finished paper and board or articles of paper and board used by an individual. Consumption by companies, and more broadly the whole economy, is included.
SUSTAINING THE INDUSTRY through economic development
Competitiveness and profitability

COMPETITIVENESS AND PROFITABILITY

Adopting sustainable practices comes with a “cost”, but it also gives companies a competitive advantage. The paper industry is a beacon of resource efficiency, use of recycled material and low water consumption.

Greater competitiveness and profitability is vital for the European pulp and paper industry as it adjusts to sterner market conditions and tighter regulations. The industry must be able to compete with ICT (Information and Communication Technologies) and with other packaging materials such as plastic in Europe. It also has to face increased competition from Brazil in pulp and from China in paper and board.

The latter half of the last decade turned out to be significantly less profitable for the European pulp and paper industry*. The recession in 2008/2009 saw profits decline to new lows. During the period 2000-2009, both ROCE and EBITDA ratios decreased and during the 2008/2009 recession ended noticeably below their average levels of the 1990s. The year 2010 saw a sharp improvement in profitability, however.

Fibres represent close to 50% of the cash manufacturing cost of the European pulp and paper industry*, while energy accounted for nearly 18% in 2010. Cash manufacturing percentages have not changed significantly over the past years.

Labour productivity has significantly increased over the years in Europe. **

* (EU15+NO +CH)
** (EU27+NO +CH)
After experiencing a sharp decrease in 2009 due to the economic crisis, the turnover of the pulp and paper industry bounced back in 2010. Investments, however, have contracted since 2007.

### Labour productivity: comparison between Europe and competing countries

Source: Pöyry

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### Investment * / turnover ratio in the pulp & paper industry, CEPI countries

Sources: CEPI, Eurostat

* Due to readjustments of figures by national associations and members states, historic figures might differ from the last report. Investments 2009 and 2010 have been estimated by CEPI extrapolating % changes of countries that have provided figures for 2009 and 2010 (71% of all CEPI countries)
Due to the huge investments made in China in recent years, the average age of its paper machines is now lower than those in Europe and the average size larger.

Economic pressures affecting the industry include its declining added value as a global commodity, and the challenge of investing when faced with increasing costs. Technological pressures vary from long investment cycles of up to 50 years, where sharp improvements in safety and environmental performance during the cycle are generally not possible, to developing new types of products. Social pressures range from reputation-related issues to the ability to attract skilled employees. Institutional pressures include the proliferation of more detailed and prescriptive ‘end-of-pipe regulation’ as opposed systematic management of issues based on performance.

Europe is a net exporter of paper and board: Brazil, China, Russia, Turkey and the US are the main export destinations. But Europe is a net importer of pulp: Brazil, Canada and the US are the main countries of origin. Some 95% of companies that buy wood in reporting countries had adopted a procurement policy with legal requirements attached in 2010, (more details on legal logging on page 28 of this report).

Operating conditions both inside and outside the EU must be improved to ensure that the European pulp and paper industry maintains its ability to compete on an equal footing. CEPI is calling for free access to raw material and markets, especially in response to attempts in recent years in some countries to adopt protectionist measures and restrict access to raw materials – e.g. the introduction of wood export duties in Russia. CEPI has been supporting WTO and Free-Trade Agreement negotiations and will continue to do so.

In 2009 and 2010 CEPI was actively involved in anti-dumping/anti-subsidy/safeguard investigations and has tried to resolve trade disputes in Brazil, China, India, Israel, the Philippines and Russia.

CEPI participated in the EU-Russia Dialogue on Industrial and Regulatory Issues with the EU Commission and will be also involved in the EU-Brazil Regulatory Dialogue initiative to be launched next year.
share of exports in European paper production
18% of the CEPI countries production is exported (17% in 2005); 82% is for the domestic market.
Source: CEPI

Management approach
Dedicated resources are employed to monitor international trade, economic activity and competition, and CEPI consistently promotes the competitiveness of the paper sector in Europe. The organisation has a designated director responsible for trade and competitiveness who reports to the Director General. He oversees the monitoring of economic KPIs and ensures that the statistics department collects and produces reliable and relevant data. The aim is to create a level-playing field for pulp and paper companies in Europe in trade and to support members with relevant European data. The Trade and Competitiveness Director at CEPI is closely involved with CEPI’s mission to promote the members’ business performance through specific actions, and by monitoring and analysing activities in the areas of industrial policy, transport and trade.

Trade Flows of Paper to and from CEPI countries in 2010
Total Imports to CEPI: 4.5 Million Tonnes
Total Exports from CEPI: 16.9 Million Tonnes

Trade Flows of Pulp to and from CEPI countries in 2010
Total Imports to CEPI: 8.0 Million Tonnes
Total Exports from CEPI: 2.3 Million Tonnes
Source: CEPI

Share of home deliveries in European paper consumption
Only 5% of the paper & board consumption in the CEPI area is imported (6% in 2005)
Source: CEPI

Share of exports in European paper production
18% of the CEPI countries production is exported (17% in 2005); 82% is for the domestic market.
Source: CEPI
A FOCUS ON RESOURCE EFFICIENCY AND INNOVATION
The flagship initiative “A resource-efficient Europe” is a key element of the EU’s 2020 Strategy. It supports a shift towards a resource-efficient, low-carbon economy to achieve sustainable growth.

The concept of resource efficiency aims to decouple economic growth from resource use. Unlocking new sources of growth requires coherent economic and social policies that take into account the efficient use of raw materials. The initiative’s focus on long-term sustainability will create a favourable climate for investment and innovation.

The challenge of fulfilling the EU’s resource-efficiency agenda is also a great opportunity, particularly for the pulp and paper industry. The industry has already focused strongly on recycling, and a framework has been adopted for the responsible use of materials.

94% of water used is returned to its source
**Strong record on efficiency**

The paper and pulp industry has made notable strides in its environmental performance over the past two decades. The industry has reduced its atmospheric emissions, effluent load, carbon footprint, water intake and energy use. Energy and resource efficiency is at the heart of the industry, which has become a beacon of best practice internationally.

During the period 1990 to 2010, for example, the European pulp and paper industry’s consumption of electricity and all primary energy fell steadily by 14%, thanks to more efficient processes and a use of cogeneration that sets the standard for other industries.

Moreover, the industry has invested more in effluent treatment technology than any other industrial sector in order to minimise its impact, and has been particularly successful in promoting the efficient use of chemicals. Efficient use of water has also led to great reductions in quantity of water the industry draws, with 94% of the water used in pulp and paper production returned cleaned to its source.

**Paper industry in the bio-economy**

The "bio-based economy" is a term that encapsulates the vision of a future society which no longer depends wholly on fossil fuels for energy and industrial raw materials. We cannot be sure when the world will begin to run out of fossil fuels, but as demand increases rising prices will focus attention on alternatives. Products based on renewable materials are being developed and will become increasingly competitive.

CEPI is at the heart of the EU level debates as the European paper industry is at the enabler of a bio-based economy.

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**ICT and Paper**

Paper and electronics can co-exist – the future is not either/or but and/and!

The paper industry is a big user of ICT. The papNet standard, which helps paper companies and their customers in their daily exchange of information, is a success story. The papNet standard is a powerful tool for organisations of all sizes, increasing productivity and delivering greater efficiency and reduced costs. These standards also enable strategic positioning in the market place and simplified and streamlined decision making.

To ensure informed debate on the issue of ICT and paper use and to provide a balanced perspective, CEPI asked Dr Peter Arnfalk of IIIEE at Lund University to conduct an objective report on the relationship between paper use and ICT and its environmental impact, which is often assumed to be negligible.

The author concluded that the environmental implications from substituting the use of paper with ICT, and vice-versa, aren't easily discerned. Digital and traditional paper-based versions can provide the same or equivalent service. In most cases the two options will be available and overlap. Paper and digital services look set to continue side by side.

www.cepi.org/publications
**Innovation**

In the field of research and innovation, CEPI focuses on all potential funding opportunities for the industry. One of the most important is Horizon 2020, the EU’s new framework programme for research and innovation which should offer new integrated financing instruments. It also puts the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT) under one umbrella.

CEPI is involved in the preparation phase of the innovation partnerships. All European partnerships being developed offer room for CEPI to explore – namely healthy ageing, raw materials, sustainable agriculture and water.

In 2010 CEPI organised an Innovation roundtable, where representatives of the main European pulp and paper research institutes exchanged their scientific results and shared thoughts on future innovation trends in the pulp and paper industry. The aim is to encourage more of this kind of information flow in the future, and CEPI plans for further similar initiatives to stimulate more discussion and action.

With the help of the Forest-based sector technology platform (FTP), the paper sector has benefited from the opportunities created by the EU’s 7th Framework Programme for Research. By 2010, the programme had granted some €187 million to fund research and innovation projects that aim to improve the performance and efficiency of the broader sector and promote innovative use of wood resources.

Closer coordination among different industrial sectors is part of CEPI’s agenda, specifically when concentrating on the most efficient use of resources. CEPI, Euratex (European textile and apparel industry association) and the European Commission met to explore potential opportunities for closer cooperation in the areas of future innovation and research.

**Nanotechnology**

Nanotechnology in pulp- and papermaking dates back to the 1970s and since then a lot of new research and innovation work has gone into it. Nanotechnology in papermaking can play a very important role in bringing about a technological transformation within the sector, offering new potential for product, process and service development. New levels of pulp and paper quality could be achieved, which could decrease the material input in papermaking and reduce energy consumption. Nano and micro devices could be integrated into the paper as well. Nanotechnologies are opening up a wide range of new opportunities for novel products and applications.

However, all materials in papermaking – cellulose fibres, starch and minerals – occur naturally in nano-scale and it is important that the legislative framework in the EU differentiates between nano-structures engineered intentionally and non-intentional nano-particles of natural materials.

**Best Practice**

Innovation trends in the forest-based sector.

CEPI together with the FTP (Forest-based Sector Technology Platform) published the ‘Innovation Trends Report’ which was launched at the European Parliament in 2010. The brochure gives an insight into latest product and process developments in the forest-based sector.
4 SUSTAINABLE PRODUCTS – SUSTAINABLE WORLD
The main families of paper products include packaging grades, graphic paper grades, tissue paper and speciality papers. In addition to these paper products, the industry is increasingly producing high value-added products and sophisticated materials for the textile, food and pharmaceutical industries, as well as bio-based fuels and chemicals.

With these traditional and new products, the European paper industry plays an important role in society, offering efficient manufactured, fully recyclable products made from renewable raw materials.

CEPI Paper & Board Production by Grade in 2010
Total: 96.5 Million Tonnes

90% of newspapers and corrugated boxes are made from recycled fibre
**GREENING PRODUCTS**

CEPI figures show that there has been a relative decoupling of economic growth and volume of paper consumption since 2000. The industry’s focus on designing lighter paper, producing ‘more with less’, has contributed greatly to this development. In short, paper of equivalent or even superior quality is now being produced using fewer resources. Since 2000, the growth (in tonnes of paper) in printing and packaging paper has decoupled from economic growth. This is due, in part, to using continuously lighter paper while achieving the same performance. Zero residues is the goal.

**European Declaration on Paper Recycling - a noteworthy example of resource efficiency**

“All have to play their part: consumers, industry, NGOs and public authorities, from the local to the European level. In that sense, the present Declaration represents a noteworthy example of what can be done in practice to improve resource efficiency at all stages of the paper lifecycle.

Since its adoption in 2000, the European Declaration on Paper Recycling has made a decisive contribution to achieving higher recovery and recycling rates. In many regards, the Declaration is remarkable: the approach is voluntary, yet since 2000 it has helped accomplish tangible progress in terms of recycling rates and prevention.

The Declaration has fostered dialogue among all actors along the entire value chain. It represents an integrated approach for achieving results, developing ad hoc research and carrying out development activities.”

MEASURING ENVIRONMENTAL IMPACTS

The European Commission is increasing environmental legislation for products on the market, mainly through increased harmonisation of EU product policy. CEPI therefore initiated an internal project to map existing paper product criteria used at the EU and national level for eco-labelling and public procurement schemes. The objective was to look at how they could be brought together at the European level and applied consistently to all measures, instead of having to start all over every time the Commission sets out a policy or new measures.

CEPI supports the pulp and paper industry’s efforts to reduce its environmental footprint. It published a guidance document “Ten toes” on the carbon footprinting in 2007 and is currently preparing guidance on water footprints for the sector. CEPI is also actively following the on-going development of environmental footprints.

The European Commission is assessing the value of footprinting tools for policymaking, in particular in the way they relate to the resource efficiency initiative. A pilot project is being carried out with participants from several sectors, including one CEPI member company.

SAFE PRODUCTS

An Industry Guideline for those paper and board packaging products which come in contact with food was published in 2010. This voluntary guide sets high standards for paper-based food-contact packaging and, for the first time, consolidates the rules for manufacturing paper for contact with food into one document.

An independent peer review stated in 2009 that this is an improvement on previous guidelines and legislation. “In our opinion, the current draft of Industry Guidelines has built successfully on a number of themes drawn out from pre-existing member state legislation and the Council of Europe resolution, with its key strengths being the clear rules it offers for the use of recycled fibres and multilayer materials. It also benefits from containing provisions relating to Good Manufacturing Practice and a Declaration of Compliance.”

(Peer review, 2009)

To complement the Industry Guideline, CEPI published in 2010 a completely revised Good Manufacturing Practice (GMP). This document is based on a risk assessment approach and helps to ensure compliance with the high standards set in the guideline.

By April 2011, just 11 months after its launch, 50% of the European packaging sectors had already implemented the guideline. The uptake of the guideline and the GMP will be monitored and the documents will be reviewed periodically to maintain their high standards.

CITPA created a video that helps explain these guidelines. Watch the video on the CITPA site:
www.citpa-europe.org

Management approach

In product policy, CEPI works to identify potential reduction of products’ environmental impacts. It strives to communicate the safety of paper products and deals with environmental labelling and footprinting. The Director at CEPI responsible for product policy reports to the Director General and works with the Technical Director and the Environmental Manager on product policy at European level.

Together with the association for paper converters (CITPA) the Product Director runs the Food Contact Strategy Group to integrate the value chain in a broader perspective. It contributes to a competitive legal framework for paper and board for food contact.
5 SECURING OUR RAW MATERIALS
The European paper industry uses mostly European raw materials unlike most other industrial sectors. Around 80% of the wood used by CEPI members comes from CEPI countries.

80% of the wood used by CEPI members comes from CEPI countries
RAW MATERIAL CONSUMPTION IN PAPERMAKING IN EUROPE

Raw Materials Consumption in the European Paper Industry

Utilisation of raw materials in papermaking reflects the increasing paper recycling rate in Europe. The utilisation of woodpulp has decreased in recent years, whereas the utilisation of paper for recycling has increased to pre-crisis levels. In the total raw material consumption of the European paper industry, paper for recycling represented 43.9% and woodpulp represented 40.4% with the rest being mainly non-fibrous materials.

When comparing 2009 and 2010 data for the origins of wood and pulp, the only notable change is the increase in consumption of pulp originating from Brazil.

Additives, fillers and chemicals

Paper and board consists predominantly of cellulose fibres, naturally occurring minerals such as calcium carbonate and natural polymers such as starch.

The use of the non-fibrous raw materials has increased, a development that has allowed for a more efficient use of fibres and improvements in the functionalities of finished paper products. The increasing use of calcium carbonate is especially significant. In 2010 more than half of the non-fibrous material used in the paper industry was calcium carbonate.

There are only negligible changes in the percentages when comparing 2009/2010.
WOOD – THE RENEWABLE RESOURCE

Forest management

Policymakers have increasingly focused on Europe’s forests in recent years. In 2010 the EU produced a green paper on ‘Forest Protection and Information in the EU: Preparing forests for climate change’ that aims to improve the coherence of forest-related policies in Europe.

Moreover, the European Commission is currently reviewing its 1998 forest strategy and a new forest action plan is anticipated.

The EU’s timber regulation “laying down the obligations of operators placing timber products on the EU market” aims to prevent wood entering the market from illegal sources from 2013.

CEPI is contributing to these policy initiatives. The ongoing discussion on the future of the Common Agricultural Policy post-2014, in particular, represents a unique opportunity to increase the amount of available biomass and its mobilisation in Europe. Also, the EU’s timber regulation “laying down the obligations of operators placing timber products on the EU market” aims to prevent wood entering the market from illegal sources from 2013.

The recently published report ‘State of Europe’s forests’ highlighted some encouraging findings in CEPI member countries:

- forest growth 2005-2010 : 512,000 hectares
- carbon stored in forest biomass, deadwood and soil in 2010: 21.2 billion tonnes

2011 is the International Year of Forests, which CEPI was proud to support.
Code of Conduct on Legal Logging:

In 2010 the EU Timber Regulation was adopted. This regulation will make the placing in the market of illegally logged timber and products derived from it illegal. Companies placing timber and timber products in the market will need to have a due diligence system in place to demonstrate they procure timber and timber products from legal sources. The regulation comes into force in 2013.

Illegal logging is distorting markets for legal products and damaging the image of the wood-based industries. Without waiting for a legislative response, CEPI introduced in 2005 a Code of Conduct on Legal Logging, which includes six principles. It was endorsed by all national associations and its implementation began in 2008. Chain-of-Custody systems and other third-party verified tracking systems are increasingly used to demonstrate the legality of purchased wood.

Below the 2010 figures*:

**Principle 1 – Compliance with the law in logging**
95% of companies that buy wood in reporting countries had adopted a procurement policy with a legality requirement, and they all make their suppliers aware of it.

**Principle 2 – Compliance with the law in purchasing**
90% of the companies have wood purchasing contracts including a clause on the legal origin of wood. There have been cases, albeit rare, of court decisions on illegal logging that led to corrective measures. This includes unintended destruction of biotopes and mistakes in documentation.

**Principle 3 – Conformance with Environmental Management System principles**
In 50% of the reporting countries, 100% of the companies have their wood procurement organisation ISO/EMAS certified and the share of non-ISO/EMAS certified wood procurement organisations doesn’t rise above 40% in any country. The companies not using ISO/EMAS have specific procedures to ensure legality.

**Principle 4 – Documentation/evidence**
95% of companies use tracing systems, all of which are third party verified.

More than 90% of companies have their wood supply chain covered by chain of custody for wood sourced from certified forests or by FSC Controlled wood/PEFC Guidance for the Avoidance of Controversial Sources for wood sourced from uncertified sources.

95% of the companies have the relevant documentation relating to the origin of non-certified purchasing.

**Principle 5 – Documentation accessibility**
Wood procurement documents are maintained by 95% of companies and 65% publicise details of their wood procurement practices in their reports.

**Principle 6 – Education & Training**
Legality is part of the education and training programmes in 80% of the wood-buying companies.

* Reporting countries are: Austria, Finland, France, Germany, Netherlands, Norway, Portugal and Sweden.
61.6% wood virgin fibre used by the industry is certified, 5% more than in 2008
Forest Certification:
Forest Certification is increasingly used to prove that the wood procured in the European paper industry comes from sustainably managed forests. Recently, the two main systems operating in Europe have included recycled content in their certification policy.

CEPI is a member of the two main certification bodies (FSC and PEFC) and it reports on certification every two years. The reporting has been expanded to cover more details. One major change in reporting is the addition of recycling in order to reflect developments in the certification systems. The data now covers 90% of the paper production capacity (which is the maximum theoretical production potential) and includes also paper mills that use paper for recycling as their main raw material.

99.9% of company-owned and company-leased forests in Europe are certified by independent certification schemes. (2008: 82%)

92.2% of forests managed by European pulp and paper companies are certified by independent forest management certification schemes. (2008: n.a.)

61.6% of wood, chips and sawmill by-products delivered to European mills are certified by independent forest management certification schemes and can be counted in the companies' chain of custody. (2008: 56%)

71.1% of pulp delivered to paper and board mills in Europe is certified by independent forest management certification schemes and the mills can count this in their own chain of custody. (2008: 69%)

96.3% of market pulp production capacity is covered by chain of custody certification (2008: 90%)

70.6% of market pulp production is forest management certified and could be chain of custody certified. (2008: n.a.)

60.9% of market pulp is actually sold with a chain of custody certificate enabling further labelling (2008: 53%).

69.5% of total paper, tissue and board production capacity is chain of custody certified. (2008: 76%)

55.3% of total paper, tissue and board produced is chain of custody certified. (2008: n.a.)

25.6% of total paper, tissue and board is sold with a chain of custody certificate enabling further labelling. (2008: 13%)

41.5% of paper, tissue and board production capacity based on 100% paper for recycling is chain of custody certified. (2008: n.a.)

40.1% of paper, tissue and board production on 100% paper for recycling is chain of custody certified (2008: n.a.)

Forest certification systems
Several systems promote sustainable forestry practices through the certification of forests and the chain of custody. These systems, which are independently audited by third parties, ensure standards are constantly improved and updated.

Two main certification systems were established in the 1990s and operate in Europe:

Forest Stewardship Council (FSC) – 1993
Certified surfaces – Globally: 140 979 357 ha, CEPI 19: 23 238 991
Number of chain of custody certificates – Globally: 19935; CEPI 19: 8705
www.fsc.org

The Programme for the Endorsement of Forest Certification (PEFC) – 1999
Certified surfaces – Globally: 231 855 875 ha, CEPI 19: 60 169 000
Number of chain of custody certificates – Globally: 7970; CEPI 19: 6434
www.pefc.org

CEPI is a member of both certification schemes and helps define the principles and rules. Both certification schemes also certify products based on recycled fibres.
Biodiversity
The launch of the Best Practices Guide ‘Sharing Experiences: Promoting Biodiversity in the European Pulp and Paper Industry’ in 2009, was a great success. Following its publication, CEPI was selected to be a partner for the UN International Year of Biodiversity 2010 as well as in the European Union Business & Biodiversity platform. CEPI has created a website further to promote the best practices outlined in the guide.

www.forestbiodiversity.org

Best practice
CEPI provided expertise and support for the content of this guidance published in 2010 by Forest Europe, the European Commission and the UN (United Nations Economic Commission for Europe / Food and Agriculture Organisation of the United Nations). This Good Practice Guidance on the ‘Sustainable Mobilisation of Wood in Europe’ provides examples to assist policymakers and practitioners in adopting and supporting similar measures.


Biomass
The European paper industry contributes more than a fifth of Europe’s biomass-based energy production, most of which is used to cover the sector’s own energy needs. As a result it is affected by, but also contributes to the success of, EU climate and energy policies. Restrictions on the availability of wood generate tensions on the feedstock markets and pose a risk to the supply of raw materials.

CEPI (including the above mentioned 11 countries) declared in 2003 its intention to increase the share of biomass from 49% to 56% in its on-site total primary energy consumption for on-site heat and power production (year of reference is 2001). This share has increased to 54.5% in 2009 and has reached 54% in 2010.

During the declaration period, the European pulp and paper industry has enhanced the use of bio-energy by investing heavily in CHP/recovery boilers, biomass boilers, heat recovery projects and other energy efficiency projects. Thanks to these investments, the share of biomass in the European Paper Industry’s total primary energy consumption has increased constantly.

However, the target initially formulated of 56% has not yet been reached: during the 2009-2010 financial crisis, several mills closed down. Biomass-based kraft pulp mills were more affected than natural gas based recycling mills.

Throughout the declaration period, the European pulp and paper industry has continued to play an important role in overall European bio-energy production. The report on biomass-based energy use in the European pulp and paper Industry in 2009 and 2010 will be available in the first quarter of 2012.

<table>
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<tr>
<th>2003 Declaration of Intent on RES*</th>
<th>2001</th>
<th>2002</th>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tbody>
<tr>
<td>Biomass Use (%)*</td>
<td>49.3</td>
<td>52.5</td>
<td>51.9</td>
<td>52.4</td>
<td>52.3</td>
<td>52.9</td>
<td>53.7</td>
<td>53.9</td>
<td>54.5</td>
<td>54.0</td>
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* The following CEPI countries took part in the declaration: Austria, Belgium, Finland, France, Germany, Italy, Netherlands, Norway, Portugal, Spain and Sweden
Source: CEPI
Management approach - Wood

Securing raw materials is a very important issue for CEPI, and CEPI’s Forest Director and Raw Materials Manager are responsible for developing and managing activities and policies related to forestry. Together with his colleagues and the Forest Committee or experts from national paper associations and paper companies, the Forest Director works to develop and implement clear and well-defined activities on behalf of the industry.

All activities proposed are scrutinised and eventually adopted by the CEPI Board. An important role is to monitor forest-related key performance indicators (KPIs), which CEPI reports on every two years.

Among the priorities for the Forest Committee is the topic of bio-energy, where it raises awareness about the competition between wood biomass and raw material, identify concrete measures to better mobilise wood and improve agricultural responsiveness to the energy challenges. As described above, certification, biodiversity and the follow up of the Legal Logging Code of Conduct are also among the main tasks of the Forest Committee and the Forestry department within CEPI.

European Recovered Paper Council (ERPC)

The ERPC has been working since 2000 to promote paper recycling: since 2006 the ERPC has represented, in a unique way, the relevant industry sectors along the whole paper value chain and the entire lifecycle.
What happened in 2009?

The economic recession which started in late 2008 continued in 2009 and 2010. As with any other statistics, those years should not be considered representative for the European paper recycling rate. Although paper consumption in 2010 was not as low as the year before (equal to consumption level of 1997), it was still much lower than before the economic recession started. As the recycling rate is the ratio between the recycling and the consumption of paper, the atypical fall in consumption – whereas the recycling continued at high levels – resulted in unexpectedly high recycling rates both in 2009 and 2010. This effect will even out in the coming months and years and the paper value chain will return to the normal trend.

The work of the ERPC is particularly focused on design for environment and recyclability. It has adopted science-based scorecards for assessing the deinkability and ease of adhesives removal from printed paper products. The ERPC publishes an annual monitoring report on progress made towards quantitative and qualitative targets.

This industry-led move towards a circular economy, covering the whole lifecycle of the material, relies on a level of cooperation unmatched in any other industry. It is an approach founded on waste hierarchy and resource efficiency, and thus reflects the priorities of the European Commission and the political ideals of the green economy.

Every two years the ERPC organises the European Paper Recycling Awards, an event which has been held three times. A new European Declaration on Paper Recycling was launched in September 2011, which sets a target of a 70% recycling rate by 2015 and focuses on resource efficiency. The new Declaration also defines the policy conditions needed to achieve higher recycling rates.

European Paper Recycling Rate - 69%

Recycling Rate in World Regions in 2010

The EU is world champion in paper recycling

Source: CEPI, Pöyry, RISI
Recycling and FSC
At the Forest Stewardship Council’s General Assembly in June 2011 in Malaysia, CEPI proposed a motion to abolish the distinction between pre- and post-consumer waste in recycled paper products, which was passed. As a result, FSC will carry out a study on how best to place and value pre-consumer paper within FSC paper products.

European Recovered Paper Identification System
The European Recovered Paper Identification System was introduced in 2009 to demonstrate and improve the traceability of paper for recycling in the supply chain. A unique supplier code is used to ensure traceability and guarantee confidentiality at the same time. More than 600 suppliers have registered with the system in the meantime and currently more than 30% of paper bales for recycling arriving at mills are marked with the supplier code.

Threats to paper recycling in Europe
Paper recycling is a perfect example of resource efficiency and the industry has both ecologic and economic reasons to keep raising the bar. However, some developments may hamper paper recycling in Europe. Firstly, in waste collection, the organic fibres, which paper contains can be contaminated by other materials, if paper is not collected separately. From this perspective, it is essential that the obligation in the 2008 Waste Directive to collect paper and some other materials separately by 2015 in all member states is observed.

Likewise, the supply of suitable paper for recycling is threatened by its energy generation potential, particularly if targets for biomass are linked to incineration. In our view, incineration should be the final destination for fibre, once all possibilities for creating value through paper products have been exhausted.

An additional threat to paper recyclers in Europe is the growing export of recovered paper to Asia. Increased collection rates are needed to match any rise in exports.
Best Practice

Recycling of Beverage Cartons - ProjectCLEAN

ProjectCLEAN is a highly innovative project that was set up with one purpose in mind: to develop a recycling solution for a waste stream that too often went unrecycled plastic-aluminium laminates used for beverage cartons. The project was launched by Stora Enso Barcelona and the engineering firm Alucha. The goal of the project was to use jointly developed technology and build and operate Europe’s first facility that can fully recycle beverage cartons.

Management approach – Paper for recycling

Securing raw materials is a very important issue for CEPI. The organisation’s Recycling Director and the Raw Materials Manager are responsible for developing and managing activities and policies related to paper recycling. The Recycling Director works with his colleagues and the Recycling committees, which comprise experts from national paper associations and paper companies, to develop and implement clear and well-defined activities on behalf of the industry.

All proposed activities are scrutinised and eventually adopted by the CEPI Board. An important role is to monitor recycling-related key performance indicators (KPIs), on which CEPI reports every two years.

The recycling department, together with the recycling Committee, works to ensure the availability of the required quantities of good quality paper for recycling at an affordable cost. It also collaborates with standardisation bodies to improve standards and founded the European Recovered Paper Council to improve paper recycling still further. Every two years the European Paper Recycling Awards are organised, which has the benefit of creating a pool of best practice cases for others to copy and disseminate. The European Declaration on Paper Recycling set a target of 70% recycling rate for 2015.

In many regards, the [European] Declaration [on Paper Recycling] is remarkable: the approach is voluntary, yet since 2000 it has helped accomplish tangible progress in terms of recycling rates and prevention.”

Janez Potočnik,
European Commissioner for Environment*

* Foreword of the European Declaration on Paper Recycling
6 SUSTAINABLE OPERATIONS
Working for the environment
TOWARDS GREENER PRODUCTION

Over the past two decades (1991-2010), paper production has increased considerably in CEPI member countries – a 46% increase has been achieved during this period. While the use of virgin fibre increased by 19%, recycled fibre use has nearly doubled (89% increase) in the same time period.

Total fuel usage increased by 26%, while electricity use increased by 16% – both percentages are below the increase in production. In other words, the industry has raised its resource productivity.

The constant start-ups and shut-downs during the economic turmoil of recent years temporarily increased the level of emissions from paper manufacturing, yet the overall improvements in the paper industry emission levels remain remarkable: two digit reductions in all emissions in the past 20 years, and up to a 95% cut in AOX.

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<tr>
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<tr>
<td>Specific Electricity Consumption (MWh/t)</td>
<td>- 15.1</td>
<td>- 6.0</td>
</tr>
<tr>
<td>Specific DIRECT CO₂ (kt CO₂ / kt of product)</td>
<td>- 40.4</td>
<td>- 20.0</td>
</tr>
<tr>
<td>Specific INDIRECT CO₂ (kt CO₂ / kt of product)</td>
<td>- 51.5</td>
<td>- 33.7</td>
</tr>
<tr>
<td>Specific amount of residues landfilled (kg/t of product)</td>
<td>- 80.2</td>
<td>- 53.0</td>
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<tr>
<td>Specific BOD (kg/t of product)</td>
<td>- 83.2</td>
<td>- 47.3</td>
</tr>
<tr>
<td>Specific COD (kg/t of product)</td>
<td>- 76.5</td>
<td>- 31.3</td>
</tr>
<tr>
<td>Specific AOX (kg/t of product)</td>
<td>- 95.0</td>
<td>- 40.2</td>
</tr>
<tr>
<td>Specific SO₂ Emissions (kg SO₂ /t of product)</td>
<td>- 86.1</td>
<td>- 43.0</td>
</tr>
<tr>
<td>Specific NOₓ Emissions (kg NOₓ /t of product)</td>
<td>- 34.9</td>
<td>- 5.3</td>
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</table>
Environmental management in mills

By systematically managing the environmental impact of pulp and paper manufacture, along with that of its related activities and the products and services produced, overall environmental performance continually improves. Within CEPI membership*, 90% of production capacity is certified or registered according to the internationally recognised environmental management standards ISO 14001 and EMAS. This is an increase of more than 5% during the last five years. In 2003, CEPI pledged the aspirational goal to have all pulp and paper mill in CEPI member countries certified to an internationally recognised environmental management system.

CEPI’s work with BREF

The reference document for best available techniques (BAT) for pulp and paper manufacturing, the so called BREF-PP document, is under review by the European IPPC (Integrated Pollution Prevention Control) Bureau of the European Commission. The revision process started in 2006 but finalisation of the document has been delayed. CEPI is engaged in the revision work, coordinating the pulp and paper industry and providing support to the technical bureau in Seville. In early 2011, the new Industrial Emission Directive 2010/75/EU (IED) was adopted, making legally binding BAT conclusions presented in the BREFs for manufacturing in the EU. The directive also sets associated operating requirements on environmentally related emission and consumption levels. The new BAT conclusions for the pulp and paper industry are expected to be adopted by the EU in 2013 followed by a four year implementation process by member states.

Paper Production: Decoupled Growth Levels and Environmental Impacts

Continuous improvements in the paper industry’s environmental performance are part of the commitment to environmental management systems that are present in almost all paper mills in Europe. Performance across a range of environmental indicators has improved in spite of reduced production following the economic crisis. The graph shows a reduction in the industry’s total environmental impact as well as a relative decoupling of production and environmental impact of the industry, i.e. an efficiency improvement has been achieved.

90% of production capacity has environmental management certification

* Due to missing data, not included: Italy, Poland, Portugal and Switzerland.

** excluding Switzerland
Energy

The industry has focused on energy consumption for years. Energy efficiency is seen as the core of good mill performance. It takes centre stage in the performance assessments of machines, mills and countries. The effect of rising energy costs surpasses that of any policy incentive. In the past two years the industry has seen that aside from reductions due to incremental efficiency improvements, the general energy consumption among EU pulp- and papermakers closely followed the decrease in production due to the economic crisis. The key challenge of these economic hard times has been the lower capacity utilisation of machines, with consequent reductions in efficiency per tonne of product produced. Pulp and paper companies have found ways to overcome this aspect of the crisis, by maintaining efficiency, despite lower capacity utilisation.

The industry has become more self-sufficient. The mix of fuel it uses has continued to evolve, with most mills producing much of their electricity and most of their heat on site. More and more electricity is supplied to the national grid, too. Specific coal and fuel oil consumption has decreased, while the consumption of gas and biomass has increased. This has been driven by the installation of new biomass boilers in mills across Europe. Overall, more than half of the EU pulp and paper industry total primary energy consumption is based on biomass, which corresponds to one fifth of the bio-energy produced in Europe.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Specific Primary Energy Consumption (TJ/kt)</th>
<th>Specific Fuels Consumption (TJ/kt)</th>
<th>Specific Net Bought Electricity (TJ/kt)</th>
<th>Specific Electricity Consumption (MWh/t)</th>
<th>% of electricity produced through CHP compared to total on-site electricity generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>16.07</td>
<td>13.08</td>
<td>2.99</td>
<td>1.24</td>
<td>88.12</td>
</tr>
<tr>
<td>2000</td>
<td>13.99</td>
<td>11.46</td>
<td>2.53</td>
<td>1.12</td>
<td>90.09</td>
</tr>
<tr>
<td>2005</td>
<td>13.60</td>
<td>11.47</td>
<td>2.14</td>
<td>1.04</td>
<td>95.48</td>
</tr>
<tr>
<td>2008</td>
<td>13.55</td>
<td>11.52</td>
<td>2.03</td>
<td>1.04</td>
<td>94.28</td>
</tr>
<tr>
<td>2009</td>
<td>14.05</td>
<td>12.10</td>
<td>1.95</td>
<td>1.05</td>
<td>94.22</td>
</tr>
<tr>
<td>2010</td>
<td>13.87</td>
<td>11.97</td>
<td>1.90</td>
<td>1.05</td>
<td>95.31</td>
</tr>
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</table>

Evolution of Energy Consumption Structure
Further improvement – The Strategic Energy Technology plan
Under the European Commission's Strategic Energy Technology (SET) plan, the pulp and paper industry is developing a European Industrial Initiative to explore new technologies and processes for improving the sector’s energy efficiency. Through this initiative, CEPI aims to develop a structured process of technological development in the sector, supported by the SET plan funding mechanisms.

Management approach – Energy
The paper industry is energy intensive, so energy is a subject high on CEPI’s agenda. CEPI’s Energy Director and Energy Manager have responsibility for developing and managing activities and policies related to energy issues. The Energy Director works with his CEPI colleagues and the Energy and Climate change committee, which comprises experts from national paper associations and the industry, to develop and implement clear and well-defined initiatives on behalf of the industry.

All activities proposed are scrutinised and eventually adopted by the CEPI Board. An important role is to monitor energy related key performance indicators (KPIs), which CEPI reports on every two years. A major element of their work over the past two years has included the Emissions trading system determination of benchmarks, but also discussions on energy efficiency and the Renewable Energy Sources legislation.

CLIMATE CHANGE AND EMISSIONS
Although the sector is energy intensive, it is relatively less carbon intensive. Still, climate change policies are a central issue for the sector. The pulp and paper industry operates at the crossroads of CO\textsubscript{2} reduction policies, renewable energy policy and energy efficiency policy.

The sector’s emission profile consists of direct emissions from combustion of energy sources on site, indirect emissions from electricity purchased from the grid and, to a limited extent, heat purchased from third parties.

The sector itself has one characteristic which sets it apart from most other sectors. The use of bio-energy has a dramatic effect on emission profile as the CO\textsubscript{2} emissions from biomass (for CEPI around 64 Mt in 2010) are considered carbon neutral by the IPCC (Intergovernmental Panel on Climate Change). The potential to use energy from carbon neutral renewable sources which can substitute fossil carbon fuels and products, and this is indisputably an asset to the sector. Pulp and paper emit carbon, store carbon and substitute fossil carbon. The carbon storage by the managed forests from which our raw material is sourced is another substantial asset, which needs to be taken into account when analysing the CO\textsubscript{2} impact of the forest fibre sector as a whole.

Carbon cycle
Direct CO\textsubscript{2} emission produced by pulp and paper in CEPI countries has decreased in the last two years from 37.26 mega tonnes in 2008 to 34.37 mega tonnes in 2009 and 36.03 mega tonnes in 2010. This is a continuation of the downward trend, which goes hand-in-hand with the fuel mix change and efficiency improvements. However, the specific CO\textsubscript{2} emissions per kilo tonne of product remained stable at 0.34 tCO\textsubscript{2}/t of product, which is a key achievement in times when capacities of machines were, of necessity, underused.
Central to our view of the sector is the carbon cycle, which displays all the different aspects of our carbon profile come forward, from the management of the forests, to the harvested wood products produced, the energy produced and consumed and the recycling loop using the forest fibre as many times as possible, before the biomass is used to produce energy replacing fossil fuels.

### Direct fossil CO₂ Emissions *

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<tbody>
<tr>
<td><strong>Absolute</strong> (Mega tonnes)</td>
<td>39.89</td>
<td>41.94</td>
<td>41.38</td>
<td>38.13</td>
<td>34.37</td>
<td>36.03</td>
</tr>
<tr>
<td><strong>Specific</strong> (kt CO₂ / kt of product)</td>
<td>0.57</td>
<td>0.42</td>
<td>0.38</td>
<td>0.35</td>
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### Indirect CO₂ Emissions from electricity *

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<tr>
<td><strong>Absolute</strong> (Mega tonnes)</td>
<td>14.50</td>
<td>14.95</td>
<td>12.24</td>
<td>12.21</td>
<td>10.38</td>
<td>10.60</td>
</tr>
<tr>
<td><strong>Specific</strong> (kt CO₂ / kt of product)</td>
<td>0.20</td>
<td>0.15</td>
<td>0.11</td>
<td>0.11</td>
<td>0.10</td>
<td>0.10</td>
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* excluding Switzerland
Emissions trading

Almost all pulp and paper mills are part of the EU Emission Trading System, the EU ETS. Just over 1,000 installations have been permitted within this scheme, which has been in place since 2005. In 2009 and 2010 CEPI was closely involved in the implementation phase of the new rules for emission trading which come into force from 2013. The mill’s emissions have to be covered by emission credits, which are partly received for free and partly have to be bought at government auctions. In recent years a common methodology has been developed by the Commission and member states for the third trading period, 2013-2020. According to the legislative framework that sets the new allocation rules, CO₂ allowances for the pulp and paper industry are based on benchmarks, which are set for the top 10% of installations in every pulp and paper grade in terms of CO₂ emissions.

These benchmarks represent the emissions from heat consumption in the mills per tonne of pulp and paper produced. As the sector is recognised as globally operating and prone to international competition (carbon leakage), mills will receive a volume representing 100% of the benchmark identified benchmark values for free. Remaining emissions for heat and electricity production will have to be matched by credits bought at the CO₂ market or government auctions. This is a burden which competing countries around the world do not have to carry. The European Commission oversees the only region in the world where there is a set target for all industrial sectors to reduce CO₂ emissions by 21% by 2020 compared with 2005 levels. CEPI aims to find the balance between international competitiveness and further improving the sector’s emission performance.

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<tr>
<td>Specific SO₂ Emissions (kg SO₂/t of product)</td>
<td>1.69</td>
<td>0.41</td>
<td>0.33</td>
<td>0.28</td>
<td>0.27</td>
<td>0.24</td>
</tr>
<tr>
<td>Specific NOX Emissions (kg NOX/t of product)</td>
<td>1.31</td>
<td>0.90</td>
<td>0.83</td>
<td>0.82</td>
<td>0.86</td>
<td>0.85</td>
</tr>
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</table>

The emissions of SO₂ in the paper industry are directly connected to the use of specific fossil fuels, e.g. coal, fuel oil. The continuous reduction of SO₂ emissions in the last years correlates with the fuel mix change happening in the sector, e.g. the higher shares of natural gas and biomass use.

NOX emissions into the air occur from energy production (fuel conversion) in all mills and recovery boilers in pulp mills. NOX emissions occur however also from natural gas and biomass use. The emissions of NOX (and CO) have a strong correlation with the efficiency of the processes. The more efficient the process, the smaller the emissions per tonne of product. The fact that specific emissions per tonne of product have increased slightly is probably a direct cause the sector during the economic crisis – an inefficient use of the installations as they could not be used to their full capacity.

86% less SO₂ since 1990

* Excluding Switzerland
WASTE AND RESIDUES

Waste streams
Production residues can be measured per tonne of finished product. Reducing this level will increase resource efficiency and help avoid greenhouse gas emissions. During the past decade, industry residues to landfill fell from 32.3 kg/tonne to 15.2 kg/tonne of product, a reduction of 53%. Between 1990 and 2010 the reduction was 80%.

Research on waste streams from paper production has revealed that they contain useful elements for producing value-added products or energy. Some paper producers are already capitalising on the opportunities that waste streams provide. But even current best practices are still far from gaining maximum value from paper sources. CEPI is investigating possible recovery options and examining these in terms of sustainability in the light of existing legislative restrictions.

80% reduction in residues sent to landfill

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</tr>
</thead>
<tbody>
<tr>
<td>Landfilled residues (kg/t of product)</td>
<td>76.70</td>
<td>32.28</td>
<td>20.30</td>
<td>17.73</td>
<td>16.79</td>
<td>15.17</td>
<td>-80.2%</td>
<td>-53.0%</td>
</tr>
</tbody>
</table>

Recovery or disposal methods for by-products in 2008

<table>
<thead>
<tr>
<th>Method</th>
<th>Total by-streams</th>
<th>Landfill</th>
<th>Incineration with energy recovery</th>
<th>Other</th>
<th>Reuse in industrial processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (kton)</td>
<td>7.469</td>
<td>305</td>
<td>3.281</td>
<td>1.523</td>
<td>2.053</td>
</tr>
<tr>
<td>% Of total</td>
<td>100%</td>
<td>4%</td>
<td>46%</td>
<td>21%</td>
<td>29%</td>
</tr>
</tbody>
</table>

An overview of the current use of the solid by-streams in CEPI countries
Source: “Maximum value from recovered paper: Towards a multi-product paper mill” Study commissioned by CEPI including CEPI figures and other peer reviewed sources.
**WATER**

Interest in our water resources has increased significantly in recent years. Fresh water extraction, scarcity and drought, and water efficiency are topics receiving a high level of policy attention. Policymakers view water sustainability as a useful indicator of climate change adaptation and CEPI paid close attention to recent developments and policy debates.

Private initiatives on water stewardship, management standards and footprinting calculations are proliferating. CEPI participates in various forums related to water use, namely the Alliance for Water Stewardship, the European Water Partnership and the Water Footprint Network. The European pulp and paper industry has focused to date on water abstraction by mills. The trend during the past two decades indicates a reduction in freshwater withdrawal, by 20% in total volume and by 47% when calculated as a specific value m³/t of product. In 2010, the specific freshwater water value was around 35 m³ per tonne of product produced.

Water issues are local and carry different weight across Europe. Starting from a local mill level, but with the entire value-chain of the paper product in mind, CEPI together with NCASI* developed new definitions on water use with a local perspective. CEPI data was recalculated and analysed to create a profile of the water used for manufacturing pulp and paper products in CEPI member countries based on 2008 data.

In 2008, the pulp and paper industry within CEPI member countries withdrew approximately 4,000 million m³ of water from surface and ground water sources; of which 94% of were returned to surface water supplies. The CEPI member companies rely on ground water sources for about 9% of their total water withdrawals.

Water consumption – the sum of evaporative losses from process operation and secondary waste treatment, water in solid residuals and water in products – amounts to 312 million m³, or 7.9% of water abstracted. The amount of water in wood, recycled paper, and purchased chemicals is small, around a quarter of the consumptive water losses.

European pulp and paper companies manage and improve efficiency of the water resources used at mills and the water abstracted from surface and ground waters. In doing so, they will continue analysing water availability, environmental impact at a local level and associated risks. The analysis will include an improved reporting mechanism on water following the new modelling by NCASI.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BOD (kg/t of product)</td>
<td>5.29</td>
<td>1.69</td>
<td>1.03</td>
<td>0.87</td>
<td>0.90</td>
<td>0.89</td>
</tr>
<tr>
<td>COD (kg/t of product)</td>
<td>26.57</td>
<td>9.11</td>
<td>6.60</td>
<td>6.24</td>
<td>6.31</td>
<td>6.26</td>
</tr>
<tr>
<td>AOX (kg/t of product)</td>
<td>0.577</td>
<td>0.048</td>
<td>0.031</td>
<td>0.030</td>
<td>0.030</td>
<td>0.029</td>
</tr>
</tbody>
</table>

* National Council for Air and Stream Improvement is an independent, non-profit research institute that focuses on environmental topics of interest to the forest products industry
** Excluding Switzerland

95% reduction in AOX per tonne of product since 1990
Water profile

Water Profile for the pulp and paper industry for CEPI member countries in 2008 (values in million m$^3$)

Source: NCASI report
**TRANSPORT**

**Minimising transport impact**

The European paper industry is looking for cost-efficient, flexible and sustainable transport solutions to the main challenges that it faces – i.e. congestion, increasing emissions and rising costs.

The European paper industry makes use of the three basic modes of transport – rail, road and water - but as with many industry sectors, road transport is the main mode for European distribution.

The service delivered by rail freight companies in most EU countries is defined by high cost, poor reliability and fragmented networks, a situation which continues to deteriorate. It is therefore unsurprising that rail freight has lost market share to road transportation. A vast majority of the yearly 300 million tonnes of the paper industry raw materials and finished products are transported by road in Europe.

Around 55% of road transport journeys are long distance trips, 30% are within a region and the remainder are local distance. Road transport provides flexibility in terms of departure time and destination, and it is the fastest mode of transport for distances up to about 500 km.

Five million tonnes of CO₂ emitted by the European pulp and paper industry are attributable to transport-related activities. This represents 0.4% of the total emissions related to transport in Europe. Any measure taken by the transport sector to reduce significantly its greenhouse gas emissions will decrease the transport footprint of the pulp and paper industry and improve its overall sustainability.

In 2010, CEPI launched the ‘Transport Carbon Footprint Assessment Guidelines’, which aims to help European pulp and paper companies assess their transport carbon footprint in a manner which harmonises with similar tools in other areas of activity.

**In need of higher efficiency**

Transport and logistics costs average 10% of turnover and cost increases are expected in the coming years due to higher fuel prices, further internalisation of external costs, increasing congestion and rising road charging – the Eurovignette Directive – as well as stricter safety standards.

All modes of transport should strive for efficiency. For road transport, higher weight and dimensions limits for trucks and promotion of the European Modular System – a system that allows a highly flexible combination of loading units – would definitely improve efficiency and reduce GHG emissions.

**Best practice**

**Green Care Transport – a pilot project launched by SCA.**

The objective of the project is to reduce the environmental impact of European transport by developing a sustainable collaboration model for shippers and hauliers to make structural improvements. It aims to decrease CO₂ emissions by a minimum of 3% per haulier per year and some structural improvement on CO₂ emission that will lead to:

- Continuous technical improvements and a reduction of CO₂ emissions.
- A switch to intermodal transport.
- A reduction in the amount of empty runs. Managing the empty runs in a vertical and horizontal collaboration model will reduce the number of empty kilometers and CO₂ emission as well as road congestion.
- Greater responsibility for unavoidable emissions.

Green Care Transport® is the first open programme that helps shippers to play a major role in regularly assessing definite CO₂ targets.

<table>
<thead>
<tr>
<th>Total Loads moved by the European paper industry in 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulpwood</td>
</tr>
<tr>
<td>Paper for recycling</td>
</tr>
<tr>
<td>Non-fibrous raw materials</td>
</tr>
<tr>
<td>Market pulp</td>
</tr>
<tr>
<td>Finished paper and board</td>
</tr>
</tbody>
</table>

with exports of 16.9 million tonnes

Source: CEPI
Maritime transport emission and the IMO

The International Maritime Organisation (IMO) has lowered the level of sulphur in marine fuels for maritime transport in an attempt to reduce air pollution, an aim broadly supported by the paper industry.

However the sulphur requirements that the IMO is imposing in the North European Sulphur Emissions Control Area are too stringent, if they are to be implemented by 2015. CEPI is working on this issue together with the European Shippers’ Council and a broad alliance. Together they call for the postponement of the implementation of the EU Sulphur Directive and the revision of the IMO decision, because of the lack of low sulphur fuel availability and technical abatement measures. Increasing the cost of maritime transport will lead to a modal shift back to road transportation and result in an increase in greenhouse gas emissions.

Management approach - Environment

The environment is central to all CEPI activities and a large proportion of its resources are focused both horizontally and vertically on ensuring the industry minimises its impacts across the EU. All Directors at CEPI have responsibility for developing and managing environmental activities and policies.

The Environment Director works with his colleagues and their expert committees, particularly with the Environment Committee, which are made up of experts from national paper associations and paper companies, to develop and implement clear and well-defined actions on behalf of the industry.

All activities proposed are scrutinised and eventually adopted by the CEPI Board. An important role is to monitor environmental key performance indicators (KPIs), which CEPI reports on every two years.

Water, waste and emissions are clearly the responsibility of the Environment department, which is working on footprinting methodologies and responds to information requests from EU agencies and institutions.
WORKING FOR SOCIETY
Maintaining a safe workplace
Employment issues are at the heart of the European paper industry’s business practice. As a result of the economic downturn the number of people employed by the European paper industry fell by 9.3% to 224,129 between 2008 and 2010.

Recent initiatives underscore the importance the industry attaches to its social responsibilities through investment in staff training and striving for higher safety standards. Highlights include:

- Partnering in a campaign organised by the EU Agency for Safety and Health at Work (EU-OSHA) ‘Healthy Workplace’ that focuses on safety in maintenance work in 2011.
- Ongoing efforts to decrease accidents in the workplace and adoption of better alert systems.
- Initiating a European social dialogue with the European Mining, Chemical and Energy Workers Federation (EMCEF)
SOCIAL DIALOGUE
In 2010, CEPI initiated a European social dialogue with the European Mining, Chemical and Energy Workers Federation under the auspices of the European Commission. This dialogue aims to facilitate the exchange of information and good practice among the social partners and to take joint advocacy initiatives with the workers organisations vis-à-vis the European Institutions’ in policies that have the potential to affect jobs. In the context of this dialogue, CEPI and EMCEF are developing a guide of good health and safety practices for the paper industry that will be published in 2012.

HEALTH & SAFETY
The health and occupational safety of its workers is of paramount importance for the paper industry. In 2003, CEPI committed itself to the target of zero accidents in the workplace. Though the decrease in the number of accidents causing an absence of more than three days off work can be partly attributed to falling employment levels, steps have been taken to improve safety in the workplace. More efficient alert systems have been introduced and companies are increasingly aware of the role prevention has to play in reducing the number of days lost as a result of health and safety issues.

EDUCATION AND TRAINING
Social dialogue is the ideal platform to address new challenges faced by the industry: ageing staff, lack of interest among young workers for the industry, gap in knowledge transmission, etc. Based on a mapping of the impacts of these challenges and the identified needs, CEPI intends to develop recommendations for mentorship, vocational education and training (including through e-learning and multimedia), and other ways to attract young talent.

Management approach
In social affairs, including product responsibility, health and safety, as well as training and education, CEPI works to improve worker safety and wellbeing and maintain good relations with trade unions. CEPI aims to make a difference and complements the work carried out by national associations and pulp and paper companies. The Social Affairs Director at CEPI, who reports to the Director General, works with the statistics department in order to improve the data available at European level. Through him, CEPI has also initiated a social dialogue with the EU and trade bodies to improve stakeholder collaboration in this area. One major goal is the improvement of data available on social affairs and employment issues.

The accident rate fell by 58% since 1990
Best practice

CPI: Paper industry continues to improve health and safety performance

Health and safety performance in the corrugated, paper-making and recovered paper industries has significantly improved over the past three years, according to the Confederation of Paper Industries (CPI) in the UK.

Launched in July 2008, a new health and safety strategy for the paper industry was developed by the Paper and Board Industry Advisory Committee (PABIAC), a tripartite strategic health and safety delivery partnership comprising the UK’s Health and Safety Executive (HSE), employers and trade unions.

The strategy set a target of a 10% year-on-year reduction in accident rates for the paper industry. At the end of March 2011, this target was exceeded, with a year-on-year reduction of 10.5%.

* Incidence Rate: Number of accidents (fatal and non-fatal)x1000/number of employees (absence of more than 3 days)
8 ENGAGING STAKEHOLDERS
OUR STAKEHOLDERS SPEAK OUT

For the first time we asked stakeholders from our contact database related to European institutions, suppliers, NGOs, trade unions, and the value chain as well as members to join small roundtable sessions at CEPI’s office to discuss their views on how our sustainability reporting could gain value and credence as a reference source. The European Commission, forestry, publishing, paperboard converting, supplier, trade unions, consultancy and printing sectors that attended the event, gave views on which important issues the report should cover, notable progress they have seen over the past few years and areas which require improvement. CEPI also heard how it could reinforce relationships with stakeholders.

Feedback was extensive, but it mainly focused on the additional information that could be covered and which areas should be highlighted. We at CEPI looked at the wish list of our stakeholders and identified the items that we could already implement in this year’s report. Not all wishes can be fulfilled due to missing data (more under ‘Data collection’), difficulties in obtaining the data or that data which was intended to be reported for a specific stakeholder group and was not material for the bigger part of the readers of this report.

One concern by stakeholders that came across was the weakness of the Social affairs chapter and several ideas were given how to improve. In the mean time CEPI started the Social Dialogue with the European Commission and EMCEF to improve on this issue. Furthermore, the point was raised that the industry’s performance in traceability should be highlighted more, which resulted in an expansion of the certification reporting. Another idea was to report more in comparison to other regions in the world and to comment on high's and lows and not only averages. This has been taking into account in this report wherever possible.

Here a list of issues and figures that were added to this report after stakeholder input at the meeting:

- More information on resource efficiency
- Certification: expanded
- Marine fuel and sulphur emissions
- Waste streams
- Investments per machine
- Recycling rate compared to different regions of the world
- More on GDP
- More information on innovation and research
- Expansion of the water section
- More details on energy consumption
- Social affairs: expanded (Social Dialogue)

CEPI staff members keep in touch with various stakeholders groups to discuss specific topics such as energy, water or social affairs in more details and meet them when needed.
CEPI’s Broader Environment

CEPI is a channel for communication between its numerous stakeholder groups in industry and commerce, policymakers, civil society and decision makers. We develop and issue best practice guidelines in several areas in order to improve the performance throughout the sector. CEPI also carries out surveys and studies that help support our activities and communication on a regular basis.

We are active in external networks such as the European Commission’s Retail Forum set up in 2009 to find workable paths to sustainable consumption and production, who meet on a regular basis several times a year. We also belong to the European Water Partnership, Business Europe Working Groups and Employers’ Network, industry alliances and the Water Footprint Network. CEPI has the presidency of the International Council of Forest and Paper Associations and the chairmanship of the Alliance for a Competitive European Industry, both groups meet several times throughout the year. (See website for the entire list of memberships and networks).

In 2011 we began a new partnership with suppliers aiming to share technical information and expertise on common issues and to promote common interests. The Partnership Programme is open to stakeholders in the pulp, paper and cardboard industry, namely machine and/or chemical suppliers active in the industry with a direct link to paper manufacturing. Current CEPI Partners are Omya, Imerys and Voith.

International collaboration is an important part of CEPI’s work, several staff members are involved in the ICFPA, where CEPI is currently holding the presidency. Also a closer relationship with China is being nurtured through the Chinese Chamber of Commerce and the Chinese Paper Association.

Transparency is also an important aspect of CEPI’s work, which is why we registered with the transparency register of the European Commission in October 2010.

We run workshops to pool insights from business, industry and interest groups. This achieves balance and clarity in our understanding of complex, multi-disciplinary issues and promotes well-supported policy positions. Successful events in the last two years focused on innovation, bio-economy, industry guidelines, recycling, ICT & paper, health & safety and transport. (See website for a list of CEPI events).

Our networking event of the year, European Paper Week, attracts a cross-section of the stakeholder community to Brussels for three days every November. In addition to the CEPI Annual Meeting, open sessions are opportunities to hear experts talk on topical themes and engage in debate on subjects close to the hearts of everyone in the paper chain.

www.cepi.org/epw

We forge links with the entire paper chain from the forest to packaging and labels, graphic and newsprint paper, hygienic tissue and recovered papers. These cross-category networks share experiences and knowledge, and make full use of their collective resources. With the Print Media Group we are currently working on a common paper about the contribution of the chain to the EU 2020 strategy. (See website for a list of networks CEPI works with). And the ERPC (European Recovered Paper Council) has just started the next European Declaration on Paper Recycling with a long list of value chain associations.
CEPI's role in relation to the wider environment

This illustration depicts CEPI in relation to the wider environment: within the industry (its European membership and the sector globally), within the value chain (up- and down-stream sectors) and within the industrial sectors, as well as among the stakeholders of society at large. In all of these, it can play a proactive role in managing health, safety and environment.

The illustration shows the stakeholder groups CEPI is surrounded by. They form the basis for determining, which groups CEPI engages with on a regular or ad-hoc basis and they also form the basic pillars for determining, which groups should specifically be involved in our sustainability reporting.
9 CEPI STRUCTURE AND STRATEGY
WHAT WE DO
CEPI regroups and coordinates activities across the entire pulp and paper industry in Europe. The organisation also responds to consultations of European institutions and represents the European paper industry’s positions towards them. Our approach and structure ensures that we are open, flexible and responsive. The secretariat implements board decisions recommended by the committees. We also welcomed one new member in 2010 – the Slovenian Paper Association.

WHO WE ARE
The CEPI secretariat is located in Brussels where Director General Teresa Presas heads a 20-strong team. Directors and Managers are appointed for their expertise and skills in key policy areas for the industry; namely forestry and research, environment, energy and climate change, competitiveness and trade, recycling and products, social affairs as well as in communication. The national associations nominate members to standing committees, which take strategic views on those six areas of interest. Social affairs, research, food contact, statistics, trade and transport issues are covered by specially formed groups. The CEPI Board of Directors comprises national association chairpersons and company chief executives. The chairman from 2010-2011 was Berry Wiersum, CEO of SAPPI Fine Paper Europe.
New organogram

In 2011 the Competitiveness Committee changed into a network structure and a new committee was established: Innovation Committee. CEPI now has five permanent committees as shown in the organogram below. In 2011 further structural changes were implemented: the function of the Managing Director was renamed Director General and a new position was created and filled: the Deputy Director General.

The CEPI Board is the ultimate decision-making and governance body in CEPI. It is assisted by a more operational Executive Committee.

The Associations Directors Group (ADG) is the senior advisory group to the CEPI Director General.

Sustainability Strategy and Communication are transversal issues under the Director General.

Innovation and Social affairs are supervised by the ADG.

The Committees are responsible for strategy and political perspective in the policy areas.

The Innovation Committee is a support Committee that crosses all policy areas.

Issue Groups are formed as needed, to work on the problems/issues identified by the Committees.
Highest governance: The Board of CEPI receives no remuneration for its activities and the staff of CEPI is subject to periodical evaluation. The Board has clear voting rules for decision making and anti-competition rules are applied to all meetings.

Each area of activity has a chosen sponsor at Executive Committee who act as a mentor to the Committees and groups. An agreed work programme is developed and implemented each year and the Board ensures that all activities reflect environmental, economic and social topics. In all meetings CEPI follows its “Guidelines for Compliance with EU competition rules” that were especially prepared for CEPI.

Stakeholder and supply chain action will multiply and spread the positive effects of sustainable thinking. The good practices we recommend aim to improve the supply, the availability and use of resources. These are developed using the valuable knowledge that we gain from stakeholders.

This goes hand-in-hand with the goal to be competitive globally and strengthen the market for paper products. Ecological risks and regulation issues result in collaborations with many stakeholders and expert networks. In line with European decision making, CEPI follows the precautionary principle in all its activities and acts to ensure that the paper industry does not cause harm to its stakeholders and customers. Paper is a credible partner in the evolution of the low-carbon economy. It is made of a renewable raw material and its production relies mostly on renewable energy.

The sector is characteristically responsible and invests strategically in technical research and insight studies. We work to optimise our use of natural resources, extend the role of paper in our lives, and improve the health and safety of people and the environment. Our aim is to communicate our performance and to improve the understanding of our industry and its products.

Report Parameters
CEPI staff met with stakeholders in 2010 to determine ideas and improvements/changes to the last Sustainability Report published in 2009. An internal working group was formed to specify further the structure of the new report according to those comments and to recurring themes from their work as well as main completed projects by CEPI staff in 2009 and 2010.

Materiality
Each subject area contained in this report is materially relevant because it can and does impact, directly or indirectly, on the sustainable development of the industry, and the industry can and does, directly or indirectly, influence change or improvement in the social, economic or environmental related topic in question. This report is a tool for making better-informed decisions that fit the European vision of a society that uses natural resources efficiently, innovatively and wisely.

Report boundary
For this report the GRI ‘Profile Disclosures’ and ‘Disclosures on management approach’ are reported for CEPI as the reporting organisation, but as we are a European industry association the ‘Performance indicators’ relate to the performance of the paper industry in the CEPI region as a whole.

Reporting Methodology
Data generation at CEPI relies on our national association members and pulp and paper company measurements. Information are collected from the available sources and with a view to ensure accuracy and robustness to avoid risks of overlapping and gaps. Standardised definitions were developed for all indicators. The completeness and accuracy of reported data are confirmed by CEPI’s Statistics department. Cross-checks (with other sources used for industry specific data) are performed systematically. Feedback and commenting loops with the reporting members ensure high data quality. If we identify limitations in the coverage or reliability of data, we disclose them and introduce measures to improve the reporting process.

Data Collection
Responsibility for the collection of environmental data lies with the statistics department which is constantly working on improving the quality of the data reported. Due to revisions of some national associations’ data, we had to adjust our data on energy consumption, biomass use and emissions reported in recent years. Our figures in this edition cover the years up to 2010 or 2009. Environmental figures exclude data from Romania, Hungary and Slovenia as we were unable to obtain relevant data from those countries; and we do not include figures from Poland before 2003. The Environment Committee is investigating possibilities to improve data collection further. Sometimes indicators do not apply to all our members; exceptions are explained in footnotes. Occasionally, updates on economic indicators necessarily relied on data from external consultancies; in each case the source is credited in a footnote. In some instances consultancy figures cover a different spectrum of Europe (not CEPI countries, but EU 27 or other), and this is explained in detail when relevant.
CEPI MEMBERS
### 1. Strategy and Analysis

1.1 Statement from the most senior decision-maker of the organization.

1.2 Description of key impacts, risks, and opportunities.

### 2. Organizational Profile

2.1 Name of the organization.

2.2 Primary brands, products, and/or services.

2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.

2.4 Location of organization’s headquarters.

2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

2.6 Nature of ownership and legal form.

2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).

2.8 Scale of the reporting organization.

2.9 Significant changes during the reporting period regarding size, structure, or ownership.

2.10 Awards received in the reporting period.

### 3. Report Parameters

3.1 Reporting period (e.g., fiscal/calendar year) for information provided.

3.2 Date of most recent previous report (if any).

3.3 Reporting cycle (annual, biennial, etc.).

3.4 Contact point for questions regarding the report or its contents.

3.5 Process for defining report content.

3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.

3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.

3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).

3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

3.12 Table identifying the location of the Standard Disclosures in the report.

3.13 Policy and current practice with regard to seeking external assurance for the report.
## 4. Governance, Commitments, and Engagement

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Reported</th>
<th>Cross Reference/Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.</td>
<td>F</td>
<td>58</td>
</tr>
<tr>
<td>4.2 Indicate whether the Chair of the highest governance body is also an executive officer.</td>
<td>F</td>
<td>59</td>
</tr>
<tr>
<td>4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.</td>
<td>F</td>
<td>CEPi’s board members are all independent from the organization except the Director General</td>
</tr>
<tr>
<td>4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.</td>
<td>F</td>
<td>As an association CEPi does not have shareholders. Recommendations can always be conveyed to the board through the Director General</td>
</tr>
<tr>
<td>4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance).</td>
<td>F</td>
<td>59</td>
</tr>
<tr>
<td>4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.</td>
<td>F</td>
<td>59</td>
</tr>
<tr>
<td>4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.</td>
<td>F</td>
<td>59</td>
</tr>
<tr>
<td>4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.</td>
<td>F</td>
<td>9</td>
</tr>
<tr>
<td>4.9 Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.</td>
<td>F</td>
<td>59</td>
</tr>
<tr>
<td>4.10 Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance.</td>
<td>F</td>
<td>There is no such process in place for the moment.</td>
</tr>
<tr>
<td>4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.</td>
<td>F</td>
<td>59</td>
</tr>
<tr>
<td>4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.</td>
<td>F</td>
<td>9</td>
</tr>
<tr>
<td>4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.</td>
<td>F</td>
<td>54-55 and <a href="http://www.cepi.org/content/default.asp?paged=23">http://www.cepi.org/content/default.asp?paged=23</a></td>
</tr>
<tr>
<td>4.14 List of stakeholder groups engaged by the organization.</td>
<td>F</td>
<td>54-55 and <a href="http://www.cepi.org/content/default.asp?paged=23">http://www.cepi.org/content/default.asp?paged=23</a></td>
</tr>
<tr>
<td>4.15 Basis for identification and selection of stakeholders with whom to engage.</td>
<td>F</td>
<td>54-55</td>
</tr>
<tr>
<td>4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.</td>
<td>F</td>
<td>54-55 and <a href="http://www.cepi.org/content/default.asp?paged=23">http://www.cepi.org/content/default.asp?paged=23</a></td>
</tr>
<tr>
<td>4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.</td>
<td>F</td>
<td>53</td>
</tr>
</tbody>
</table>
### 5. Disclosure on Management Approach

<table>
<thead>
<tr>
<th>DMA EC - Disclosure on Management Approach EC</th>
<th>REPORTED</th>
<th>CROSS REFERENCE/ DIRECT ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic performance</td>
<td>F 14</td>
<td></td>
</tr>
<tr>
<td>Market presence</td>
<td>F 14</td>
<td></td>
</tr>
<tr>
<td>Indirect economic impacts</td>
<td>F 14</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA EN - Disclosure on Management Approach EN</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Materials</td>
<td>P 44</td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>F 33/29</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>F 44</td>
<td></td>
</tr>
<tr>
<td>Biodiversity</td>
<td>P 29</td>
<td></td>
</tr>
<tr>
<td>Emissions, effluents and waste</td>
<td>P 44</td>
<td></td>
</tr>
<tr>
<td>Products and services</td>
<td>F 21</td>
<td></td>
</tr>
<tr>
<td>Compliance</td>
<td>P 44</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>P 14</td>
<td></td>
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<tr>
<td>Overall</td>
<td>F 44</td>
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</tbody>
</table>

<table>
<thead>
<tr>
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<th>CROSS REFERENCE/ DIRECT ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>P 46</td>
<td></td>
</tr>
<tr>
<td>Labor/management relations</td>
<td>F 46</td>
<td></td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td>F 46</td>
<td></td>
</tr>
<tr>
<td>Training and education</td>
<td>F 46</td>
<td></td>
</tr>
<tr>
<td>Diversity and equal opportunity</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td>Equal remuneration for women and men</td>
<td>P 46</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA HR - Disclosure on Management Approach HR</th>
<th>REPORTED</th>
<th>CROSS REFERENCE/ DIRECT ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom of association and collective bargaining</td>
<td>P 46</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA SO - Disclosure on Management Approach SO</th>
<th>REPORTED</th>
<th>CROSS REFERENCE/ DIRECT ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local communities</td>
<td>P 46</td>
<td></td>
</tr>
<tr>
<td>Public policy</td>
<td>F 46</td>
<td></td>
</tr>
<tr>
<td>Compliance</td>
<td>P 46</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA PR - Disclosure on Management Approach PR</th>
<th>REPORTED</th>
<th>CROSS REFERENCE/ DIRECT ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer health and safety</td>
<td>P 47</td>
<td></td>
</tr>
<tr>
<td>Product and service labelling</td>
<td>P 21</td>
<td></td>
</tr>
<tr>
<td>Marketing communications</td>
<td>P 21</td>
<td></td>
</tr>
</tbody>
</table>
### 6. Performance Indicators - ECONOMIC

**Economic Performance**

| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | F | 11-15 |
| EC4 | Significant financial assistance received from government. | F | Not applicable as CEPI does not have any such data from members |

### 6. Performance Indicators - ENVIRONMENTAL

**Materials**

| EN1 | Materials used by weight or volume. | F | 25 |
| EN2 | Percentage of materials used that are recycled input materials. | F | 32 |

**Energy**

| EN3 | Direct energy consumption by primary energy source. | F | 37/39 |
| EN4 | Indirect energy consumption by primary source. | P | 39 + As an association of associations we cannot know the indirect energy split for renewable and non-renewable energy. Our indirect energy is bought electricity from the grid. |
| EN5 | Energy saved due to conservation and efficiency improvements. | F | 37 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | F | 31 Declaration of Intent |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | F | 37 |

**Water**

| EN8 | Total water withdrawal by source. | F | 44/45 |
| EN10 | Percentage and total volume of water recycled and reused. | F | 44/45 |

**Biodiversity**

| EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity. | F | 31 |

**Emissions, effluents and waste**

| EN16 | Total direct and indirect greenhouse gas emissions by weight. | F | 41 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | F | 41/42 |
| EN19 | Emissions of ozone-depleting substances by weight. | F | 41/42 |
| EN20 | NOx, SOx, and other significant air emissions by type and weight. | F | 42 |
| EN21 | Total water discharge by quality and destination. | F | 44/45 |
| EN22 | Total weight of waste by type and disposal method. | F | 44/45 |

**Products and services**

| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | F | 37/46 |

**Transport**

| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | F | 42, 43, 44 |
### 6. Performance Indicators - Social: Labor Practices and Decent Work

#### Employment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Reported</th>
<th>Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA1</td>
<td>Total workforce by employment type, employment contract, and region, broken down by gender.</td>
<td>P 11</td>
<td></td>
</tr>
</tbody>
</table>

#### Occupational Health and Safety

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Reported</th>
<th>Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA6</td>
<td>Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.</td>
<td>P 49/50</td>
<td></td>
</tr>
<tr>
<td>LA7</td>
<td>Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.</td>
<td>F 51</td>
<td></td>
</tr>
<tr>
<td>LA8</td>
<td>Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.</td>
<td>P 50</td>
<td></td>
</tr>
<tr>
<td>LA9</td>
<td>Health and safety topics covered in formal agreements with trade unions.</td>
<td>F 50</td>
<td></td>
</tr>
</tbody>
</table>

### 6. Performance Indicators - Social: Human Rights

#### Non-discrimination and Actions Taken

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Reported</th>
<th>Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR4</td>
<td>Total number of incidents of discrimination</td>
<td>P CEPI is investigating the collection of data on this</td>
<td></td>
</tr>
</tbody>
</table>

### 6. Performance Indicators - Social: Society

#### Corruption

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Reported</th>
<th>Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO4</td>
<td>Actions taken in response to incidents of corruption.</td>
<td>F No corruption incident is known</td>
<td></td>
</tr>
</tbody>
</table>

#### Public Policy

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Reported</th>
<th>Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO5</td>
<td>Public policy positions and participation in public policy development and lobbying.</td>
<td>F 9 and <a href="http://www.cepi.org/content/Default.asp?PageID=82">http://www.cepi.org/content/Default.asp?PageID=82</a></td>
<td></td>
</tr>
</tbody>
</table>

### 6. Performance Indicators - Social: Product Responsibility

#### Customer Health and Safety

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Reported</th>
<th>Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR1</td>
<td>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.</td>
<td>F 51</td>
<td></td>
</tr>
</tbody>
</table>

#### Customer Privacy

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Reported</th>
<th>Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR8</td>
<td>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.</td>
<td>F No incident known to CEPI</td>
<td></td>
</tr>
</tbody>
</table>

#### Compliance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Reported</th>
<th>Direct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR9</td>
<td>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.</td>
<td>F No incident known to CEPI</td>
<td></td>
</tr>
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</table>
## Absolute paper production

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Europe</td>
<td>76.250</td>
<td>76.999</td>
<td>77.284</td>
<td>82.352</td>
<td>84.362</td>
<td>82.861</td>
<td>89.393</td>
<td>91.868</td>
<td>95.351</td>
<td>101.296</td>
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<tr>
<td>CEPI countries</td>
<td>66.312</td>
<td>67.937</td>
<td>69.797</td>
<td>75.823</td>
<td>77.017</td>
<td>76.659</td>
<td>82.992</td>
<td>85.097</td>
<td>87.707</td>
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<td>Asia</td>
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<td>63.625</td>
<td>64.959</td>
<td>70.639</td>
<td>75.949</td>
<td>80.951</td>
<td>85.281</td>
<td>85.108</td>
<td>90.031</td>
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<tr>
<td>Middle East</td>
<td>497*</td>
<td>530</td>
<td>627</td>
<td>729</td>
<td>819</td>
<td>908</td>
<td>1000</td>
<td>1026</td>
<td>1136</td>
<td>1243</td>
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<tr>
<td>Africa</td>
<td>2.630</td>
<td>2.628</td>
<td>2.616</td>
<td>2.763</td>
<td>2.913</td>
<td>2.813</td>
<td>3.006</td>
<td>3.095</td>
<td>3.050</td>
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<tr>
<td>World</td>
<td>241.143</td>
<td>249.545</td>
<td>254.003</td>
<td>270.817</td>
<td>279.247</td>
<td>284.035</td>
<td>301.252</td>
<td>302.852</td>
<td>315.758</td>
<td>327.197</td>
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* estimated

<table>
<thead>
<tr>
<th>Total P&amp;B</th>
<th>2001</th>
<th>2002</th>
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<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEPI countries</td>
<td>90.143</td>
<td>93.156</td>
<td>95.348</td>
<td>99.775</td>
<td>100.011</td>
<td>103.282</td>
<td>103.866</td>
<td>99.605</td>
<td>89.286</td>
<td>96.529</td>
</tr>
<tr>
<td>North America</td>
<td>100.577</td>
<td>101.744</td>
<td>100.633</td>
<td>104.363</td>
<td>102.427</td>
<td>102.119</td>
<td>100.950</td>
<td>95.856</td>
<td>84.585</td>
<td>88.636</td>
</tr>
<tr>
<td>Asia</td>
<td>96.904</td>
<td>101.989</td>
<td>108.535</td>
<td>117.362</td>
<td>125.108</td>
<td>135.754</td>
<td>146.332</td>
<td>152.299</td>
<td>154.517</td>
<td>164.367</td>
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<tr>
<td>Middle East</td>
<td>1.308</td>
<td>1.447</td>
<td>1.589</td>
<td>1.752</td>
<td>1.922</td>
<td>2.157</td>
<td>2.420</td>
<td>2.566</td>
<td>2.545</td>
<td>2.784</td>
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<td>World</td>
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<td>331.225</td>
<td>340.467</td>
<td>359.874</td>
<td>367.133</td>
<td>382.012</td>
<td>393.676</td>
<td>391.228</td>
<td>370.520</td>
<td>393.899</td>
</tr>
</tbody>
</table>
Statement
GRI Application Level Check

GRI hereby states that CEPI - Confederation of European Paper Industries has presented its report “CEPI Sustainability Report 2011” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 3 November

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The “+” has been added to this Application Level because CEPI - Confederation of European Paper Industries has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 October. GRI explicitly excludes the statement being applied to any later changes to such material.
GLOSSARY

- **Apparent collection**: Utilisation plus exports minus imports of recovered paper.
- **Biofuel**: Liquid renewable fuel originating from biomass as e.g. biodiesel or bark.
- **Biomass**: Non-fossilised organic matter.
- **Biochemical oxygen demand (BOD)**: Measure for the concentration of organic substances in effluent water i.e. The total amount of organic compounds. The amount of dissolved oxygen consumed by micro-organisms to decompose organic compounds in water in a specified number of days.
- **Chain of Custody**: Flow of forest products from their origin to their end-use.
- **Chemical oxygen demand (COD)**: Measure of both easily degradable substances and organic substances that degrade with more difficulty in effluent water, i.e. the total amount of organic compounds. The amount of oxygen required for the complete decomposition of organic compounds in water, determined by chemical methods.
- **Collection rate**: Percentage of apparent collection compared to total paper consumption.
- **Combined heat and power (CHP)**: Generation of both heat and electricity from fuel; more efficient than normal fuel burning.
- **Environmental management system (EMS)**: The part of the overall management system which includes structures, practices, procedures and resources for the systematic implementation of an organisation’s own environmental policy.
- **Forest certification**: A means of protecting forests by promoting environmentally responsible forestry practices. Forests are evaluated according to international standards and certified as well as managed by a qualified independent auditor (or certifier). Wood or wood products from those forests are then labelled so that consumers can identify them.
- **Fossil fuels**: Natural carbon-based substance produced by the breakdown of organic matter buried deep down in the earth’s crust. These include gaseous fuels (natural gas), liquids (oil) and solids (coal).
- **Market product**: Market pulp and paper.
- **Volume Over Bark**: A unit of wood, bark included.
- **Paper for recycling**: Used paper and board separately collected and in general pre-processed according to the European Standard List of Recovered Paper and Board Grades (EN643).
- **Photosynthesis**: The metabolic process by which plants take CO2 from the air and use solar radiation and nutrients to build plant material, releasing oxygen in the process.
- **Recovery rate**: The ratio between paper and board products recovered and paper consumption.
- **Recycling rate**: Percentage of recovered paper utilisation compared to the total paper consumption.
- **Renewable energy source**: The following non-fossil energy sources: wind, solar, geothermal, wave, tidal energy, hydropower, biomass; landfill gas; sewage treatment plant gas and biogases.
- **Sustainable development**: Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
Abbreviations/Acronyms

- TJ/kt Terra Joules divided by kilo tonne of product
- MWh/t Mega watt hour divided by tonne of product
- allowances/t Benchmark allowances calculated for the Emissions trading system divided by tonnes
- AOX Absorbable organo-halogens
- BAT Best Available Technique
- BOD Biological Oxygen Demand
- BREF Best available techniques Reference Document
- CEN European Committee for Standardization
- CHP Combined Heat and Power
- CO₂ Carbon dioxide
- COD Chemical Oxygen Demand
- EMAS/ISO 14001 Eco-Management and Audit Scheme
- EMCEF – European Mine, Chemical and Energy Workers’ Federation
- EMS Environmental Management Systems
- ENGOs Environmental Non-Governmental Organisations
- FAO Food and Agricultural Organisation of the United Nations
- FSC Forest Stewardship Council
- FTP Forest-based sector technology platform
- GDP Gross Domestic Product
- GHG Greenhouse gas emissions
- ICFPA International Council of Forest and Paper Associations
- ICT Information and Communication Technology
- ILO International Labour Organisation
- IMO International Marine Organisation
- IIIEE International Institute for Industrial Environmental Economics, Lund, Sweden
- IPCC Intergovernmental Panel on Climate Change
- IPPC Integrated Pollution Prevention Control
- JPC Jaakko Pöyry Consulting
- NOx Nitrogen Oxides, including nitric oxide (NO) and nitrogen dioxide (NO₂)
- PEFC Programme for the Endorsement of Forest Certification
- PPI Pulp and Paper Industry
- RES Renewable Energy Sources
- SO₂ Sulphur dioxide
- TBFRA Temperate and Boreal Forest Resource Assessment
- WBCSD World Business Council on Sustainable Development
ASSURANCE STATEMENT

Assurance Engagement

plenum\(^1\) was commissioned by the Confederation of European Paper Industries (CEPI) to perform an assurance engagement on the CEPI Sustainability Report to evaluate its adherence to reporting principles and the reliability of specified sustainability performance information contained in the Report. plenum is an Organizational Stakeholder of the Global Reporting Initiative (GRI)\(^2\), and acts independently and impartially with regard to the reporting organisation.

Level of Assurance

plenum’s assurance engagement provides a high level of assurance for adherence to the following GRI principles: materiality, completeness, stakeholder inclusiveness, and sustainability context; and a moderate level of assurance for the information relating to sustainability performance in accordance with the GRI Performance Indicators.\(^3\)

Criteria

The information in the Report was prepared by CEPI using the GRI Reporting Principles for Defining Quality.\(^4\) We evaluated the Report against these criteria, based on the assumption that the criteria are suitable for the performance of the assurance engagement.

Management Responsibilities

The CEPI management is responsible for the preparation of the Report and the information it contains, in adherence to the above-mentioned criteria. This responsibility includes developing, implementing and maintaining internal control aimed at ensuring that the Report does not contain any material false statements.

Assurance Process

Our assurance engagement is based on evidence obtained from the organisation at management level. The following steps were undertaken:

- We considered the possible assurance level based on the first draft of the Report and a series of discussions with CEPI management
- We determined the scope and level of assurance
- We made recommendations regarding the content based on the first draft of the Report
- We obtained and evaluated information on the processes which CEPI used to adhere to the GRI principles
- We obtained and evaluated information on the systems and processes used by CEPI to collect, manage and aggregate specified reporting data
- We reviewed the principles and performance indicators using the above-mentioned criteria.

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1 plenum – gesellschaft für ganzheitlich nachhaltige entwicklung gmbh (www.plenum.at)
2 http://www.globalreporting.org/
3 See p. 63-67: “GRI table of indicators”
Limitations
The basic data for the Sustainability Report were submitted by the National Associations of the CEPI. These were aggregate data concerning the member companies of the National Associations. Testing the quality of the original company data exceeded the scope of our engagement. Therefore the evaluation of the GRI Performance Indicators applies to the previously aggregated country data and focuses on the credibility of the information (moderate level of assurance).

Conclusion
Based on the assurance procedures we performed we formed the following conclusions:

Principles
The reporting organisation adhered to all the principles which we evaluated. All the material sustainability issues identified by the stakeholders and CEPI are covered to an appropriate extent and in accordance with the GRI quality criteria. Stakeholder expectations receive sufficient attention, and the measures that have been or will be taken to meet them are credibly described.

GRI Performance Indicators
The Report provides in all material respects a reliable and sufficient representation of the policies, business operations, events and performance of CEPI and the paper industry in the CEPI area. Our evaluation of the credibility of the reported information and indicators gave no indication that the Report contains any material false statements.

Recommendations
CEPI represents the interests of over 1,000 European paper mills. Their activities have strong economic, environmental and social impacts not only in Europe but also beyond its borders. CEPI therefore deserves recognition for its engagement, particularly in the area of environmental protection.

We recommend that in future CEPI cover social aspects in even greater depth, expanding the data structure and reporting on these and other material aspects in accordance with the GRI Reporting Guidelines.

DI Harald Reisinger  
Project Leader

DI Dr Alfred Strigl  
Executive Director
CASE STUDY

OIKOS by FEDRIGONI

High quality recycled, finely mottled papers and boards with 50% pre-consumer fibres conforming to FSC requirements and 50% pure FSC certified pulp. Papers and boards are ideal for any kind of publishing, packaging and commercial printing. They are held in high regard for coordinated graphic materials, special publications, brochures and booklets where natural sensations are required.

By specifying Fedrigoni’s Oikos the printed projects are not losing any of their quality or creativity, and you are making an environmentally responsible decision. It’s the best choice for both our projects and our planet.

Fedrigoni SpA takes care to work with responsibility, ethical coherence and commitment, doing its share to preserve the planet’s increasingly precious natural heritage resources. This care is illustrated tangibly by certification of management systems for product quality, environment and health and safety in the workplace (UNI EN ISO 900, UNI EN ISO 1400, BSI – OHSAS 18001).

The entire output of papers complies with the standards set by the Forest Stewardship Council (FSC), while the Freelife system of environmentally-friendly papers bears the much sought-after European Ecolabel. The whole amount of cellulose is classified as TCF (Total Chlorine Free) or ECF (Elemental Chlorine Free).

The firm has methane-powered turbine co-generation plants and on-line emission quality control instrumentation in several of its facilities in order to reduce energy consumption and CO2 emissions.

Fedrigoni Paper Mill has been linked with paper-making since as long ago as 1717, producing everything from special paper and stationery to paper security systems and packaging. The company invests continuously in process innovation and technologies, in order to cater for the high level of aesthetics and technical performance demanded by the market. Partnering with customers and respect for workers are at the focus of an everyday commitment to produce custom items in increasingly short time-frames.

This brochure is printed on certified paper from sustainably managed sources.