Running your materiality process
A ‘how to’ guide

For: CEPI and its Members
By: Deloitte
May, 2018
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About this document

This document presents some recommendations, indications and examples of how to run a materiality process.

This document is part of a set of tools and reports to be shared with CEPI’s Members.

In this document, you will find:

• A definition of materiality
• Guidance of how to run a materiality process and build a matrix
• Indications and recommendations on how to present and communicate the matrix and its outcomes
• Best practices and examples throughout the document

Authors

This document has been developed by Deloitte and validated by CEPI.

How to use this document

This document is aimed at providing guidance and sharing good practices and examples. It is not exhaustive and needs to be tailored by each organisation and adapted to fit individual needs and context.
About materiality
What is materiality?

**What is a materiality?**

What we mean by ‘materiality’ are “those topics that have a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large”

*GRI G4 guidelines*

Materiality is about identifying and addressing what matters most to you and to your most important stakeholders; what you have most impact on; and what impacts you the most.

**In other words, ‘materiality’ means ‘priority’.**

When running a materiality process, you need to be looking at your business and sustainability impacts. When running the process, you also want (and need) to consult the greatest possible diversity of internal and external stakeholders.
Why it matters?

What is the value of a materiality process?

One of the main values of running a materiality process is in its methodology: consultation of a diverse range of stakeholders.

Running such a process demands external and internal conversations and engagement. Running a materiality process forces us to pause, engage with internal and external stakeholders and ask important questions.

The consultative process is a fantastic way to mobilize top management on sustainability and engage with external stakeholders on a different level.

Ultimately, having a collective perspective on what and who is most important to your organization fosters a clearer strategic focus, data monitoring and communications.
The wider value of materiality

**Stakeholders expectations**

Stakeholders increasingly expect less completeness but more relevance concerning sustainability information. A sustainability materiality assessment is a corporate strategy and communication must-have as international sustainability frameworks (GRI, AA1000, SASB, ISO26000, etc.) all identify materiality as a starting point for action and reporting.

**The multiple benefits and uses of materiality**

A materiality assessment identifies and prioritizes an organization’s most important issues.

The process itself enables internal and external dialogue and stakeholder engagement. Once built, it provides a rational basis to integrate environmental, social and societal issues and related actions within an organization’s strategy.

It allows internal players and functions to focus resources and efforts towards the most important issues and impactful actions for the organization.

Once we have that strategic focus, it enables organizations to equally focus and target their communications.
The great journey of materiality

- Scoping
- Ambition setting

- Desk research
- Benchmark

- Consultation
- Analysis
- Materiality matrix
- Communications implications

- Strategic framework
- Focus areas

- Content hierarchy
- Structure
- Pagination and wireframes

- Core story
- Messaging
- Tone of voice

- Streamlined content
- Balance disclosure and engagement

- Consistency
- Mutually supporting platforms

- Measure success
- Review
How it works
Step by step
Focus on the materiality process

In this document, we will focus on these first three stages, the objective being to guide you towards designing your materiality process and matrix.

- **Objectives**
  - Scoping
  - Ambition setting

- **Research**
  - Desk research
  - Benchmark

- **Materiality**
  - Consultation
  - Analysis
  - Materiality matrix
  - Communications implications

- **Strategic focus**: Strategic framework, Focus areas
- **Content hierarchy**: Content hierarchy, Structure, Pagination and wireframes
- **Core story**: Core story, Messaging, Tone of voice
- **Reporting**: Streamlined content, Balance disclosure and engagement
- **Joined-up communications**: Consistency, Mutually supporting platforms
- **Measure success**: Measure success, Review
Overview of the process

1. Research (one to two months)
2. Stakeholder consultation (one to two months)
3. Data analysis and issues’ ranking (two weeks to one month)
4. Presentation of results (two weeks to one month)

- Benchmark
- Resources review
- Internal stakeholders consultation
  - Initial full list and ranking of material issues
- External stakeholders consultation
  - (customers, investors, suppliers, experts, NGOs, analyst, regulators, etc.)
- Validation workshop with stakeholders
- Ranking of all sub-issues for each material topic & Its KPIs
- Identification of most material topics

Deloitte - CEPI Materiality Guide 2018
Making sure you are ready to start
Allowing the right time and resources to the project and accepting the results

Allowing time and resources to the process
Running a materiality demands time, resources, dedication and humility.
As you would have to:
• Set up the project
• Do quite a bit of research
• Consult various internal and external stakeholders (at minimum 40, and up to a few hundreds)
• Analyse and consolidate results
• Discuss and validate those results internally, and externally
And that, before starting to look at how the materiality matrix would translate into a strategic focus, KPIs and communications.

On average, running a materiality process takes in between three to six months.
If you run the process yourself, in-house, you’d need about two people dedicated to it on a two to three days per week basis over three to six months.

Accepting the results of the process
Running a proper materiality process could feel like opening Pandora’s box as you would ask ‘others’ what is critical to ‘you’.
You need to be ok with that. If you are ready to ask critical questions about your business, you need to accept the answers.
A materiality process is a formidable opportunity for engagement and dialogue with your key internal and external stakeholders.
However, it demands that you, as an organization, are open to dialogue as well and accept the answers that come out of the process.

Doing it again
A materiality process is a snapshot in time and, as such, is a changing and evolving thing.
With that in mind, we recommend you run the process every three years to account for changes in regulation, technology, the economic and political context – amongst other factors.
Setting objectives and scoping the project
Setting objectives and scoping the project

Scoping the project
The scope of your project needs to be clearly defined. When running your materiality process:

- Are you looking at your organization only? Including Tier 1, or maybe Tier 2 and Tier 3 stakeholders?
- Are you intending to cover all of your countries of operations? All of your areas of business?
- Would you be taking a broader wider sector approach?

We would advise that, at minima, you cover all your areas of business and locations. And that you consult the wider ecosystem of players impacting your business and the ones you have an impact on.
What are you really trying to achieve?
Like any other professional endeavour, you need to know why you are starting a process and what you want to get out of it, be honest and realistic about it and follow it through.

The main direct objectives of a materiality process are to:

- Identify what is most important to your organization and its most important stakeholders – addressing both business imperatives and key stakeholders’ expectations
- Define strategic priorities and related key performance indicators (KPI) for the most material issues
- Actively engage and consult internal and external stakeholders

This would later enable:
- A clear strategic focus, better focus data collection, and improve monitoring and communication.
The research phase
The research phase: desk research

Desk research: Gather and research all relevant information

External research:
- CEPI’s materiality report and related documentation
- International guidelines and sector-specific reference frameworks (e.g. SASB, GRI sector supplements)
- NGO and sector-specific sustainability frameworks (The state of the global paper industry – 2018, Carbon Disclosure Index, the Forest 500, The New York Declaration on Forests, WWF’s Environmental Paper Company Index)
- CEPI’s internal documentation and public reports
- CDP, Dow Jones Sustainability Index and other sustainability questionnaires
- UN Development Goals
- Industry specific publications
- Legal and reporting requirements
- Influential stakeholders’ perspectives

Internal research:
- Your annual report, previous sustainability reports
- Your business strategy, CSR strategy
- Your organisation’s vision and values
- Internal notes
The research phase

**Benchmark**
Look at your competitors’ and peers’ sustainability reports - notably at the outcomes and methodology for their materiality process.

**What you need to look out for:**
- Their most material issues
- Their indicators and KPIs
- Their materiality process and stakeholder groups prioritised
- Their performance on their key material issues
- How their communications and disclosure match their most material issues
- Best practices
The research phase

What you will get out of it

• A capture and compilation of the main sustainability issues and disclosure requirements in your sector
• Best practices and main players
• How you compare with your peers
Identifying who and what is material
Who your stakeholders are and how to select them

Who are your stakeholders?

A checklist to define and select stakeholders to consult in this process:

- Who has direct interests in our success and performance? (e.g. investors, employees, suppliers)
- Who has a broader relationship with us, our operations and the impacts of our operations? (e.g. regulators, civil society, local authorities, local suppliers)
- Who are those people that are ‘hard to reach’ and ‘seldom heard’ (e.g. vulnerable groups within local communities, neighbouring towns) we impact directly or indirectly?
- Who are we accountable to? And who is accountable to us?
- Who are we responsible for?
- Who has legitimate expectations about our company, what we do, the way we do it and the impacts this has?
- Are those stakeholder groups likely to change over time?
- Are there any ‘quiet’ or vulnerable groups we have forgotten?
## Illustrative: indicative stakeholder groups

### An indicative list:

<table>
<thead>
<tr>
<th>GROUP</th>
<th>SUBGROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUPPLIERS &amp; CONTRACTORS</td>
<td>Suppliers/Contractors (products and/or services)</td>
</tr>
<tr>
<td></td>
<td>Supply chain institutions, associations &amp; networks</td>
</tr>
<tr>
<td>CAPITAL MARKETS</td>
<td>Capital market authorities</td>
</tr>
<tr>
<td></td>
<td>Investors</td>
</tr>
<tr>
<td></td>
<td>Analysts</td>
</tr>
<tr>
<td></td>
<td>Shareholders (existing &amp; potential)</td>
</tr>
<tr>
<td>EMPLOYEES</td>
<td>On-site employees</td>
</tr>
<tr>
<td></td>
<td>Senior leadership</td>
</tr>
<tr>
<td></td>
<td>Key functions (e.g. finance, R&amp;D)</td>
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<tr>
<td></td>
<td>Employee representatives &amp; trade unions</td>
</tr>
<tr>
<td></td>
<td>Contractors' employees on-site</td>
</tr>
<tr>
<td>CUSTOMERS</td>
<td>End customers in selected countries</td>
</tr>
<tr>
<td></td>
<td>Corporate customers</td>
</tr>
<tr>
<td></td>
<td>Customer associations &amp; pressure groups</td>
</tr>
<tr>
<td>REGULATORS</td>
<td>Government (Technical and operational bodies)</td>
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<tr>
<td></td>
<td>Central regulatory authorities</td>
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<tr>
<td></td>
<td>Central Controlling authorities</td>
</tr>
<tr>
<td></td>
<td>Sector regulators (European and International)</td>
</tr>
<tr>
<td></td>
<td>Intelligence departments &amp; Intelligence agencies</td>
</tr>
<tr>
<td></td>
<td>European Union regulators</td>
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<td></td>
<td>UN &amp; Other development agencies</td>
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<tr>
<td></td>
<td>Trade regulations</td>
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<tr>
<td></td>
<td>Financial regulators &amp; Stock exchange authorities</td>
</tr>
<tr>
<td>LOCAL AUTHORITIES</td>
<td>County administrations (County councils, Prefectures)</td>
</tr>
<tr>
<td></td>
<td>Local administrations (Communal Councils, Town Councils, Municipal Councils, Town Halls)</td>
</tr>
<tr>
<td></td>
<td>Local Controlling authorities</td>
</tr>
<tr>
<td></td>
<td>Local regulatory authorities</td>
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</tbody>
</table>
### Illustrative: indicative stakeholder groups

#### An indicative list:

<table>
<thead>
<tr>
<th>GROUP</th>
<th>SUBGROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LOCAL COMMUNITY</strong></td>
<td>Community groups</td>
</tr>
<tr>
<td></td>
<td>People living close to operational sites</td>
</tr>
<tr>
<td></td>
<td>Community members</td>
</tr>
<tr>
<td></td>
<td>Local/territorial media</td>
</tr>
<tr>
<td></td>
<td>National media</td>
</tr>
<tr>
<td></td>
<td>International media</td>
</tr>
<tr>
<td></td>
<td>Sustainability media</td>
</tr>
<tr>
<td></td>
<td>Business media</td>
</tr>
<tr>
<td></td>
<td>Sector/ trade media</td>
</tr>
<tr>
<td><strong>MEDIA</strong></td>
<td>Environmental NGOs</td>
</tr>
<tr>
<td></td>
<td>Topic specific NGOs: water, biodiversity, clean energy, forestry</td>
</tr>
<tr>
<td></td>
<td>Human Rights NGOs</td>
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<tr>
<td></td>
<td>Transparency &amp; accountability NGOs</td>
</tr>
<tr>
<td><strong>NGOs &amp; NPOs</strong></td>
<td>Universities</td>
</tr>
<tr>
<td></td>
<td>Research institutions</td>
</tr>
<tr>
<td></td>
<td>European funding agencies for R&amp;D</td>
</tr>
<tr>
<td><strong>ACADEMIA &amp; RESEARCH</strong></td>
<td>Civil society groups &amp; advocates</td>
</tr>
<tr>
<td></td>
<td>General public</td>
</tr>
<tr>
<td><strong>CIVIL SOCIETY</strong></td>
<td>Rating agencies (sustainability, reputation, performance)</td>
</tr>
<tr>
<td></td>
<td>Bloomberg</td>
</tr>
<tr>
<td></td>
<td>GRI</td>
</tr>
<tr>
<td></td>
<td>CDP</td>
</tr>
<tr>
<td><strong>INFLUENCERS</strong></td>
<td>Sustainable business networks</td>
</tr>
<tr>
<td></td>
<td>Human Rights institutions, associations &amp; networks</td>
</tr>
<tr>
<td></td>
<td>Clean energy institutions, associations &amp; networks</td>
</tr>
<tr>
<td></td>
<td>Campaign/ petition groups &amp; advocates</td>
</tr>
<tr>
<td><strong>BUSINESS PARTNERS</strong></td>
<td>Partnership – consortium partners</td>
</tr>
<tr>
<td></td>
<td>External Consultants &amp; Auditors</td>
</tr>
<tr>
<td></td>
<td>Peers &amp; Competitors</td>
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</tbody>
</table>
Selecting your stakeholders

**Selecting your stakeholders**

**Ask yourself the right questions when selecting the stakeholders you will consult in your materiality process:**

- How do they affect our organization?
- How do they affect our approach to sustainability?
- How do we affect them?
- Do they have the power to enable and/or block our operations?
- Do they have knowledge, resources and technology relevant to us?
- Do they read our report? Our communications?
- Do we want them to read our communications and interact with us? And why?
- What is it that we want them to know, feel and do regarding our organization? And how important is that to our short, medium and long term performance?
- What are the benefits of engaging with them – or risks in not engaging with them?
- On a scale that begins with “Keeping them informed” moving up to “Making them close partners,” how close does our relationship with each stakeholder group need to be?
- Is the relevance of that stakeholder group likely to change over time?
Finalizing your stakeholders’ list

**Guidance:**
Preparing for the stakeholder consultation can take one to two months, depending on your organization and layers of approval you might need.

You’d need to consult a representative range of stakeholders and aim for a minimum of 40 interviews.

**External stakeholders:**
Try as much as possible to identify and contact a diverse and representative range of external stakeholders to interview. They are those people and organizations that have an impact and influence on your organization, and that your organizations impacts:

- Your direct most important stakeholders (customers, investors, suppliers, experts, NGOs, analysts, regulators, CEPI, etc.)
- Your wider external stakeholders (when relevant: local communities, start-ups, social investors, consumer groups and representatives, etc)
- Influential opinion makers in your industry (NGOs, sector-specific associations and bodies)

**Internal stakeholders:**

- Your employees (or representatives of diverse employee perspectives)
- Heads of operatives of your internal business units
- Directors
Prepare and design the stakeholders’ consultation

Prepare for the stakeholder consultation
Carefully design your interview guide (or survey) for your internal and external stakeholders. Prepare what is it you want and need to ask them, and the best format and channel to do it.

It can be through an online survey, phone interviews or face to face meetings and it might differ from internal to external stakeholders.

The consultation itself usually runs over a month (or more).

To design or chose the best channel to consult with your stakeholders, as yourself:
• Do the stakeholders have constant access to internet? And to their emails?
• Are they most likely to engage on a desktop, tablet or mobile?
• Are they mostly offline?
• Would they be offended not to have a face to face meeting?
• Does X Group have an existing engagement/ communication mechanism with them that works well?
• Are they most likely to engage with XGroup during working hours and ‘on site’ or out of hours ‘at home’?
• Are they ‘hard to reach’? In that case who and what would be the best way to reach them?
• Are they fluent /comfortable with documents in English (or your usual language of operations)? Or should the questionnaire be translated?
What to ask your stakeholders

A good start for your stakeholder consultation: CEPI’s industry’s sustainability materiality matrix

As a Member of CEPI, there is an opportunity to start your consultation using CEPI’s industry materiality matrix and ranking – and use it as a basis for your own. In addition to the result of the research you would have done, it will give you a long list of important items you will ask your stakeholders to rank and score.

The outcome of your stakeholder consultation will be a scoring and ranking of material issues.
Analysing the results

Analyse the results
Gather, consolidate and analyse the results of the stakeholder consultation and data.
This should provide you a ‘dry’ detailed list of prioritized issues.
Compiling and analysing the results would take about two weeks.

About rating and ranking issues
Based on the results of the interviews, issues and sub-issues identified by stakeholders as “Top priorities” can be rated 1 while topics identified as “Bottom priorities” can be rated -1. Other topics can be rated 0.
Each stakeholder can be allowed to provide one or several “Top priorities” and “Bottom priorities”.
The average rating per topic for each stakeholders group should then used for positioning sub-issues in each of the detailed matrices.
Bringing it all together during a workshop

**Bringing it all together**

Once your results are analysed, it would allow you to draft a first materiality matrix, plotting issues as they were ranked by stakeholders.

Those results need to be reviewed and discussed before they are finalized. Some topics can come out as surprisingly high or low – and can be due to over or under sampling a particular stakeholder group, or it might be that a specific topic was on the news the day you interviewed them. It needs re-adjusting.

Reviewing and re-adjusting results with key internal players and a neutral third party (a consultant, an industry body such as CEPI) will allow you to refine your most material issues.

**Ask yourselves and refine:**

- Is this topic a key enabler of our strategy?
- Can this issue stop us from operating?
- If you had anything wrong with that other issue, how bad will it be?
- Which issues are most crucial to our vision?
- Which issues are the cornerstone of our organization’s values?

This would give a final matrix and clear list of priority issues.
Illustrative: some examples of materiality matrices

The Matrix
The materiality matrix can take different shapes and layouts

- Smurfit Kappa, 2016
- DS Smith, 2017
- SCA, 2016
- The Navigator, 2015
Sanofi lists and details their stakeholder groups.

As much as this is a requirement of integrated reporting, but it is also something we would recommend to any organization.

It is a quick win that will help support core and specific messaging to those audiences. As well as an inspiration to show the stakeholder groups you consulted in your materiality process.
Communicating and disclosing your materiality process: some examples

**Communicate...**

Your materiality matrix, detailed outcomes and methodology should be published in your annual / sustainability report.

If you publish an integrated report, it will then be the cornerstone of your reporting and of your wider communications.

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**Our materiality matrix**

Our materiality analysis enables us to engage a broad spectrum of internal and external stakeholders on sustainability topics of concern to them. Through a rigorous and structured conversation with our own corporate objectives, this process generates new insights and highlights opportunities to improve our position and further enhance our customers’ trust in our business.

**Defining materiality**

Our materiality analysis enables us to engage a broad spectrum of internal and external stakeholders on sustainability topics of concern to them. Through a rigorous and structured conversation with our own corporate objectives, this process generates new insights and highlights opportunities to improve our position and further enhance our customers’ trust in our business.

**Our approach**

We completed our most recent materiality analysis in early 2016, with our next round planned for 2018. In our last materiality study we identified eleven priority issues, and this year we focused our attention on understanding the needs of our stakeholders in relation to these.

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**Taking a strategic approach to understand the material sustainability issues for our business helps us to better understand how to identify opportunities, mitigate risks and influence the areas that impact the most.**

To assess the sustainability factors within the business environment we operate in, we identify the most relevant environmental and social elements within our value chain, and consider the impact we have on them, or they have on us. These impacts can be financial as well as social and environmental, and can affect all our stakeholders including our communities, as well as ourselves through e.g. regulations, and our environment.

Following the steps below, we carry out a thorough materiality assessment every three years. The most recent was conducted in 2016.

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**Smurfit Kappa, 2016**

DS Smith, 2017
A clear line, from strategy to communications
A clear line: from strategy to communications

A clear line...
Once you have the clarity about the most important issues to your organisation, you have clarity on what you need to focus on, act on, and communicate on.
A clear line: from strategy to communications

Focus on what really matters...

A materiality process brings out priorities. In other words, it highlights those strategic issues for your business that need to be tackled as such. It is the start to an integrated sustainability strategy and roadmap.

Structure your communications

Material issues will be the ones to communicate and report most on. As such, five material issues can make up five chapters of your annual report. Your material issues and ranking will guide the content hierarchy of your actions, but also of your offline and online communications.

Tell a story

Be consistent. Your actions need to be reflected throughout your communications. Material issues should be the ‘what’ that you focus on.

Your story needs to portray:

- Who you are
- Why you exist
- What you believe in
- What your do
- How you do it
A clear line: from strategy to communications

**Reporting and disclosure**

Materiality has now been at the centre of reporting requirements for some time. The intention being to push organisations to focus on what has the greatest impact on them and on wider society. It helps to streamline content as ‘better’ reporting is more valued than ‘big’ reporting.

That said, increased expectations on transparency and business integrity means that some information (however not material) is still expected to be disclosed.

**Communicating on different channels**

Organisations communicate through various channels to diverse audiences. Having the clarity that materiality brings, helps to consistently tell the same story in different ways throughout your communications suite: Annual Report, Sustainability Report, social media, corporate website...

**Measuring success**

Those most strategic issues identified through the materiality process should become your organisation's priorities. As such, they will inform your strategy, roadmap, realistic and measurable KPIs and targets. It will help to focus and improve data gathering, monitoring, verification and progress.
Example of a success story: Tetra Pak

A meaningful sustainability strategy not only involves clear commitments but a structured approach, including R&D capacity, stakeholders engagement, target setting, monitoring against these goals and tailored communication. Tetra Pack has great consistency and line of sight: from its strategy to its communications.

**Commitments and target settings**

**Our commitment to the UN SDGs:**

Environment is a strategic priority for Tetra Pak.

Main objectives are to:
- reduce environmental footprint across the value chain,
- develop sustainable products, and
- increase recycling.

Top material aspects:
- Supplier environmental assessment
- Supplier water use
- Packaging design and resource use
- Packaging renewability
- Energy use and GHG emissions
- Machines and equipment: waste

Machine and equipment: energy use and GHG emissions
- Machines and equipment: water use
- Packaging recycling
- Packaging climate impact

**2020 Targets:**
- Double the global recycling rate for used beverage cartons by the end of the decade to 40%.
- Develop packaging based on 100% renewable materials and increase the supply of Forest Stewardship Council™ (FSC™) certified paper board available for use in Tetra Pak packages to 100%
- Cap climate impact across the value chain at 2010 levels by the end of 2020

**Monitoring and reporting**
Doing it again in three years
The world is changing fast.
Consumer behaviours are evolving, and so your customers’ demands are changing. Some of your countries of operation are facing increased extreme weather events and environmental emergencies (such as critical water scarcity situations) that can directly impact your operations.

Your stakeholders can also change with time. Key individuals you built long-term relationships with will move on, whilst new entities, competitors and advocacy groups emerge.
Markets are also likely to change in the near future. Some will ask for more paper, others for less – or of a different kind.

Pricing is also likely to evolve, due to changing demand, fuel prices, financial markets – and should investing in green bonds and carbon markets take off (or not).
The paper and pulp industry is already scrutinized and regulated, notably on environmental criteria, and this is likely to continue – as climate change regulation continues with increased ambition.

That’s why we encourage each organization to review its material issues regularly.
Questions to be asked when reviewing your material issues

Changes in regulation and consumer expectations, commodity prices, stakeholder expectations and pressures, natural resources scarcity, labour laws in our countries of operations ...

How is it all likely to change in the future?
How will it impact us?
How can we prepare for it?

Main areas of change to bear in mind:

• National, international and industry regulations
• Corporate and reporting regulations
• Consumer demand, behaviour and expectations
• Customer demand, behaviour and expectations
• Commodity prices
• Financial markets
• Supply chain continuity and safety, infrastructure
• Political and geopolitical changes
• Environmental risks
• Technological risks
Illustrations and inspirations
Future considerations: changing consumer and corporate behaviours and demands

The Environmental Paper Network areas of progress for the industry

Source: The state of the global paper industry

What is Packaging Sustainability to me?

Source: The BillerudKorsnäs Consumer Panel 2017
Future considerations: changing demands drives shifting offers

**European demand for graphic papers decreased by 2.4% in January 2018**

Consumption: Europe news pulp and paper statistics, markets, prices and forecasts
March 26, 2015 —by woodbizforum

European Association of Graphic Paper Producers (Eurograph) reported a 2.4% decrease of the European graphic paper demand in January 2018 y-o-y. According to the announcement, the demand totaled 2.2Mt.

<table>
<thead>
<tr>
<th>Item</th>
<th>Dec. 16</th>
<th>Dec. 17</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total European Shipment</td>
<td>2643</td>
<td>2612</td>
<td>-1.2%</td>
</tr>
<tr>
<td>to Europe</td>
<td>2154</td>
<td>2092</td>
<td>-2.8%</td>
</tr>
<tr>
<td>to Outside Europe</td>
<td>490</td>
<td>520</td>
<td>6.1%</td>
</tr>
<tr>
<td>Total European Demand</td>
<td>2228</td>
<td>2174</td>
<td>-2.4%</td>
</tr>
</tbody>
</table>

In 2017, the European graphic paper decreased by 2.8% to 28Mt.
Source: Woodbizforum based on Eurograph data

**The overall production of graphic grades is expected to fall around 5.4%**

Source: CEPI, Preliminary Statistics, 2017

**As traditional markets decrease, new opportunities arise and key players are shifting their focus, notably towards biochemistry.**

**Stora Enso’s transformation into a renewable materials company**
Karl-Henrik Sundström, CEO

Source: Stora Enso’s CEO, Karl-Henrik Sundström, 2016

**Recent trends in the output of graphic and packaging grades continue**

Divergence in the production trends of graphic grades against packaging grades continues with a decline in the production of graphic grades and additional growth in the output of packaging grades.

The overall production of graphic grades fell by around 1.5%. Output of newsprint - used mainly for daily newspapers - is expected to fall around 5.4%. The production of graphic papers in other areas - magazines and catalogues, direct mail, directories, etc. - shows slightly different trends. Output of coated mechanical paper fell by 1.0% whilst production of coated woodfree grades increased by 2.0%. Uncoated mechanical paper output decreased by 2.1% and the production of uncoated woodfree grades - mainly office paper - is estimated to have decreased by 1.3%.
Future considerations: changing consumer and corporate behaviours

Why You Should Be Running a Paperless Company

In recent years, organizations ranging from health insurance firms to technology outfits have turned to paperless correspondence—paperless billing, paperless contracts, paperless receipts, and so on. A company where the use of paper is entirely eliminated or almost absent can be more elusive, but there are many advantages if you can accomplish it, and these advantages extend far beyond simply the admirable desire to operate a greener business. Paperless companies are ultimately more efficient and more scalable.

Source: Forbes

Berlin duo launch a supermarket with no packaging

It works like this. You bring your own containers and have these weighed. Berlin-based supermarket Original Unverpackt labels your containers. You shop. When you get to the till, the weight of your containers is subtracted and you pay for the net weight of your groceries. The label is designed to survive a few washings so you can come back and skip the weighing process for a while.

Founders Sara Wolf and Milena Glimbovski say there’s a rising demand for products and services that deal with sustainability and that people demand alternatives to the “lavish” handling of our resources.

Source: The Guardian
Future considerations: resource scarcity

Source: The Financial Times

Source: World Economic Forum
Future considerations: regulation and business opportunities in conservation

Source: World Economic Forum

Regulations: protecting natural resources

Colombia has granted the Amazon rainforest the same rights as a human being
Future considerations: increased pressure for transparency

Source: Environmental Paper network Map
Future considerations: innovation

Origin is a new kind of chemical company, focused on the future of materials science. By finding value in underutilized feedstocks like cardboard, wood waste and agricultural residues, we invent new and better materials for humanity.

TURN MATERIALS INTO COMPETITIVE ADVANTAGE.

Whether your challenge is manufacturing thinner bottles, making your chemicals safer and better, or decreasing your reliance on petroleum to stabilize pricing— we’re here to help great companies finish first.

Origin materials, revalorizing cardboard to make a new kind of plastic.

Source: Origin Materials

Paper Industry Innovation - More Than You Might Think

Oct 20, 2017

By Mark Pitts
Executive Director, Printing-Writing, Pulp and Tissue

Today, it seems we are conditioned to think about innovation in terms of disruption or the emergence of products that are bigger, brighter, sharper. Contain more memory or longer battery life. Paper has been so embedded in our lives over multiple generations that it is not only taken for granted, but sometimes thought of as an analog industry in a digital world.

- The growth potential and value of printed or embedded electronics in paper is just beginning to be realized. By merging paper and digital technologies, the application of printed QR codes and embedded Near Field Communication in labels enables short-range communication between paper and electronic devices so brand owners can promote products and add security and anti-counterfeit functions to product packaging.
- Completely new revenue streams are being developed by traditional paper manufacturers through extraction of nanomaterials from cellulose fibers that can be used to enhance the performance of products unrelated to the paper industry such as paints, coatings, cosmetics, adhesives and video screens.
- That comfy rayon shirt or sweater is likely the result of a process that regenerates wood fiber called dissolving pulp into high quality fabrics used throughout the textile industry.
- Specialized casting and release papers are used to cure and set the surface appearance of vinyl films and simulated leather products used in the automotive industry as well as shoes, handbags and other fashion items.
- New wood-fiber based packaging designs are reducing food waste, increasing in-store shelf life of produce and creating decorative displays to capture customer attention.

Source: American Forest & Paper Association
Future considerations: innovation and circular economy

Innovation in the spirit of a circular economy, making waste a resource and closing up the loop.

If sanitation improves in the context of a growing population, paper demand will rise, creating a new issue in terms of waste.

Such innovations could be part of the solution to minimize impacts.

**Innovation: asphalt made out of recycled toilet paper**
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Thank you