



Sappi Group  
Sustainability  
Report 2013

**sappi**  
Inspired by life

## Sappi Group Sustainability Report 2013 - Clearly printed

### Sappi uses straightforward language to explain the impacts of its diversifying business

There are some widely accepted notions in the world of environmental sustainability. One is that anything printed on paper is inherently unsustainable. Even companies publishing sustainability reports often tout the fact that their report is available only online for reasons of preserving the planet, even though it might be the only corporate material that is not actually printed.

For a company whose core business is paper, the ongoing reduction in demand for printed products can be existentially unsettling. Sappi Group deals with this by [reporting](#) how it has driven diversification by developing specialised paper solutions including applications such as food-safe papers, while at the same time shifting production out of paper products and into specialised dissolving wood pulp (DWP) used in textile applications. Textiles based on DWP include viscose and rayon, and demand for non-woven applications based on DWP in healthcare and other markets is growing.

As far as business sustainability is concerned, these solutions appear to present Sappi with viable and profitable alternative uses for its technology and assets. Not giving up entirely on the paper market, however, Sappi presents research from Magazine Media Factbook that claims print magazines have a future, and even that younger people – 96% of under-25s – read magazines.

Another general perception in sustainability circles is that biomass is a more sustainable alternative to fossil fuel energy sources. Companies using biomass are proud to declare it and to trumpet its greenhouse gas emissions benefits. While wood-based biomass is a source of lower-carbon energy, (and Sappi sources 51% of its energy from renewable sources including own-generated biomass resulting from process waste), at the same time, Sappi presents a conflict around increasing promotion of wood-based biomass as a preferred energy source by governments.

Sappi maintains that “biomass conversion threatens fibre supply”, affecting the long-term sustainability of forest resources, because using virgin fibre to generate biomass for energy instead of creating wood, pulp and paper products diverts resources from Sappi’s primary markets and reduces the overall availability of fibre for all purposes. As wood (and paper) products can be turned into biomass after use, Sappi maintains that biomass should be a secondary market, enabling the life of forest resources to be extended, first as products, then as biomass. This is a complex argument and requires a deeper understanding of the relative benefits of biomass opportunities and impacts. The Sappi report doesn’t provide all the answers, or even any significant detail, but it does present the dilemma.

## The sequestration benefits

Carbon taxation is another material issue for Sappi. In general, carbon taxation is feared by corporations.

As a highly energy-intensive company, Sappi could potentially be liable for a heavy carbon tax bill. But, the company says, its forest plantations have a carbon sequestration effect, and Sappi reports that its trees absorb 12.5m tonnes of carbon dioxide and emit 8m tonnes of oxygen per year. Sappi says carbon taxation should consider the entire lifecycle of the industry and not just the negative impact of energy consumption and resulting greenhouse gas emissions. This issue is clearly the subject of significant debate. Again, the good thing about the Sappi report is the presentation of this issue and clear statement of policy by the company.

Sappi is one of the few companies that deliver both an integrated annual report with significant sustainability content, and a separate full sustainability report (the subject of this review). While sales declined a little for the Sappi group in 2012, profitability was maintained due to the specialty cellulose diversification strategy, which is a good message both for the company and also for those who doubt that there is opportunity in sustainability strategy.

Overall, Sappi does a good job in reporting key sustainability issues in language that is easily understandable, and in an interactive PDF which is easy to navigate. What is not immediately clear is how Sappi will improve performance against 2013 targets. In a graphic thumbs-up/thumbs-down summary, a reader can count that 14 out of 21 2013 performance targets get a thumbs-down, while 2014 targets are very ambitious compared with actual 2013 performance.

More insight into how Sappi will make the leap to this improved performance in various areas would make the targets more credible. However, thorough reporting of sustainability strategy, focus on the issues that count and detailed data relating to a wide range of sustainability impacts make this one of the more impressive reports available online and, for now, in print.

Snapshot:

<b>Follows GRI?</b>	Yes, GRI G3 A.
<b>Assured?</b>	No
<b>Materiality analysis?</b>	A list of 10 sustainability issues.
<b>Goals?</b>	Yes
<b>Targets?</b>	Yes
<b>Stakeholder input?</b>	No
<b>Seeks feedback?</b>	No
<b>Key strengths?</b>	Great navigability.
<b>Chief weakness?</b>	Lack of explanation of underperformance against targets.
<b>Pleasant surprise?</b>	Well-stated policy positions on key issues.

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