

# forest

## FOR THE TREES

**What is sustainable paper? The answer is more complex than it may seem. Is recycled fibre always the best option? What does sustainability even mean? To answer these and other questions, Kruger Products partnered with *PurchasingB2B* for our first Leaders in Sustainable Thinking Roundtable conversation.**



François Dufresne



Andrew Gustyn



Michael Hlinka



Adam Tan



Drew Tremblay



Steven Sage



Hannah Zhao

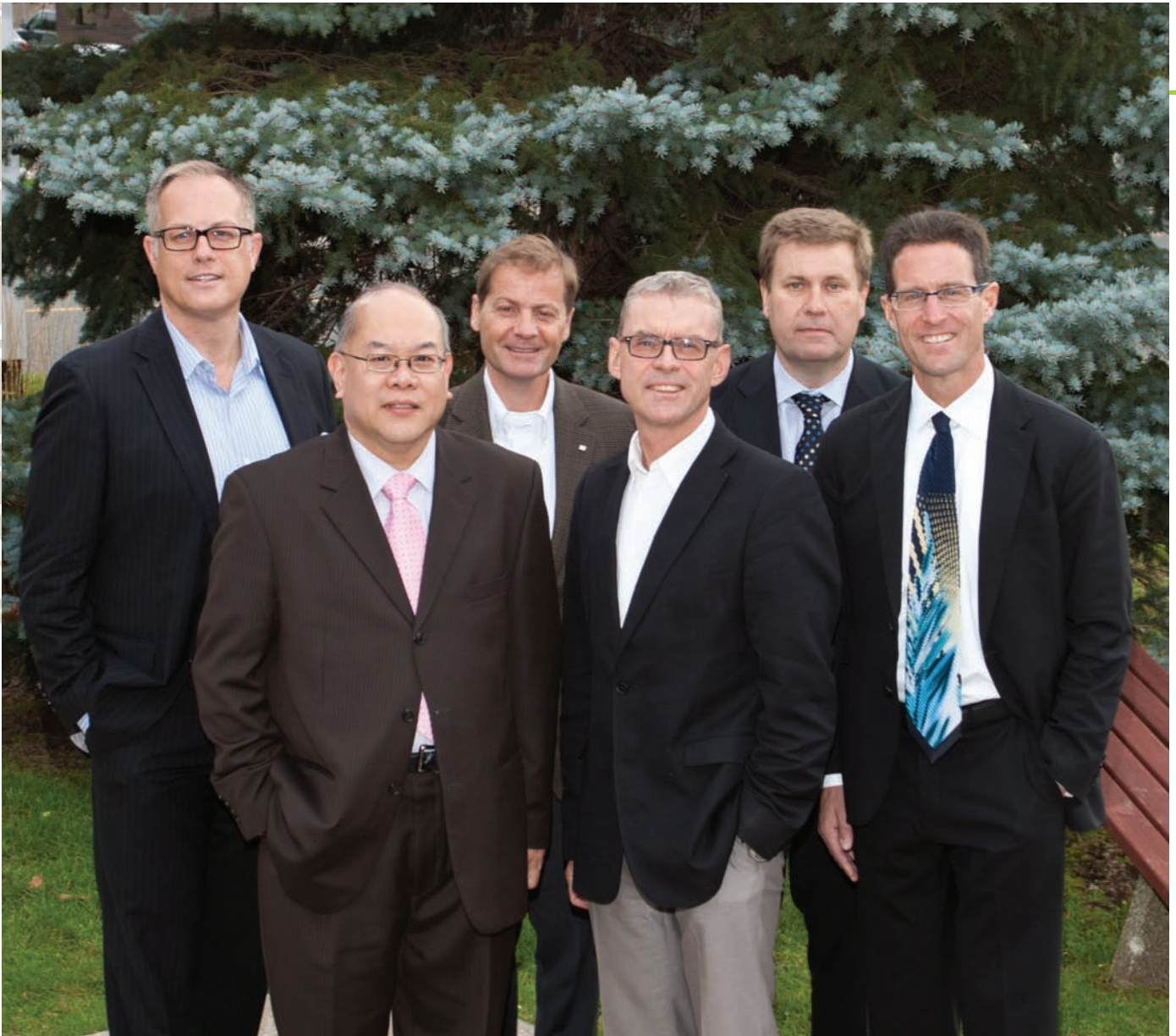
Sustainability, paper and procurement experts met at *PurchasingB2B's* and Kruger Product's Thought Leadership Roundtable on sustainable paper on October 11. Kruger Products is a leading manufacturer and distributor of premium tissue and paper towel products for both consumer, in-home and commercial and away from home use. In 2010, Kruger Products launched Sustainability 2015, through which it set nine measurable targets to reduce its environmental impact over the next five years. To learn more about Kruger Products' well-known brands and products, visit [www.krugerproducts.com/afh](http://www.krugerproducts.com/afh). The following is an editorial report based on the roundtable conversation.



LEADERS IN  
SUSTAINABLE  
THINKING



**PurchasingB2B**



Images: Lynne Fox/Klix-Pix

At first blush, many of us think we know what sustainability means. As well, many people may point to recycling as a key driver of sustainability initiatives, particularly when talking about paper: if we recycle or use recycled paper, we've done our part for the environment and, thus, we're sustainable.

But drilling down, the notion of sustainability and paper becomes more complex. Issues spring up such as whether "virgin" fibre is more sustainable than recycled fibre, along with even more basic issues like what, exactly, we mean when they use the term "sustainability."

To explore these and other issues, *PurchasingB2B* with Kruger Products held the Leaders in Sustainable Thinking Roundtable in October. The overall theme of the discussion was the link between the concept of sustainability and paper.

Our roundtable participants included Andrew Gustyn, director of corporate sustainability, North America, at Unisource Worldwide Inc; Drew Tremblay, sustainable business advisor at Domtar; Steven Sage, vice-president of sustainability and innovation at Kruger Products; Adam Tan, facility operations manager at Cadillac Fairview; and François Dufresne, president of Forest Stewardship Council® (FSC®). As well, Hannah Zhao, an economist at RISI special-

izing in paper products and fibre, joined the conversation from Boston via teleconference. CBC business commentator and long-time *PurchasingB2B* columnist Michael Hlinka, moderated the conversation.

To frame the discussion, Hlinka quoted a 1987 United Nations document called *Our Common Future*, also known as the Brundtland Report, that defines sustainable development as: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Our roundtable participants weighed in on the definition.

The consensus around the table was that the environment, while important, was but one of several components of the concept of sustainability. Sage agreed with the basic message of the report's definition. He stressed that focusing solely



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**—Steven Sage**



on environmental practices limits an organization’s ability to operate in a sustainable fashion. Increasingly, he said, people see sustainability as including three components: environmental, social and economic.

“You could be the most [environmentally] sustainable company ever and go out of business, and then it’s not so sustainable,” he told the group. “I think it’s a bit of a juggling act in the balance of those three components.”

Andrew Gustyn agreed that the concept of sustainability consisted of three components and, increasingly, the social impacts of an organization’s actions have become important. “We’re starting to see an increased demand from end users, as well as other stakeholders within and outside our organization, that they want to see us take on a role with regards to the social responsibilities that we have within communities in which we operate in, and the supply chains that we have,” he said.

Drew Tremblay also noted that sustainability’s definition had evolved from only referring to environmental stewardship to encompass corporate social responsibility (CSR). Issues such as how organizations treat employees, the impacts of business on Aboriginal communities and other areas have all folded into the definition. Tremblay also stressed the importance of including financial sustainability in the definition.

“I’m going to bring this up: we have a responsibility to the shareholders—of which I am one at Domtar—so it’s important that we recognize that we have to make money,” he said.

For him, sustainability also encompasses operational excellence, noted Adam Tan. For example, energy efficiency translates into operating costs savings, Tan said, and the company’s properties then become more attractive for those looking to rent space. That trickles back to dealing with suppliers like Unisource and Kruger Products, he said, because sustainable procurement is a large component of Cadillac Fairview’s own sustainability program. Collecting information about suppliers is therefore key.

“When we send out our tenders, we do ask them to tell us a story behind their sustainability,” Tan said. “So it really isn’t just about whether you recycle. It’s all about the company that we will be dealing with.”

#### **Recycled vs. virgin**

Still, recycling continues to be one of the themes most often associated with sustainability. And the potential value of recycling largely embedded into the culture in Canada, Sage told the group. But defining a “green paper product” as one that must contain recycled fibres is problematic, he noted. Canada is a mature recycling market and the availability of recycled (or recovered) fibre is becoming more difficult and expensive to source. And while recovered fibre has a place, it also uses its share of water and energy to process—for example to break it down and remove ink.

“I’m fascinated by how ‘green’ is only defined as a recycled product,” he said. “Will we be able to get to a place—probably led by business—where we say ‘OK, it’s either going to cost too much or there’s going to be too little available?’”

While the public’s view is that recycling trumps virgin fibres as the green option, Hannah Zhao noted that it was important to educate customers regarding the various ways in which paper can be sus-

tainable. For example, using renewable energy in paper mills can make a difference.

Tan agreed, saying that as a customer himself, the majority of his information about the topic comes from what he learns from the paper industry itself. End users are very interested in cradle-to-grave issues such as where the paper is coming from, how it's sourced, the amount of fossil fuel used in production and how it's ultimately disposed of. The paper industry bears a certain amount of responsibility in educating procurement professionals about these issues, he noted.

"There's a lot of challenges that are on the horizon that are going to be changing the way you produce or sell your paper, and I think it behooves the industry to start raising awareness of the changes. Then people like us, the end users, can actually understand it better," Tan said.

Some roundtable participants cited the advantages of recycling. François Dufresne noted the practice has lowered the pressure put on forests and helped stabilize the amount of harvesting that's taken place over the past decade.

"(It's important) to make sure that when we do harvest virgin fibre from the forest it's done with the best, state-of-the-art practices that are available today, maintaining sustainable practices of the forest for future generations—that's our main goal," he added.

Tremblay stressed that recycled paper falls within the same life cycle as virgin paper. And while he agreed that recycling eases pressure on forests, fibres can be recycled seven times before they disappear. He also pointed out that forest product waste is used to make other products. For example, the industry takes the biomass left over from the pulping process and uses it as an energy base to make electricity and steam.

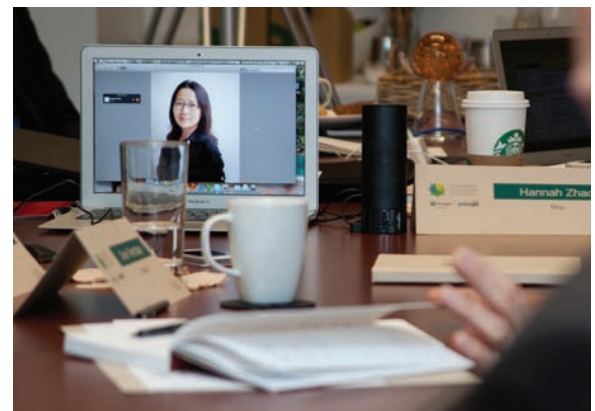
"We're no longer a paper company, we're a fibre innovation company because it can be used for many different things," he said.

And just because fibre is recovered doesn't mean it's less expensive. Historically, such fibre was less expensive, noted Zhao, but the price has gone up due to several recent factors. For example, China—and Asian nations generally—uses more recovered fibre because of virgin fibre's lack of availability, Zhao noted. Also, China does not have very good recycling programs, she noted, which means the country can't supply their own recovery demand and therefore imports a lot from the US, Canada and Western Europe. These areas already have a paper recycling rate of over 70 percent, which is very close to the limit.

"That pushes recovered paper prices up a lot," Zhao said, noting the existence of what she called a "recovered paper crunch".

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“In general, the recovered paper price is becoming more and more expensive, like virgin fibre. And right now we’re in a weak market. But... in the near future, over the next five or 10 years, recovered paper market will go strong again. That means the recycled fibre will be more and more expensive as compared to virgin fibre.”

On average, the North American fine paper market shrinks by roughly five percent each year, noted Tremblay, which means that mills have closed and those producing recycled content are shifting to different products. Therefore, new capacity is limited: why build something, he asked, for which the return rate is beyond the product line’s life?

“That’s the point that sometimes people forget: you can’t have recycled content without having virgin harvesting,” he said.

Tied into the public image of recycling is the perception of how the forestry industry operates. But the group agreed that forestry products were more sustainable than many people realize. For example, any company that cuts down too many trees without renewing them would find itself out of business, Sage said. As well, added Tremblay, organizations looking to cut down trees need a license and management plan and are required by law to replant.

“It (paper) is sustainable,” he said. “It comes from a renewable resource called the forest, we make paper in a good way and we do a lot of good things in North America.”



#### Get certified

Certifications such as FSC—and the audit process involved with those certifications—also add legitimacy to sustainability claims, Tremblay noted. Forest certification, specifically with FSC, is also a great opportunity for organizations to set their sustainability targets. For its part, Tremblay noted, Domtar has set the long-term goal of having 100-percent of the fibre entering its mills to be certified by FSC.

Meanwhile, Dufresne added that while certifications like FSC are recognized—quickly and by a large user base—in Europe, certifying organizations would do well to build industry partnerships in Canada. To get the message out, he recommended more cooperation between certifying organizations and industry to educate the public and end users regarding what certifications actually involve.

“That’s what they did in Europe and slowly, over the years, it became a huge success—I think it’s just an awareness campaign,” he said.



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