



2021 NATIONAL PULP, PAPER & PACKAGING
Sustainability Report

Good for the environment, people & Australia

Australia's paper and paperboard manufacturing industry is essential to the modern and continuing needs of the nation, and to its emerging circular economy.

Supplying critical safety, sanitation, packaging and communication materials across the nation, and delivering many products to the local region and the world, the industry is on the cusp of its next surge in sustainability.

Already one of the leading recyclers of its own products, Australia's pulp and paper industry also continues to develop innovative solutions and products that are at the core of its operations.

By sustaining employment and growing production throughout 2020, pulp, paper and paper product producers maintained their regional footprint despite ongoing operational pressures.

To further develop its role at the heart of the modern circular economy – renewable, reusable, recoverable and recyclable – the industry remains committed to working with Government to continue to reduce emissions, utilise even more renewable energy and to trade on a fair and equitable basis with its competitors, many of whom do not share the same commitments or meet similar obligations.



This report, compiled and verified independently, outlines the contribution, sustainability and efforts of Australia's pulp and paper industry to meet Australia's needs. The report focusses on efforts and achievements in 2020 and the industry's ongoing commitment to making a sustainable contribution to the nation's circular economy.

This report was compiled using data from the 2020 calendar year and the 2019-20 financial year.

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Essential, for today, and tomorrow

Paper and paper products are so common in society they are often over-looked. But look around and wherever we turn, from corrugated boxes and paper bags, to tissue, toilet paper, copy paper and catalogues, nearly every household, business and office is stocked with renewable products from local industry.

In many respects, those products were at their most prominent in 2020, during the height of the pandemic, and the challenges it presented.

2020 HIGHLIGHTS

Production lifted to 3.103 million tonnes

Use of recovered paper rose to 54% of total fibre use

Energy intensity down 11.4% since 2013-14

Export income hit \$A930 million

In 2019-20, the Australian industry produced 3.103 million tonnes of paper and paperboard, exporting 35% of its total production.¹ Paper and paperboard exports earned Australia AUD930 million in 2019-20,² even as the Australian industry supplied 67% of the nation's total paper and paperboard demand.³

In 2019-20, the industry utilised a calculated 1.8 million tonnes of recovered paper, around 54% of its total fibre use.⁴ Recovered paper utilisation lifted almost 14% on the prior year, to deliver the nation's needs as the pandemic took hold and e-commerce transactions saw a huge rise in business-to-consumer deliveries.

In April 2020, for example, the industry supplied more packaging for e-commerce transactions than for the prior Christmas period.⁵

2020: paper industry protects the nation and delivers across Australia

In 2020, the importance of e-commerce to the maintenance of social distancing saw a dramatic spike in consumption of fibre-based packaging of all types for instance, while sanitation products as diverse as tissues, wipes, face masks and gowns helped keep the nation clean and our frontline workers safe.

Even as it supplied more packaging and other materials for the nation, the pulp and paper industry continued to be more efficient, using less resources than in previous years.

The strategy of light-weighting, involving design of packaging and other materials to utilise the minimum possible resources has long been a key driver for Australia's fibre packaging sector. This approach uses the latest technologies and investment to deliver increasing numbers of packaging items from the same quantity of resource.

1. INDUSTRYEDGE [1], 'Pulp & Paper Strategic Review, 2020'

2. ABS, 'Merchandise Trade Data, Chapter 48'

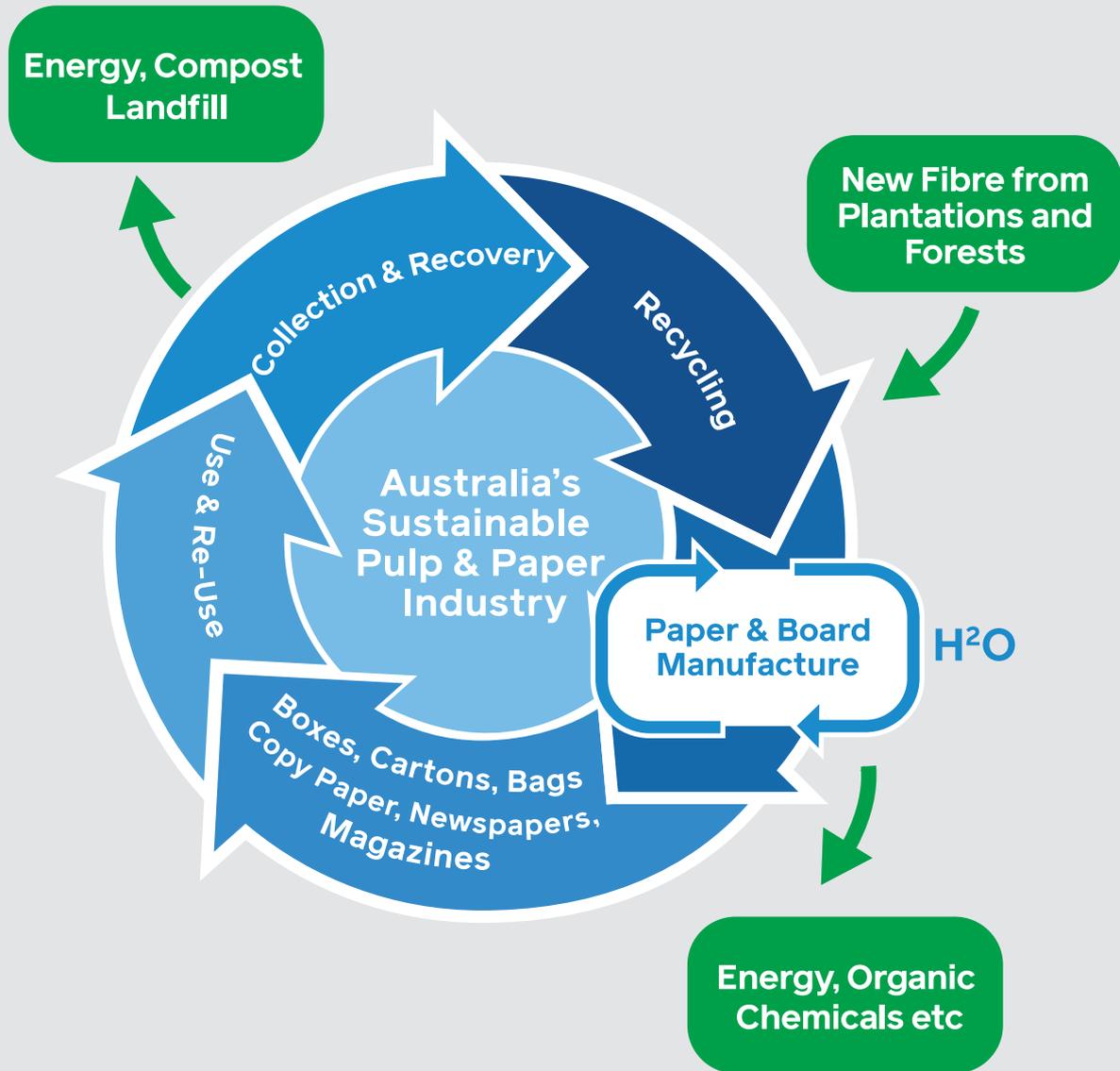
3. INDUSTRYEDGE [1]

4. INDUSTRYEDGE [1]

5. AUSTRALIA POST, 'Inside Australian Online Shopping – 2020 eCommerce Industry Report'

Essential, Circular, Sustainable

Australia's Pulp & Paper Industry



6. INDUSTRYEDGE [1]
 7. INDUSTRYEDGE [1]
 8. ABS, 'Merchandise Trade Data, Chapter 48' - Selected Codes
 9. INDUSTRYEDGE [1]
 10. INDUSTRYEDGE [1]
 11. ABS, 'Merchandise Trade Data, Chapter 48' - Selected Codes

Essential products from an essential industry

Australia's pulp, paper, tissue and packaging industry has always been focussed on supplying products the nation needs. Most of the time, those products are out of mind, if not out of sight. But in 2020, its products and the entire industry were at the forefront in delivering for Australia.



Corrugated boxes and cartons, paper bags and sacks delivered to the nation's front doors

- Record consumption of corrugated packaging in Australia – 1.4 million tonnes in 2019-20⁶
- 84% of corrugated packaging was made in Australia, as the local industry met the evolving and expanding needs brought about by the global health emergency^{7,8}

Toilet paper, facial tissue, hand towels, face masks and more supplied to keep Australia safe

- Record consumption of toilet paper and other tissue products, saw tissue stock consumption lift a huge 17.5% to 370,000 tonnes⁹
- Despite the challenges in 2020, the Australian industry helped deliver the nation's enviable health record
- Rising imports of finished tissue products may represent a strategic risk for Australia and an opportunity for future industry growth

Communicating across the nation – our vital role continues

- From copy paper, to magazine and catalogue grades and newsprint, Australia used 927,000 tonnes of communication grade paper in 2019-20¹⁰
- Local supplies accounted for 43% of total consumption, as the sector earned more than AUD153 million of export revenue¹¹

6. INDUSTRYEDGE [1]

7. INDUSTRYEDGE [1]

8. ABS, 'Merchandise Trade Data, Chapter 48' – Selected Codes

9. INDUSTRYEDGE [1]

10. INDUSTRYEDGE [1]

11 ABS, 'Merchandise Trade Data, Chapter 48' – Selected Codes

Leading the Circular Economy

The pulp and paper industry operates – and always has – on circular economy principles. From using renewable resources, recovering and recycling of its own products, creating renewable energy for use in its own operations and to supply the electricity grid, to ongoing efforts to reduce emissions and emissions and energy intensity, pulp and paper manufacturers across Australia provide circular economy leadership.

Driving the National Kerbside Recycling Industry

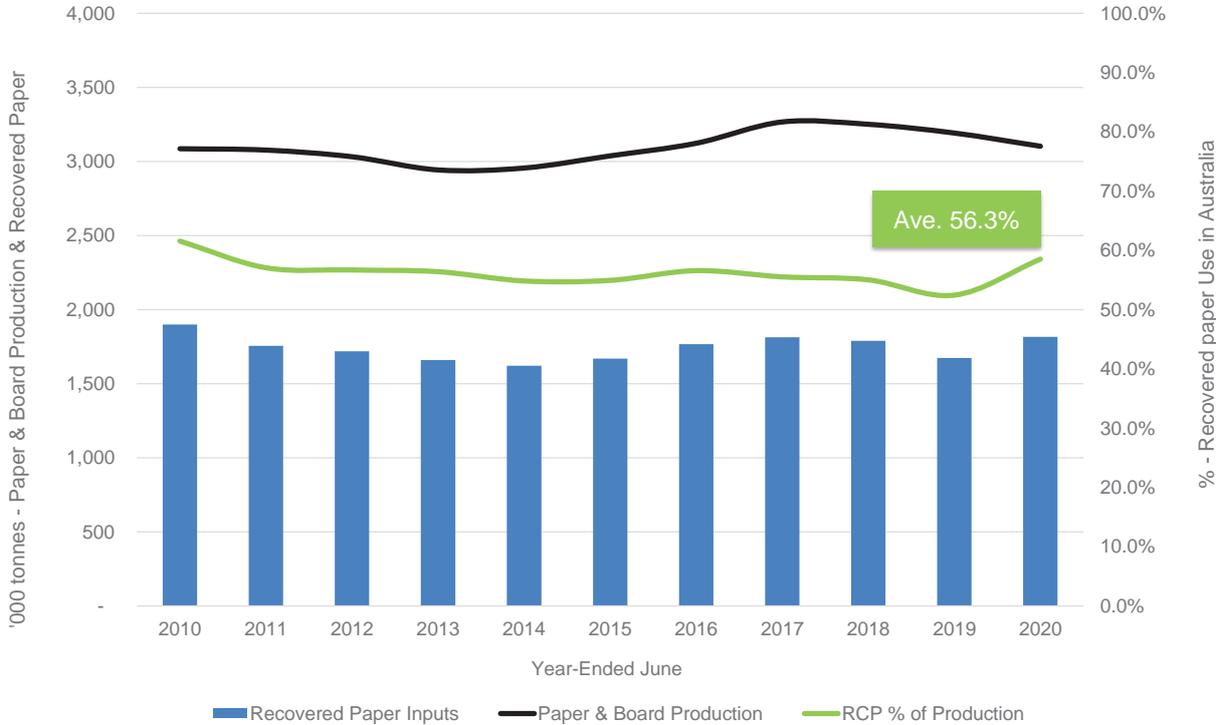
The pulp and paper industry in Australia leads the national recycling effort, especially for materials like packaging that are consumed at the household level.

Every year, in addition to its own production of around 3.1 million tonnes of paper and board, Australia imports a huge quantity of goods, the vast majority of which are packaged in corrugated boxes, bags and sacks. The industry drives recovery of this material, along with its own production.

In 2019–20, that performance resulted in the local industry recycling 1.8 million tonnes of recovered paper (up from the decadal average of 1.7 million tonnes).¹² The vast majority of this was used to manufacture the corrugated boxes that supply our businesses, government offices and homes, in normal years, but especially in 2020.

The most recent year resulted in 54%¹³ of the industry's production being made from recovered and recycled paper and paperboard.

RECOVERED PAPER USE IN AUSTRALIA: 2010 – 2020 ('000 TONNES & %)



Source: IndustryEdge

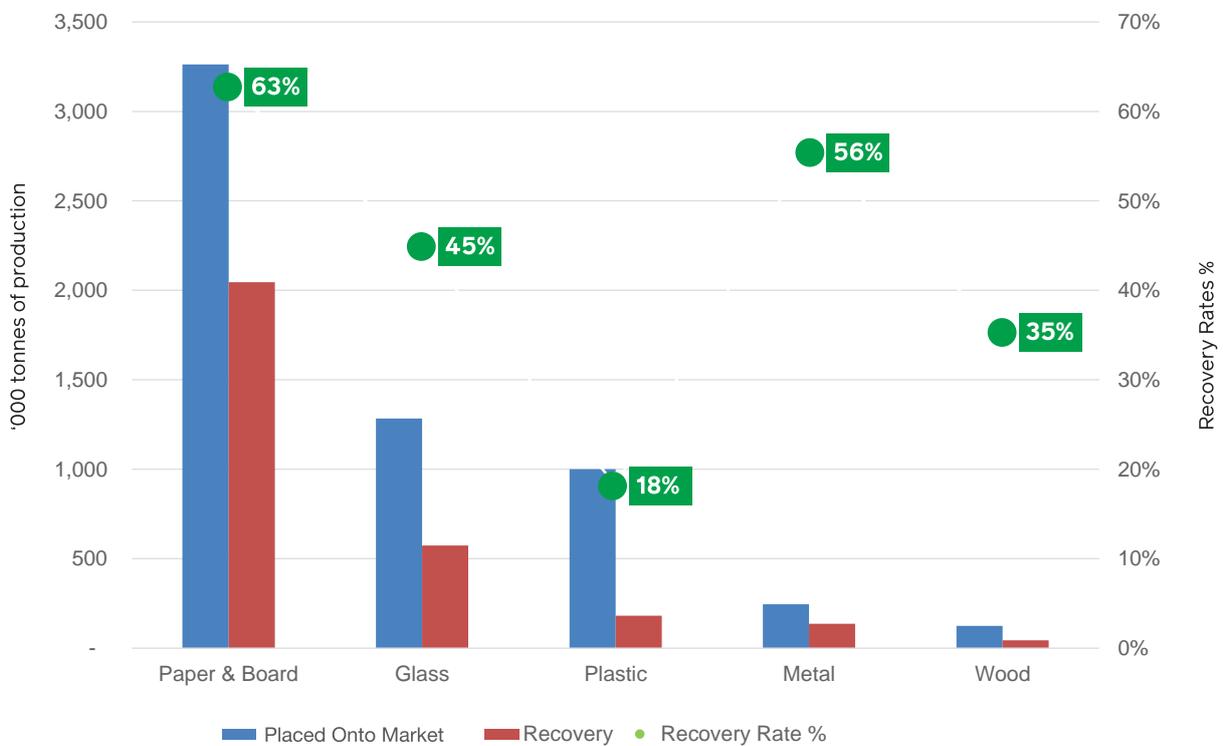
12 INDUSTRYEDGE [1]
 13 INDUSTRYEDGE, survey and analysis for this report

Essential products from an essential industry

When it comes to packaging, paper and board simply have no peer in recovery and recycling.

The industry's 63% recovery rate in 2018-19 continued its record of always recovering more resources than any other packaging materials or industry. As the chart, from the 'Australian packaging and recycling data 2018-19' report demonstrates¹⁴, paper and board recovery is so significant, it supports the recovery of all other materials.

AUSTRALIAN PACKAGING MATERIAL RECOVERY RATES: 2018-19 (TONNES & %)



Source: APCO

¹⁴ APCO, 'Australian packaging and recycling data 2018-19' www.apco.org.au/news/20Y4a00000000Q9EAI

¹⁵ AUSTRALIA POST, 'Inside Australian Online Shopping – 2020 eCommerce Industry Report'

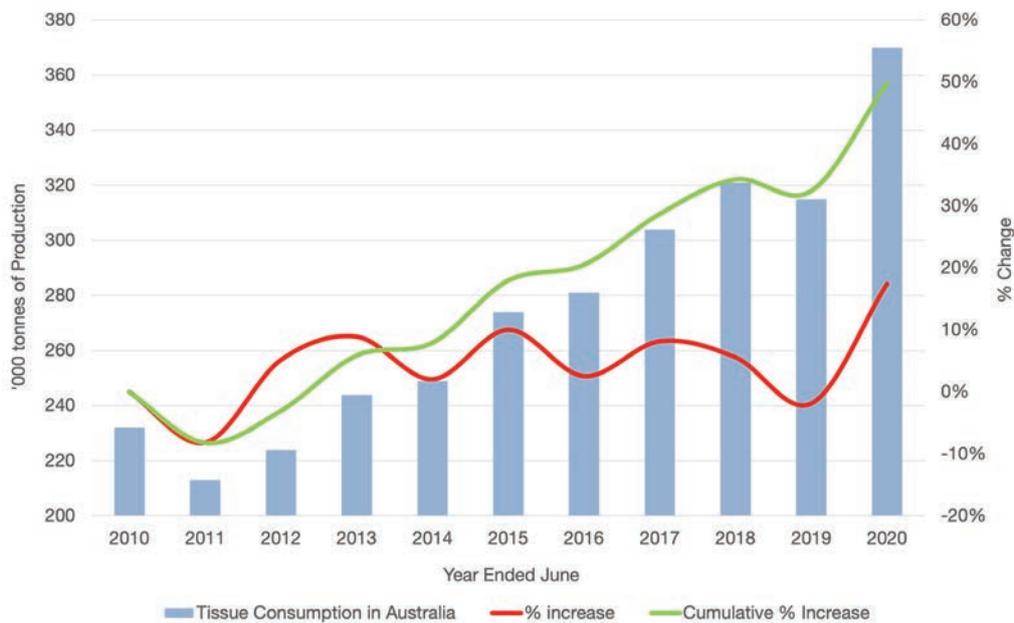
Essential Response to the Global Pandemic: Helping the Nation Carry On

The tissue sector famously kept the nation supplied, despite the panic-buying and the disruption of import supply-chains wrought by the pandemic.

So much extra effort was required that even by mid-2020, the sector had surpassed previous records to supply 370,000 tonnes of tissue products (toilet paper, facial tissue and hand towels) to a grateful nation.

That was 17.5% more than the prior year, and a huge new record, with most of the growth recorded from March to June 2020.¹⁵

TISSUE CONSUMPTION AND GROWTH: 2010 – 2020 ('000 TONNES & %)



Source: ABS, derived and IndustryEdge



As the paper and board industry responded to run-away and unpredicted demand for direct-delivered goods, the paper and board sector dramatically increased production. While a record of almost 1.4 million tonnes of corrugated box production was recorded for 2019-20¹⁶, the nation's producers reported the second half of 2020 saw further increases in demand, much of which appears set to continue into the future.

Though the 'genie' was already out of the bottle, there is now no turning back from technological revolutions that change people's lives. Now, and into the future, the paper and board industry will be required to provide the materials that ensure medicines, food and other essential items make their way to Australian households.

15 INDUSTRYEDGE [1] and survey and analysis for this report

16 INDUSTRYEDGE [1]

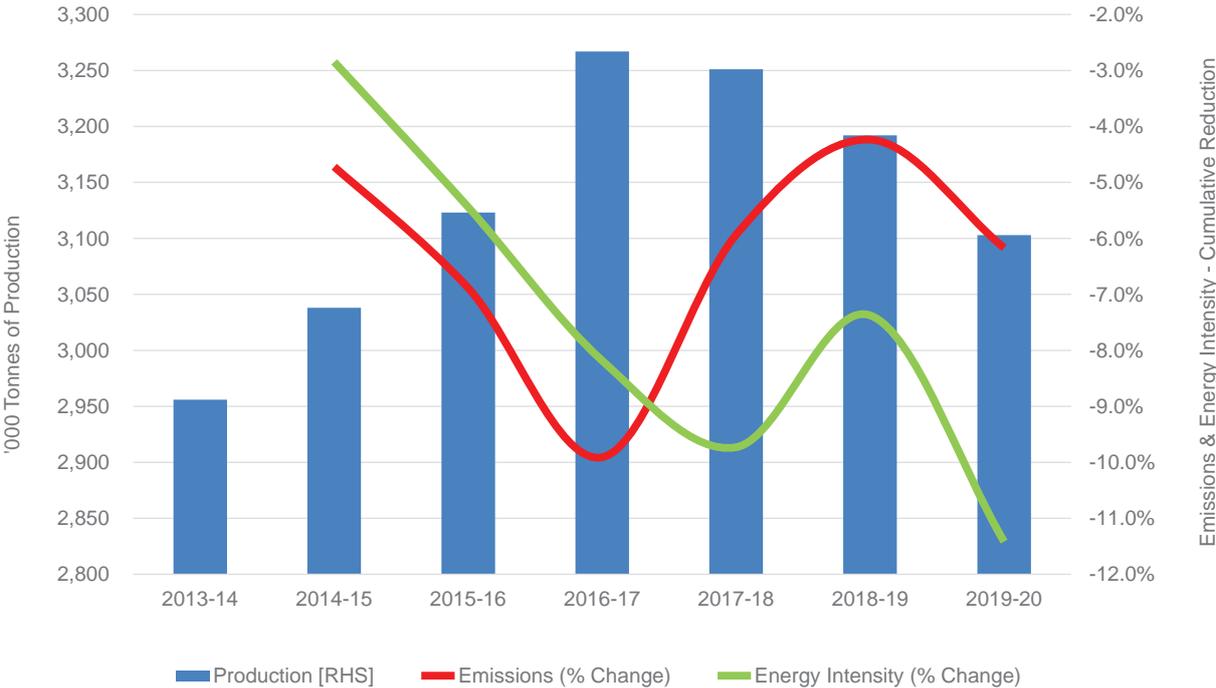
Emissions and energy use continue to decline

Despite the emissions intensive nature of producing more than 3.1 million tonnes of paper and paperboard for Australia each year, the pulp and paper industry continues to drive its emissions and emissions intensity down.

Total net energy use was 7% lower in 2019-20 than in 2013-14. With production 5% higher than in 2013-14, energy intensity fell more than 11% through to mid-2020.¹⁹

In 2019-20, the industry produced 3.103 million tonnes of paper and paperboard, almost 5% more than five years earlier in 2013-14.¹⁷ Over the same period, greenhouse gas emissions per tonne of production declined more than 6%, removing more than 88,000 tonnes of CO₂e from the atmosphere.¹⁸

EMISSIONS & ENERGY INTENSITY DRIVEN LOWER: 2013-14 TO 2019-20 ('000 TONNES & %)



Source: NGERs & IndustryEdge research and analysis

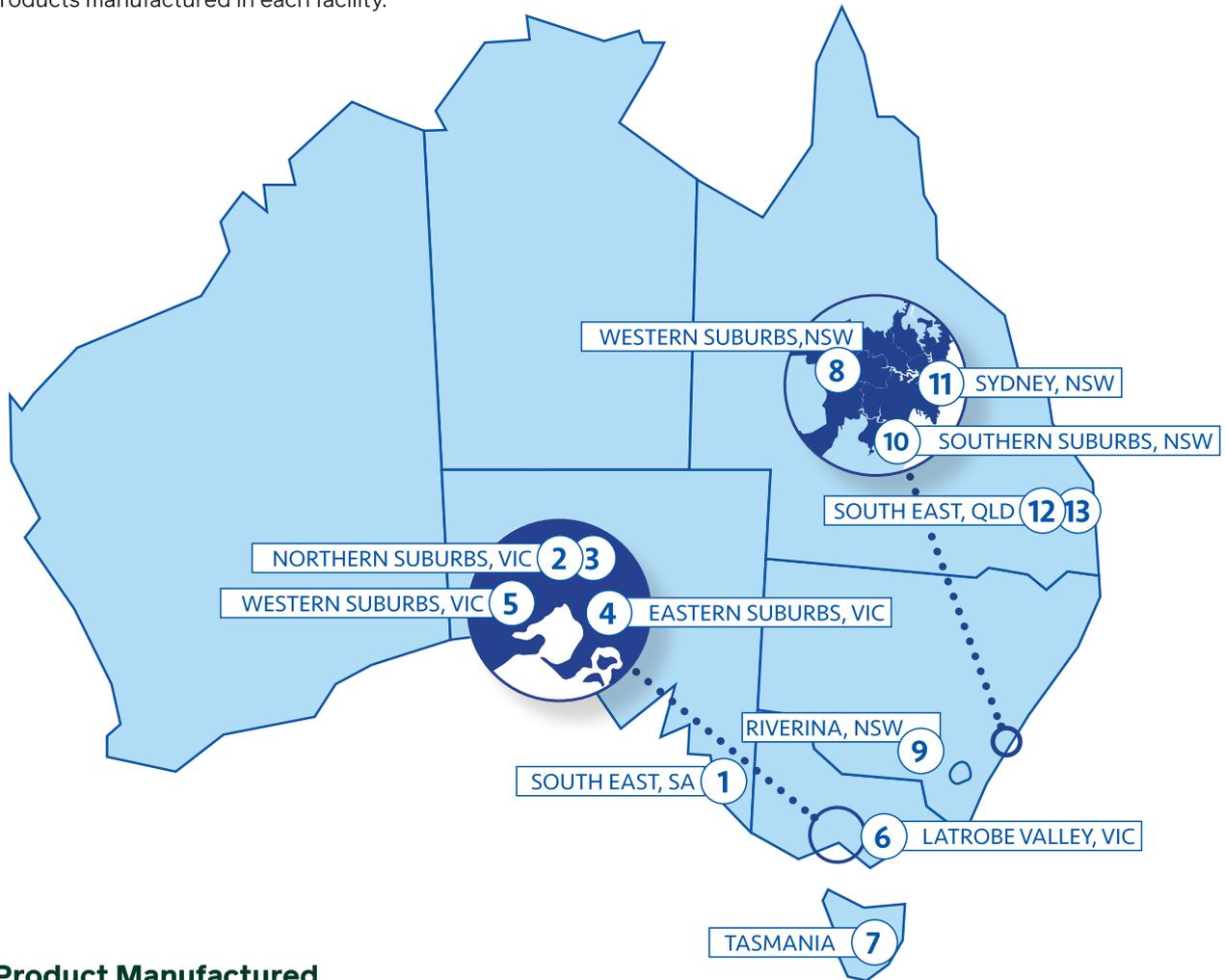
17 INDUSTRYEDGE [1]
 18 NGERs, 'Scope 1 Emissions' data
 19 NGERs, 'Net Energy Consumption' data, analysed against industry production data collated and reported annually by IndustryEdge

Sustaining regional employment & communities

Australia's pulp and paper industry supports significant regional employment, providing almost 14,000 highly skilled, secure and well-paid jobs in Australian manufacturing.

The industry's employment provides important stability and substantial regional incomes. Every job in a pulp and paper mill in Australia is supported by between 1.6 and 2.1 additional full-time equivalent positions.

Below, the map shows the locations of Australia's pulp and paper mills, and the table below demonstrates the products manufactured in each facility.



Product Manufactured

1	Toilet paper, Facial tissue, Hand towel	7	Newsprint, Printing paper
2	Corrugated packaging paper	8	Toilet paper, Facial tissue, Hand towel
3	Corrugated packaging paper	9	Corrugated packaging paper
4	Toilet paper, Facial tissue, Hand towel	10	Corrugated packaging paper
5	Toilet paper, Hand towel	11	Corrugated packaging paper
6	Pulp, Corrugated packaging paper, Food wrap, Copy & Office paper	12	Corrugated packaging paper
		13	Toilet paper, Facial tissue

The industry is inclusive and values diversity

Across the nation, employees in the pulp and paper industry come from more than 60 countries, speaking many languages and bringing a world of experience to their jobs and the communities where they work.

The industry continues to strive to increase the participation of women in its workplaces, at all levels and all work functions. Industry continues to pursue diversity, addressing challenges presented by the 24/7/365 nature of the operations and several of the largest manufacturing facilities being located in regional Australia.

Meantime, the majority of the industry's highly trained employees remain in their well-paid positions for long periods of time, as they advance their careers within the industry.

AFFPA members, working through the Pulp, Paper & Bioproducts Chamber, have unanimously endorsed the Australian Forest Industries Diversity and Inclusion Charter ²⁰



Source: ABS, derived and IndustryEdge

Australia's Pulp & Paper Industry



The Australian pulp and paper manufacturing industry supplies two-thirds of the nation's total paper and paperboard needs, while exporting close to one-third of its production.

The industry proudly supplies the tissue and sanitary products that help keep the nation healthy and safe, providing the country's major packaging formats, corrugated boxes, cartons and a significant portion of our copy paper, magazines, newspapers and other communication papers.

Paper and board products have always been made from renewable resources, supplied sustainably from the nation's plantations and forests, recovered and recycled to maximise resource efficiency.

A major element of the industry's circular supply

chain is its collection, recycling and use of literally millions of tonnes of recovered paper each year, from businesses and households.

For the paper industry, it has always been that way.

The industry's highly trained workforce live and work mainly in regional Australia, with their personal and household incomes sustaining regional communities and making major contributions to Australia's economy.

The industry continues to make progress in efforts to be ever more sustainable, in all respects..

Pulp, paper and paperboard manufacturing is an industry of which Australia can be rightly proud.

This report was funded by the members of the Australian Forest Products Association (AFPA) and compiled by IndustryEdge Pty Ltd.

