

# PULP DIRECT

3/2015

**UPM** PULP • CUSTOMER NEWSLETTER



## INDUSTRY-LEADING RESPONSIBILITY

Listed as industry leader in the World and European Dow Jones Sustainability Indices (DJSI) for 2015–2016, UPM is the only company in the Paper and Forest industry sector to be included in both of these indices.

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

For the fourth year in a row, UPM has been included in the DJ Sustainability Indices based on a systematic corporate sustainability analysis conducted by investment specialist RobecoSAM.

The Dow Jones Sustainability Indices track the stock performance of leading sustainability-driven companies and help investors identify and measure these companies in terms of Environmental, Social & Corporate Governance (ESG) criteria.

Nearly 3,500 publicly traded companies were invited to report on their sustainability practices this year, with 317 companies subsequently listed in the World Index and 162 in the European Index.

“The fact that UPM has been consistently recognised in consecutive years illustrates our commitment to responsible conduct and our ability to keep pace with a rapidly changing world. It shows that responsibility is not a passing fad or marketing gimmick for us, but part of our basic nature,” explains **Sami Lundgren**, Director, Ecolabels and Reporting at UPM.

### **SUSTAINABLE INVESTMENT IS BOOMING**

But why is it important to be listed on the Dow Jones Sustainability Indices?

“Firstly, it proves that our Biofore strategy of integrating sustainability into all business operations really works. And secondly, it makes our sustainability story much more credible when an independent

**“IT PROVES THAT OUR BIOFORE STRATEGY OF INTEGRATING SUSTAINABILITY INTO ALL BUSINESS OPERATIONS REALLY WORKS”**

third party ranks us high. We are walking the talk,” Sami says.

The popularity of sustainable investment is also increasing. Traditional financial and business performance is getting intertwined with environmental, social, and corporate governance performance.

Sustainable investment is perceived to increase the probability of attractive returns and reduce the associated risk. Investors can make sound portfolio choices using the Indices as benchmarks.

### **PULP PLAYS A PROMINENT ROLE**

The Dow Jones Sustainability Indices consist of industry groups that are subdivided into industry sectors. The Paper and Forest industry sector led by UPM is part of the Materials Industry Group.

Although UPM was evaluated at company level, which includes all of the company’s business areas, many of the

most critical categories in RobecoSAM’s sustainability assessment have a direct link to pulp and its main raw material, wood. These included topics such as supply chain management, sustainably managed forests and plantations, ecosystem services, environmental reporting, human capital development and social impact on communities. In all of these UPM was evaluated as best in industry.

“Pulp users can use the DJSI information in their own decision making. Who wouldn’t choose a partner that has, for example,

industry-best scores in ecosystem services and can offer legal and certified raw materials? Especially when customers can then use the chosen eco-labels in their own marketing”, Sami reasons.

He nevertheless emphasises that there is always room for improvement.

“We need to continue our work of setting and achieving economic, environmental and social targets, improving measurability, and applying safe working practices. We must keep our minds and eyes open and continue generating value.” ●



**Sami Lundgren**  
Director  
Ecolabels and Reporting

# HAKLE CHOOSES SUSTAINABLE PULP

Established in 1928, Hakle GmbH is a German tissue producer whose toilet paper and hygiene product brands are the best known and loved among German consumers.

**H**akle was the first to launch toilet tissue in 1958, prior to which rough crepe paper served as raw material for toilet paper in Germany.

Ever since, Hakle has remained at the forefront of tissue development with its innovative product launches. Innovation, safety, high quality and sustainability form the core of the Hakle brand.

Starting from November 2015, the UPM logo will appear on Hakle's renewed tissue product wrappings.

"UPM's logo on our product packages is an expression of our trust in this company's quality, high standards and responsibility as a pulp supplier," says Hakle CEO **Bernd Schell**.

"Pulp is our main raw material, so it's important for us to have a responsible and reliable supplier. UPM transparently reports on its performance in all areas of responsibility with proven third-party assurance. The company's position in the Dow Jones Sustainability Indices is strong recognition of its commitment to responsibility," says Schell. ●



# GROWING GREEN WITH BARK SAND – NEW LIFE FOR INDUSTRIAL WASTE



Substrate specialists **Kekkilä Group** are using bark sand as a new raw material for landscaping products. Bark sand is a side stream of UPM's pulp and paper production processes.

**K**ekkilä Group is the Nordic market leader in home gardening, substrate and landscaping products. Its products are developed and marketed for professional growers, landscapers and hobby gardeners.

"One of our business areas specialises in substrates for big landscaping projects like public parks and urban spaces. We use bark sand as a raw material in these products," explains project development manager **Pekka Järvenpää** from Kekkilä.

Bark sand is a side stream of the pulp and paper production process. Wood coming to the mill is peeled in the barking drum, after which bark sand is separated on the precipitation conveyor. Bark sand is a mixture of fine bark, soil and sand wedged in the trees.

#### **IMPROVING SOIL BIODIVERSITY**

The main raw material of horticultural substrates is sand and composted peat. The proportion of bark sand in the end product is rather small, but the composted

bark increases the activity of microbes and thus improves the biodiversity of soil.

"A good-quality soil always contains a lot of fungi, bacteria and invertebrates that feed on bark. The substrate is also more weatherproof and generally of better quality when there are plenty of microbes in the end product."

The Kymi mill has been supplying bark sand to Kekkilä since summer 2014. There is a constant need for the raw material, says Järvenpää, so the Kymi mill makes an excellent supplier for the company.

#### **EXPLOITING SIDE STREAMS**

Both UPM and Kekkilä benefit from this cooperation as UPM aims to recycle all side streams of its production processes. Before the collaboration began, the bark sand was used as landfill.

"We also recycled all ash from the mill's power plant last year. Sludge from the effluent treatment plant will be incinerated to generate energy and the lime waste will be provided to fertilizer manufacturers," says environmental technician **Teija Ahola** from the Kymi mill. ●

# UPM KYMI IS READY FOR GLOBAL DEMAND

Higher supply reliability, higher quality, higher energy efficiency. UPM Kymi General Manager **Markku Laaksonen** says that UPM wanted to set ambitious objectives for its EUR 160 million expansion investment.

Launched in spring 2014 and now in its final phase, the major Kymi-700 project has three main components: installing a new pulp drying machine, modernising the fibre lines and building a new debarking plant.

"The expansion is part of a UPM growth plan outlined in 2012. It's our way of showing that we are committed to pulp and have confidence in the future of wood-based products," Markku says.

The upgrades increase output at UPM Kymi by 170,000 tonnes, bringing the mill's annual capacity to 700,000 tonnes.

"We can now consistently provide our global customers with UPM Betula birch pulp and UPM Conifer softwood pulp."

The improvements made to the process have had a desirable impact on quality: the pulp is now faster to refine, cleaner and brighter. The new

drying machine has also improved the appearance of pulp bales and made them easier to handle.

Paving the way for the Kymi-700 project, the mill's recovery boiler, causticising and evaporation units were completely rebuilt in 2008.

"We can now use the recovery boiler to its full capacity," Markku says.

#### **ALL OPERATIONS ON SCHEDULE**

The project team and mill staff have surpassed all expectations in ramping up the new lines.

The production and maintenance team has worked tirelessly to ensure the mill's operational reliability, successfully optimising the process at this critical phase, and the mill has also achieved its new quality goals.

"We have already received positive feedback from customers, who tell us that

the refinability of both birch and softwood pulp has clearly improved," Markku reports.

Even the energy efficiency targets were met effortlessly. An increase of 170,000 tonnes in mill capacity means using nearly 800,000 cubic metres of additional wood. Cooking this much extra chipped wood into pulp yields a lot more black liquor, which consists of spent cooking chemicals and dissolved wood material. The black liquor is burned in the recovery boiler, generating energy to keep the process running.

"The integrated pulp and paper mills in Kymi are fully self-sufficient in thermal energy, and also generates about 85 per cent of its total electric power requirements. This renewable, wood-based energy reduces the costs and environmental impact of manufacturing processes and products," Markku explains.

#### **TAKE PART AND WIN A GRIFFIN OF YOUR OWN**

How many UPM griffin logos can you find in this issue of Pulp Direct? Send your answer and contact information to [pulp@upm.com](mailto:pulp@upm.com) for a chance to win a framed edition of this wondrous creature – on pulp, of course.

#### **A SMOOTH START-UP**

The new debarking plant began operating in June and the fibre line and drying machine start-ups occurred during a scheduled maintenance stoppage in August.

"During the maintenance shutdown there were 1,500 people working at the mill, of whom nearly 500 were involved in the expansion. The core project team was about twenty strong, comprising specialists from all of the UPM Pulp mills in Finland," Markku says.

The machinery changeover from old to new went smoothly, bearing in mind that some equipment had to be used concurrently.

The expansion was also a success in terms of occupational safety, with only one recorded accident leading to a loss of working time during the 18-month project.

"I would like to express my special thanks to the entire project team and to everyone in our manufacturing operation. Great work!" ●



**Markku Laaksonen**  
General Manager

**Jyri Kylmä**  
Production Manager

# A TRUE MILL BRAND

Did you know that the mythical beast in UPM's corporate logo – the griffin – is also a private brand of the company's Kymi mill in the most literal sense?

**K**ymmene – later known as Kymi – was a thriving forest industry company established in Kuusankoski in 1872. This company played an

integral role in building the modern UPM.

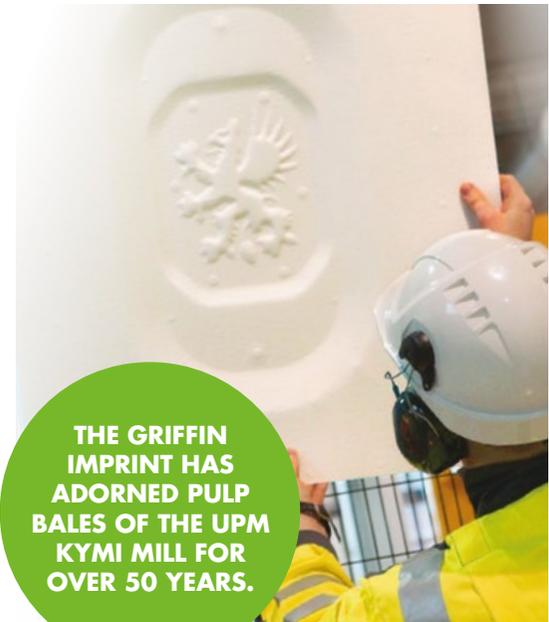
In 1899 Kymmene commissioned the famous Finnish artist **Hugo Simberg** to create a company logo, and since then the griffin has been the symbol of Kymi. Today it continues to adorn pulp bales leaving the mill.

UPM Kymi General Manager **Markku Laaksonen** was a young packing worker when the company decided to install its unique griffin press on the mill's baling line in the 1960s.

"The metal griffin symbol is attached to a plunger that presses 250-kilogram pulp sheet stacks into a compact bale. The press leaves a stylised, recognisable mark on top of every bale."

This embossing process also has a practical purpose. The bales are stacked and bound together with metal wire into one or two tonne export units. The griffin imprint makes it easy for port cranes to slip their hooks under the wire when loading the pulp onto ships. Sadly, the original bronze griffin press broke last winter.

"Although we initially thought that we wouldn't need to replace the press, in-house demand eventually persuaded us to order a new one from the original manufacturer in Austria. This required a local village blacksmith to craft the new griffin that now proudly embosses Kymi pulp," Markku explains. ●



**THE GRIFFIN IMPRINT HAS ADORNED PULP BALES OF THE UPM KYMI MILL FOR OVER 50 YEARS.**



# ASKING THE USER

What does the future of birch pulp look like?

**B**irch pulp is considered a strong fibre that is easy to refine and suitable for many end-uses. We made a survey to better understand how birch pulp consumers could realise its full potential in their products.

“The aim of the study was to find out how we could give current and future customers the right fibre for their products, so we asked pulp consumers in various end-use areas to tell us more about their specific needs,” says **Mats Backman**, Director for Technical Customer Service at UPM Pulp.

As part of her Master’s thesis, UPM trainee and student **Johanna Järvinen** contacted a total of five hundred production engineers, mill operators and production managers across Europe to find out how companies using hardwood fibre could realise the full potential of birch pulp.

She managed to narrow down the sample size to 153 relevant participants, of whom 78 responded via an anonymous online questionnaire.

“I chose this sample group because I felt that they had the best insight into how

birch pulp would meet the needs of their processes and products. This provided practical user data from people who can actually influence the end product.”

The source information was analysed in four categories based on end-use – graphic papers, tissue, specialty papers and board – to indicate which customers would gain the greatest benefit when determining the strengths and weaknesses of birch pulp.

“One of my main findings was that there is no single group that would always gain an advantage from the technical qualities of birch,” Johanna says.

Birch pulp shows plenty of promise in every user group. The challenge is to identify individual potential customers within the groups.

“I think the important discovery here – and also the message to pulp suppliers in general – is that you must really know your current and potential customers, their machines, their processes and their products to determine the value of birch pulp to them.”

## RELIABILITY AND RESPONSIBILITY

In addition to the pulp supplier’s in-depth user knowledge, study participants highlighted the importance of birch fibre availability and the reliability of deliveries.

These two factors also gained significance because birch pulp is a specialized product. Suppliers do not maintain buffer stocks of this pulp that are as large as their stocks of other, more common pulp grades.

Tissue manufacturers using hardwood pulp particularly stress the importance of a reliable flow of raw materials and minimal stocks.

Some appreciated more local eco-labels, while others demanded products that are certified to popular international standards. Sustainability seems particularly important to manufacturers of specialty papers. Comprehensive quality reporting and ISO certification were appreciated across the board.

“Johanna did a fantastic job in gathering valuable insights about customer needs. This is really what it all comes down to in the end: we are always seeking to supply fibre that will yield high quality products from customer processes,” Mats explains. ●



FROM  
THE  
EDITOR

Dear Reader,

We take pride in sharing with you that we have again been included in the Dow Jones Sustainability Indices– now for the fourth year running! We take this as confirmation that our comprehensive approach to dealing with the whole issue of sustainability is superior to the one-topic focus of many discussions relating to environmental matters.

Without getting (too) cocky, I believe that we have something fairly unique to offer here, and together with my highly competent colleagues in all areas related to sustainability, we are eager to share this knowledge and make it beneficial for you too. In this issue we share an inspiring example of fruitful cooperation with our customers.

With our investment in the Kymi mill now successfully concluded, we are glad that more of you will have a chance to become acquainted with our griffin, which is Finland’s oldest unaltered logo in continuous use. And that’s a record we intend to keep.

We hope you enjoy this edition of Pulp Direct.

Best regards

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## UPM JOINS CHINA SUSTAINABLE PAPER ALLIANCE TO PROMOTE RESPONSIBLY SOURCED PULP AND PAPER

The 10th of September 2015 marks a significant turn towards more responsibly sourced paper and pulp products in China.

The World Wide Fund for Nature (WWF), the Chinese Forestry Industry Association and leading producers and buyers of paper and pulp products established the China Sustainable Paper Alliance (CSPA) to promote the development of responsible sourcing and sustainable forest operations within the forest industry in China.

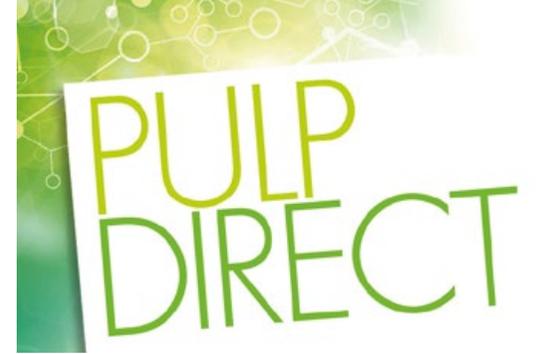
UPM is one of the 10 founding members of this Alliance. The members represent both domestic and international companies covering the whole supply chain of China's pulp and

paper industry. UPM is among international players such as Kimberly-Clark, Fuji Xerox, HP and IKEA, as well as some locally significant players.

WWF China hopes CSPA will show the way to sustainability for other industries in China.

"WWF launches this regional sustainable alliance aiming for an overall increase in supply and demand of certified and recycled paper products in the Chinese market. We are also expecting this initiative to inspire a transition in other industries in China," comments Dr Li Lin, Executive Program Director of WWF China.

Companies joining the CSPA are required to produce and purchase responsibly sourced paper and pulp products. ●



## UPM PULP CUSTOMER NEWSLETTER

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## NEW LEGAL ENTITY TO ADMINISTER UPM PULP SALES

A newly established sales company, UPM Pulp Sales Oy, will administer UPM pulp sales as of January 2016.

You will soon be dealing with a single supplier for all UPM pulp grades in your supplier database, and you will also benefit from a simplified setup for invoices and contracts handled by UPM Pulp Sales Oy.

Your contacts at UPM will remain unchanged and our focus will be in ensuring a smooth transition regardless of the administrative changes involved in this process.

Any questions regarding the new sales company should be directed to your regular sales contacts or e-mailed to pulp@upm.com. ●



TONNES OF TRUST  
**UPM PULP**