**Pulp & Paper**

*Pro P&P* is an imaginary company of the Pulp & Paper sector

**Risks & Risks Responses**

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| ***Risks*** |  | ***Risks responses*** |
| New environmental regulation will lead to reduced forest or plantation availability and restrictions on the use of plastic packaging |  | **A** (1) Conduct life cycle assessments and invest in R&D to develop paper and packaging products that minimize environmental impact |
| Customer preferences will shift towards products with less environmental impacts impacting sales, revenue and market leadership |  | **B** (2) Develop a customer interaction tool to monitor customer engagement on sustainability and changing customer preferences |
| Association with environmental issues such as deforestation or plastics in the ocean will erode brand loyalty from customers |  | **C** (5) Develop a sustainability strategy and implement a goal to improve efficiency in water use, waste in the production and safety performance |
| Lack of ESG skills, knowledge or capability from staff through to the board constrain management of ESG risks and opportunities |  | **D** (6) Appoint an ESG-specialist to the board to drive board awareness on ESG-related risks and opportunities |
| Megatrends such as e-commerce, online shopping and artificial intelligence will influence customer demands for paper and packaging and drive opportunities for efficiency |  | **E** (8) Conduct 5-, 10-, 20- year scenario analysis to monitor the impact of climate change and develop potential adaptation strategies |
| Severe weather events (e.g., cyclones floods) will disrupt the supply chain |  | **F** (10) Purchase insurance to cover losses in the event of severe weather or pests |
| Investors will begin to use information on how well a company manages its ESG risks as a key factor in making investment decisions |  | **G** (11) Develop relationships with NGOs around deforestation in an industry coalition to improve practices and expectations |
|  |  | **H** (15) Focus on producing paper and plastic products that can be certified as 'sustainable' (e.g. FSC and recyclable PET); invest in blockchain technology to enhance supply chain traceability |

**Risk events**

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| ***English*** | ***Associated risk response*** |
| An NGO is campaigning against Pro P&P's lack of due diligence and transparency around deforestation, water use and waste  Decrease $2 OR no change if at least ONE of responses **C** (5) or **G** (11) were implemented | **C** (5) Develop a sustainability strategy and implement a goal to improve efficiency in water use, waste in the production and safety performance  **G** (11) Develop relationships with NGOs around deforestation in an industry coalition to improve practices and expectations |
| A revised global climate deal increases the price of Pro P&P's raw material (pulp, petroleum and natural gas)  Decrease $2 BUT THEN increase by $1 per response: **D** (6), **E** (8) | **D** (6) Appoint an ESG-specialist to the board to drive board awareness on ESG-related risks and opportunities  **E** (8) Conduct 5-, 10-, 20- and SO-year scenario analysis to monitor the impact of climate change and develop potential adaptation strategies |
| A ban on single use plastic products is announced, to be phased in commencing immediately  Decrease $3 OR if either responses **A** (1), **H** (15) were implemented decrease only $1 | **A** (1) Conduct life cycle assessments and invest in R&D to develop paper and packaging products that minimize environmental impact  **H** (15) Focus on producing paper and plastic products that can be certified as 'sustainable' (e.g. FSC and recyclable PET); invest in blockchain technology to enhance supply chain traceability |
| Droughts are impacting one of Pro P&P's major suppliers and extreme weather events are impacting the ability for products to be transported around the world  Decrease $2 OR increase $1 per response **E** (8), **F** (10) | **E** (8) Conduct 5-, 10-, 20- and SO-year scenario analysis to monitor the impact of climate change and develop potential adaptation strategies  **F** (10) Purchase insurance to cover losses in the event of severe weather or pests |
| Due to the increase in online shopping, Pro P&P is experiencing an increased demand for packaging  Increase $2 AND add an additional $1 per response: **B** (2) | **B** (2) Develop a customer interaction tool to monitor customer engagement on sustainability and changing customer preferences |
| Pro P&P's CEO makes a public commitment for Pro P&P to have 100% of packaging recyclable or reusable and zero deforestation  Decrease $1 BUT THEN increase $1 per response: **A** (1), **G** (11), | **A** (1) Conduct life cycle assessments and invest in R&D to develop paper and packaging products that minimize environmental impact  **G** (11) Develop relationships with NGOs around deforestation in an industry coalition to improve practices and expectations |
| Customer demand for certified products and alternatives to plastic bottles and non-recycled paper increases by 25%  Decrease $2 OR if any TWO of responses **A** (1), **B** (2), **H** (15) were implemented increase $2 | **A** (1) Conduct life cycle assessments and invest in R&D to develop paper and packaging products that minimize environmental impact  **B** (2) Develop a customer interaction tool to monitor customer engagement on sustainability and changing customer preferences  **H** (15) Focus on producing paper and plastic products that can be certified as 'sustainable' (e.g. FSC and recyclable PET); invest in blockchain technology to enhance supply chain traceability |
| Shareholder resolutions have been submitted against all paper and packaging companies requesting an ESG impact specialist is appointed  Decrease $2 OR increase $2 if response **D** (6) was implemented | **D** (6) Appoint an ESG-specialist to the board to drive board awareness on ESG-related risks and opportunities |