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SimplyGreen®

Straight talk on sustainability.

Paper Product Stewardship

Verso Paper Corp.'s Position

Verso's mission is to create value for our stakeholders by providing business solutions and developing innovative products that exceed expectations. For our key stakeholders – customers, investors, employees and the communities where we operate – value creation is critically intertwined with product stewardship. We believe our products must not only meet the emerging business needs of our customers, but also must leave the smallest footprint possible on the environment. For us, "going green" is not about branding individual product lines based on environmental attributes; it's about assuring that all of our products are manufactured to meet the highest sustainability standards possible. To accomplish this, we've implemented a life cycle approach to measure and evaluate key elements of our environmental performance and we use continuous performance improvement as a yardstick to gauge and publicly report our progress.

Background

As demand for "environmentally preferable" paper products has grown, so too have efforts to define exactly what this term means. On a macro level, there is widespread agreement on many key elements of sustainable papermaking; the need to expand forest certification globally and increase the use of third-party-certified fiber, for example. But when you dig a little deeper, wide-ranging, often complex issues combined with differing world views leave much open to discussion, interpretation and practical application. Ultimately, however, producing environmentally preferable paper boils down to good product stewardship – using resources efficiently and preventing pollution.

At Verso, our approach to product stewardship begins in the forest and extends through each step of the paper life cycle, including product development, fiber procurement, manufacturing, supplier input, transportation, customer use and recycling. With each step comes opportunities to enhance the sustainability of our products. Rather than adopting the increasingly common practice of eco-branding products based on a few specific environmental characteristics, our aim is to help our customers understand how targeted improvements across the entire paper life cycle result in sustainable products they can count on to help meet their own environmental stewardship objectives.

Product Development

Among Verso's Sustainability Principles is our pledge to develop products that provide environmental as well as economic benefits. Much of our research focuses on developing new lightweight and ultra-lightweight papers that require less wood fiber, water and chemicals to produce. These products also require less energy to manufacture and ship, resulting in lower greenhouse gas (GHG) emissions that contribute to global climate change. Our product lineup is now among the lightest in the industry, with coated freesheet products available down to 38-pound basis weight and coated groundwood and supercalendered products available down to 24-pound basis weight. While our lightweight products consume less resources and result in lower GHG emissions, they deliver the same high-quality printing surface as their heavier counterparts, allowing customers to move to lighter weight papers without compromising press runnability, print quality and visual appeal.

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As good environmental stewards, we believe Verso has a responsibility to not only use sustainable wood fiber in our products and to promote sustainable forestry practices wherever we can.

When it comes to our manufacturing operations, good product stewardship means using resources efficiently without harming the environment.

Wood Fiber Procurement

We are fortunate that the primary raw material in our products comes from one of the few truly renewable resources on earth ... wood fiber from trees grown in responsibly managed forests. As a matter of policy, we do not procure wood that is harvested illegally; in violation of traditional or civil rights; from forests where high conservation values are threatened by management activities; from forests being converted to plantations or non-forest use; or from forests where genetically modified trees are planted.

Unfortunately, not all the world's forests are managed responsibly. As good environmental stewards, we believe we have a responsibility to help meet this challenge by promoting sustainable forestry practices wherever we can. Because third-party certification to credible forest management certification standards has proven to be one of the most effective tools available for increasing the amount of responsibly managed forests worldwide, we encourage expanded certification in a number of ways. First, we strive to increase the amount of certified fiber we use and in 2010 reached 70%. Second, we've had all our mills independently audited and certified to two global chain-of-custody certification standards: the Forest Stewardship Council™ (FSC)® standard (Verso Certificate No. SW-COC-002775) and the Programme for the Endorsement of Forest Certification (PEFC) standard (Verso Certificate No. PwC-PEFC-319). Third, we work with a broad range of stakeholders, from conservation organizations like the Trust to Conserve Northeast Forestlands to industry associations like the Direct Marketing Association, to expand awareness of and certification to credible standards.

Manufacturing

Because making paper products is very resource-intensive, our stewardship efforts throughout the manufacturing process are focused on using resources efficiently without harming the environment. As a mature business with facilities that have spent decades working toward greater sustainability, most of our environmental improvement now comes as steady, incremental change. This progress results from targeted initiatives combined with ongoing efforts to enhance the performance of our existing equipment, processes and systems. To guide our efforts we've implemented a comprehensive environmental management system (EMS) at each of our paper mills and the system at each mill has been independently audited and certified to the ISO 14001:2004 EMS standard.

Enhancing Energy Efficiency. Our mills use a mix of energy sources to power the papermaking process and we're continually looking for ways to conserve these resources, improve energy efficiency, and reduce fossil fuel use and the resulting greenhouse gas emissions that contribute to global climate change. More than half of the energy used to power our mills – 54.3% in 2010 – comes from carbon neutral, wood-based biofuel. Our five-year energy strategy includes investment in energy innovations– more than \$106 million outside our normal capital budgeting process in 2010 alone – that will enable us to reduce overall energy consumption, generate more energy from renewable biomass, reduce our carbon footprint, reduce costs and develop new energy-related revenue streams.

Reducing Greenhouse Gas Emissions/Carbon Footprint of Products. Overall, Verso has reduced GHG emissions per ton of production by 19% since 1998, and we are committed to continuous improvement. In 2010, an increase in biofuel use combined with our energy efficiency initiatives resulted in a 9.6% reduction in GHG intensity, which clearly translates into a reduction in the overall carbon footprint of our products. Even though we've been measuring GHG emissions for years, back in 2007 we decided that we wanted a better understanding of how mill emissions and other factors contribute to the carbon footprint of our paper grades, so we initiated a multi-year carbon life cycle assessment (LCA) initiative. As part of this program, we developed a carbon LCA model – one of the most comprehensive paper carbon assessment tools available -- that is not only helping us more precisely measure the carbon footprint of our products, but also is helping us identify potential targets for additional GHG reductions.

Because the sustainability of our products depends not only on our own environmental performance but also on the performance of our supply chain partners, we ask them to meet key expectations that are aligned with Verso's sustainability objectives.

We collaborate with many of our customers for mutual environmental performance improvement.

Returning Clean Water to the Environment. In addition to being a vital natural resource, water is a critical ingredient in papermaking; we use billions of gallons each year to make our products. Since most of this water passes through the manufacturing process rather than being consumed by it, we're able not only to conserve water through re-use, but also to clean it and return most of what we use to the environment. Even so, our stewardship goals demand that we do more. To meet these goals, we continue to invest in strategic opportunities to improve the operating efficiency of our water recovery and treatment systems. These improvements help us continue to enhance wastewater discharge quality to assure the rivers we draw from remain healthy. At year-end 2010, our wastewater flow had increased 3.5% over 2009 with a corresponding 18% increase in production, but we expect additional reductions resulting from our energy efficiency initiatives.

Using Chemicals Responsibly. As with most industrial processes, papermaking requires the use of a variety of chemicals. When it comes to environmental stewardship, we address chemical management from three critical perspectives. First, we evaluate the chemicals used in our manufacturing processes to assure we've selected the best environmental choices, and we re-evaluate when new options become available. For example, we eliminated elemental chlorine (which produces dioxins) from our kraft pulp bleaching process long before it was required and replaced it with chlorine dioxide. Chlorine dioxide bleaching, typically called elemental chlorine free (ECF) bleaching, is recognized as a "best available technology" by the U.S. Environmental Protection Agency. Today we add oxygen delignification and extended delignification in an enhanced elemental chlorine free (EECF) bleaching process that reduces the amount of bleaching chemicals required by our kraft pulp mills. At our mechanical pulp mills we use hydrogen peroxide in a totally chlorine free (TCF) bleaching process. In addition to evaluating the chemicals we use, we focus on process improvements to help us more effectively retain papermaking chemicals and coatings. And third, we train and re-train our mill operations and maintenance employees in chemical safety to prevent leaks, mishaps and injuries.

Supplier Input

Because the sustainability of our products depends not only on our own environmental performance but also the performance of our supply chain partners, we believe it's important for them to understand both Verso's sustainability expectations and those of our customers. We want to work with suppliers that not only provide quality products and services at a fair price, but who also share our commitment to a sustainable future. We ask them to share performance information on a variety of metrics related to sustainable forestry, climate change, resource conservation, pollution prevention and social responsibility. While we're interested in the sustainability of all our raw materials suppliers and request related data from time to time, our pulp and energy suppliers remain our primary focus. Because they contribute so significantly to the environmental footprint of Verso's products, we began collecting annual environmental performance data from them several years ago and continue to do so. The goal of this reporting effort is to collaborate with our supply chain partners to identify opportunities where we can work together toward environmental performance improvement.

Customer Use

Our customers are the reason we're in business, and we collaborate with many of them as environmental partners. In effect, our sustainability becomes their sustainability as our products help them meet their customers' demands for good product stewardship. For example, in 2009 we partnered with customer National Geographic to determine the carbon footprint of their flagship publication, *National Geographic* magazine, which uses paper manufactured at our Androscoggin Mill in Maine. Using Verso's comprehensive lifecycle assessment model we looked at the lifecycle of the magazine, from the forest through manufacturing, printing, distribution and recycling/disposal, and found that each magazine produced is responsible for 1.82 pounds in GHG emissions – about the same as driving two miles in a standard car that gets 20 miles per gallon of gas. Of that total, nearly 70% results from the paper manufacturing process. With data provided by Verso customer Quad/Graphics, which prints the magazine, we determined that 26% of the total results from their printing process and distribution. National Geographic,

Using recovered fiber in our products is one of the many ways we help our customers meet their own environmental objectives.

We believe accountability and transparency are essential elements of our product stewardship commitment.

For more information on our product stewardship efforts of other sustainability topics, please contact Verso's Office of Sustainability at 901.369.4154 or visit www.versopaper.com/sustainability

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Quad/Graphics and Verso are using the LCA data to identify opportunities for improvement.

Transportation

While options for moving huge quantities of raw materials into our mills and shipping large rolls of finished paper out to customers are somewhat limited, we are continually evaluating opportunities to improve environmental performance related to these activities, especially those related to GHG emissions reductions. In some cases, opportunities are obvious. For example, trains are 70% more efficient per ton of freight than trucks, so we ship into and out of our mills by rail wherever practical. Each rail car used prevents about 13 tons of carbon dioxide emissions as compared to truck transportation, the annual equivalent of taking nearly two cars off the road. In other cases, we've worked directly with our supply chain partners to develop more innovative approaches. For example, we worked with one of our primary suppliers to ship several key chemicals – previously 70% water – in dry versus liquid form to our Androscoggin Mill, thus reducing the energy needed for transport. Formerly shipped by truck, the chemicals are now transported by rail in dry form to a toll processing facility that is close to the mill, where water is added. As a result, GHG emissions for transportation of these specific chemicals were reduced by 90%.

Recovered Fiber and Recycled-content Products

We believe recycling is an important element of good product stewardship because it extends the useful life of a valuable resource and also reduces greenhouse gas emissions. The greenhouse gas methane is released into the atmosphere when paper biodegrades in landfills. We make recycled-content options available in most of the papers we manufacture because it helps our customers meet their environmental objectives. However, using increasingly higher percentages of recovered fiber to produce recycled-content paper is not always the best environmental alternative. A thorough product life cycle assessment is needed to make truly valid comparisons of the environmental benefits of recycled versus virgin fiber in any given product. Verso's own carbon LCAs found that using post-consumer recovered fiber in our products could actually result in a larger carbon footprint, leading us to the conclusion that recycled content use is not a valuable sustainability performance metric for the paper grades we manufacture. As a result, we discontinued tracking our recycled content use in 2011.

The ultimate goal of paper recycling should be to increase fiber recovery to the maximum possible in the United States, and then to re-use all fiber that is recovered. According to the most recent statistics released by the American Forest and Paper Association, some 63.4% of all U.S. paper products were recovered for recycling in 2009, surpassing our industry's paper recovery goal of 60% three years ahead of plan. In 2010, the industry set a new recovery rate goal of 70% by 2020, which Verso fully supports. We contribute to increased paper recovery rates through our participation in industry efforts like the direct Marketing Association's *Recycle Please* program and the Magazine Publishers of America *Please Recycle This Magazine* campaign, and our own initiatives like *ReMix – Recycling Magazines is Excellent!* In partnership with customer Time Inc. and the National Recycling Coalition, we launched the *ReMix* public information campaign in cities across the United States to increase awareness that magazines and catalogs can be recycled along with newspapers in most residential recycling programs. At the end of our most recent *ReMix* effort in New York City, recovery of magazines and catalogs for recycling had increased 29.3 compared to baseline numbers.

Conclusion

Ultimately, we believe that good product stewardship is about doing what's right – manufacturing all our products to the highest sustainability standards possible, and being accountable and transparent in the process. To this end, we use many different information resources to share the details of our sustainability governance and performance. Verso is a dues-paying member of EPAT, the Environmental Paper Assessment Tool, an online system that enables paper companies and paper buyers to share and compare data on the environmental and social impacts of papermaking. We also share information on product stewardship and other sustainability efforts through our annual Sustainability Report, our sustainability website, customer communications, stakeholder dialogue and the news media.