

April 2011



SimplyGreen®

Straight talk on sustainability.

Verso has reduced greenhouse gas emissions per ton of production (intensity) from our paper mills by 19% since 1998 and we are committed to continuous improvement.

Verso has measured the carbon footprint of each of our four paper mills and has begun the complex process of measuring the carbon footprint of our various paper grades.

Global Climate Change

Verso Paper Corp.'s Position

Verso Paper Corp. believes that our company and others in the forest products industry can play an important role in reducing greenhouse gas emissions that contribute to global climate change. Verso has reduced greenhouse gas emissions per ton of production from our paper mills by 19% since 1998, and we are committed to continuous improvement. Our primary focus is on further reducing direct emissions from our mills, working with our energy providers and other suppliers to cut their emissions, and promoting sustainable forest management practices around the globe.

Background

Verso's mills emit three primary greenhouse gases as a result of the energy-intensive papermaking process: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). We emit these gases directly as a result of manufacturing paper at our mills and indirectly by purchasing pulp, purchasing electric power from utilities and by reusing steam that is generated by co-generation plants located next to two of our mills. Verso has reduced greenhouse gas emissions in recent years by improving energy efficiency at our mills and by increasing our use of carbon-neutral biofuels. More than half the energy used to manufacture our products – 54.3% in 2010 – comes from greenhouse gas neutral, wood-based biofuels.

Verso's Carbon Footprint

A carbon footprint can be a measurement of the amount of greenhouse gas emissions resulting from the operation of manufacturing plants such as Verso's mills or the sum of the measurement of greenhouse gas emissions resulting from activities that occur during the life cycle of a product. In the case of paper, these activities would include harvesting wood, manufacturing chemicals used in paper production, transporting raw materials and end products, producing energy used at paper mills (for pulp, papermaking and de-inking), printing and landfilling discarded paper.

Verso has measured the carbon footprint of each of our four paper mills. We have been measuring CO₂-equivalent emissions at our mills since 1998 using protocols developed by the World Resources Institute, World Business Council for Sustainable Development, International Council of Forest and Paper Associations and the National Council for Air and Stream Improvement (NCASI). We are currently working on the more arduous task of determining the carbon footprint throughout the life cycle of our various paper grades. In 2008 we completed the first of these assessments on our 30-lb, Advocate HB product with both virgin and recycled content. In 2009, we conducted a lifecycle assessment with one of our customers, the National Geographic Society, to measure the carbon footprint of *National Geographic* magazine, which is printed on paper made at our Androsocggin Mill in Maine. (For more detail on these assessments, visit the Product Stewardship section of our Sustainability Web site at www.versopaper.com/sustainability).

In addition to measuring the carbon footprint of specific products, these assessments are helping us identify opportunities to reduce greenhouse gas emissions at each stage of the paper lifecycle. For example, to improve transportation efficiency, we're switching shipments of some raw materials from truck to rail transport, which is 70% more fuel

As Verso continues to improve the overall energy efficiency at our mills, influence emission reductions at various stages of the paper lifecycle and build on our strengths in making ultra-lightweight papers, we expect to show that our products have among the lowest carbon footprints in the coated papers marketplace.

efficient. We are also working with our supply chain partners to find ways to ship dry chemicals to locations closer to our mills before they are mixed with water to create slurries needed for paper production. For chemicals that are 25% solids, transporting in dry versus wet form reduces freight by about 75%. Reducing the tons of water transported over longer distances reduces CO₂ emissions and the carbon footprint of our products.

Verso is the market leader in lightweight and ultra-lightweight coated papers, which require less energy to produce than heavier papers and, in turn, result in lower greenhouse gas emissions. As Verso continues to improve the overall energy efficiency at our mills, influence emission reductions at various stages of the paper life cycle and build on our strengths in making ultra-lightweight papers, we expect to show that our products have among the lowest carbon footprints in the coated papers marketplace.

Carbon Neutral Paper

The concept of carbon neutral paper involves reducing the amount of CO₂ emissions associated with producing and transporting paper as much as possible, and then compensating for the remaining CO₂ emissions by contributing to "green" projects that create non-CO₂-emitting energy or that plant trees to absorb and sequester carbon dioxide that is already in the atmosphere. The amounts of CO₂ diverted from the atmosphere by either of these methods are considered carbon credits or offsets that may be applied toward the overall calculation of how much CO₂ was generated in the papermaking process. Carbon credits may also be purchased through fixed cap-and-trade mechanisms, such as the legislatively mandated Northeast Regional Greenhouse Gas Initiative (RGGI), whereby a company or other entity that has large amounts of greenhouse gas emissions can buy credits from another entity whose emissions are lower. As net energy producers that contribute to the regional energy grid, Verso's Maine mills began participating in the RGGI in 2008, and a number of our employees were pro-actively involved in shaping the program to help assure the critical balance among environmental, social and economic concerns. This included work with the Maine Department of Environmental Protection and Public Utilities Commission, as well as participation on a gubernatorial RGGI trust fund task force.

While Verso supports the use of carbon credits to mitigate global climate change, we consider using them secondary to the more important tasks of reducing direct CO₂ emissions from our mills, working with our suppliers to reduce emissions across the paper supply chain and reducing indirect CO₂ emissions from the utilities that supply our mills with energy. Improving energy efficiency, coordinating GHG reduction efforts with our supply chain partners and selecting energy sources that minimize CO₂ emissions represent our primary path toward carbon neutral paper.

Promoting Sustainable Forestry

By its very nature, the forest products industry plays a significant role in helping to mitigate global climate change. Forests act as a carbon sink by removing CO₂ from the atmosphere through photosynthesis and storing it in tree trunks, soil and wood debris on the forest floor. CO₂ is released only when trees are burned or decay. In sustainably managed forests, when trees harvested for papermaking are replaced by natural regeneration or by planting, the net result is a carbon neutral exchange. Carbon also is stored in products made from wood harvested from sustainably managed forests, such as homebuilding materials and furniture.

According to a peer-reviewed study by the Society of American Foresters (SAF), the amount of forestland in the United States – approximately 750 million acres – has remained essentially unchanged over the past 100 years, and forestland in the United States has increased by more than 10 million acres over the past 20 years. Sustainable forestry efforts and natural forest re-growth on abandoned agricultural lands have offset any loss of U.S. forestland during the 20th century due to urban/suburban development. This study confirms similar results from studies by the United Nations Food and Agriculture Organization and the U.S. National Academy of Sciences.

By procuring wood only from sustainably managed forests where trees are perpetually re-grown, Verso helps assure these forests remain healthy and productive for

Verso is committed to procuring wood fiber from sustainably managed forests, and we strive to continuously increase our use of fiber from forests that are third-party certified to credible forest certification standard.

Boreal forest conservation is a benchmark of the forest products industry's commitment to sustainability, and Verso supports efforts to assure that this vast resource remains healthy and productive.

generations to come, which in turn assures their continuing contribution to greenhouse gas mitigation. According to the SAF, the total carbon sequestered by forests and the creation of wood products in the United States during the 1990s reached 200 megatons per year – around 10% of total U.S. emissions of carbon dioxide from the burning of fossil fuels.

Verso is committed to procuring only wood fiber from sustainably managed forests, and we strive to continuously increase our use of fiber from forests that are third-party certified to credible forest certification standards, including the Forest Stewardship Council™ (FSC)®, Sustainable Forestry Initiative® (SFI), Canadian Standards Association (CSA), Programme for the Endorsement of Forest Certification (PEFC) and American Tree Farm System (ATFS) standards. Third party certification standards verify that the perpetual growing, harvesting and regeneration of trees is successfully integrated with the protection of wildlife and wildlife habitat, plants, soil, air and water quality. In 2010, 70% of the fiber we used was certified.

Climate Change and the Canadian Boreal Forest

There has been much recent attention to the role of forests in mitigating global climate change, especially in the vast boreal forest in Canada. Boreal forests are forests that grow in the northern hemisphere in cold climates. About 94% of the Canadian boreal is owned by the Canadian government. The government leases the land for a variety of purposes, including sustainably managed forestry by the paper industry.

While some groups claim that the paper industry is contributing to global climate change by harvesting trees, forests that are sustainably managed by our industry actually help mitigate climate change as explained above. The fact is that most of the 1.4 billion acres of Canadian boreal forest have never been harvested, and the Canadian Forest Service reports that since 1920, significantly more boreal forest has been disturbed by fire, insects and disease than by tree harvesting. Even so, boreal conservation is a benchmark of the forest products industry's commitment to sustainability. While Verso sources little fiber from the Canadian boreal forest, we support wide-ranging efforts to assure that this vast resource remains healthy and productive.

One of the key ways Verso supports boreal conservation is through our supply chain partners. Several of Verso's pulp suppliers are members of the Forest Products Association of Canada (FPAC). Through FPAC, they are working with national and international groups to ensure continuing improvement of the management of the boreal forest, its wildlife and their habitats. In 2010, 21 FPAC member companies became signatories to the Canadian Boreal Forest Agreement, which applies to some 177 million acres of forestland from the provinces of British Columbia to New Foundland. Under this agreement, FPAC companies commit to the highest environmental standards of forest management and conservation. See www.canadianborealforestagreement.com for additional details.

In 2010, Verso continued our financial sponsorship of a multi-year study by NCASI to evaluate the role of nutrition on caribou populations in Canadian boreal forests. Researchers will examine habitat influences that affect summer and winter food availability and, based on their findings, will develop forest management and decision-support tools to help wildlife biologists and planners identify ways that forest management practices might be used to help sustain woodland caribou populations. In addition to providing financial support, Verso also is actively monitoring the study through its participation on NCASI's Caribou Advisory Committee.

Promoting Paper Recovery and Recycling

Recycling helps mitigate global climate change by diverting waste paper from landfills and reducing greenhouse gas releases (methane) that occur when paper products biodegrade. Verso encourages post-consumer fiber recovery and recycling in a variety of ways.

With partners Time Inc. and the National Recycling Coalition we created *ReMix* (*Recycling Magazines is Excellent!*), a public education campaign to raise awareness that magazines and catalogs can be recycled with newspapers and other paper products in residential recycling programs. According to the U.S. Environmental Protection Agency,

Verso participates in a variety of efforts that encourage post-consumer fiber recovery and recycling.

only 54% of magazines produced in the United States are recycled. Research shows that Americans support recycling but are often uncertain about what can be recycled. By letting consumers know that magazines and catalogs can be recycled right along with their newspapers, ReMix helped raise magazine and catalog recycling rates in five municipalities: New York City, Boston, Milwaukee, Portland, Ore., and Prince George's County, Md.

Verso also supports the Direct Marketing Association (DMA) Recycle Please program which encourages consumers to recycle catalogs and mixed paper, and the Magazine Publishers of America (MPA) Please Recycle This Magazine program which encourages consumers to recycle magazines after reading them. Both programs include an on-product label and educational resources on recycling.

For more information on global climate change or other sustainability issues, please call Verso's Office of Sustainability at 901-369-4154 or visit www.versopaper.com/sustainability.