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SimplyGreen®

Straight talk on sustainability.

Sustainable Fiber Procurement and Forest Certification

Verso Paper Corp.'s Position

Verso Paper Corp. believes that enhancing the sustainability of the world's wood fiber supply is critical to the long-term health of our planet. For this reason Verso procures fiber from sustainably managed sources. Verso's procurement policy states that we will not procure wood that is harvested: illegally; in violation of traditional or civil rights; from forests where high conservation values are threatened by forest management activities; from forests being converted to plantations or non-forest use; or from forests where genetically modified trees are planted.

In addition, Verso supports credible third-party forest certification standards which 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. We do so to help assure a reliable supply of fiber from environmentally responsible sources and to help our customers meet their sustainability objectives. These standards include the Forest Stewardship Council™ (FSC®), Sustainable Forestry Initiative® (SFI®), Canadian Standards Association (CSA), Programme for the Endorsement of Forest Certification (PEFC), American Tree Farm System (ATFS) and most Master Logger (ML) standards.

Verso has increased the amount of third-party certified wood fiber we use to 70% and is committed to helping increase the overall amount of certified fiber in the global marketplace. We also urge our supply chain partners to support certification and to increase their use of certified fiber. Verso purchases a small percentage of the pulp used to manufacture our products, while the remainder is made by our mills. All of Verso's purchased pulp is certified to one of the standards listed above.

Background

Shortly after becoming Verso Paper in August 2006, the company created the position of vice president of sustainability to bring the highest level of attention and coordination to all sustainable business practices, including fiber procurement and certification. The vice president for sustainability leads the Verso Sustainability Committee which includes all members of the senior management team. They develop policy and direct strategy across all business interests with the support of functionally specialized teams, including fiber procurement. A new lead position was created in the Fiber Supply group to provide a direct line of communication among key interest groups: customers, manufacturing, sales and fiber supply. The Fiber Supply group is fully assimilated with the manufacturing organization so that certification and other fiber supply issues are integrated with all business objectives. With our new sustainability structure in place, we established our fiber procurement policy (above), began the process of FSC and PEFC chain-of-custody certification at our mills and began expanding our previous efforts to increase the amount of certified fiber in the marketplace.

Verso is committed to increasing the amount of third-party certified wood fiber we use and to helping increase the overall amount of certified fiber in the global marketplace.

Chain-of-Custody Certification

Chain-of-Custody (CoC) certification assures documentation of the amount of third-party certified wood fiber as it moves through the supply chain from a certified forest through a pulp and/or paper mill to the customer. The various forest certification standards have differing CoC requirements.

All four of Verso's four paper mills have been independently audited and are certified to the FSC CoC standard (SW-COC-002775). The audits were conducted by the Rainforest Alliance SmartWood Program, the world's largest FSC forest certifier. The FSC believes its standard is the global benchmark for responsible forest management.

Our paper mills were also independently audited and are certified to the Programme for the Endorsement of Forest Certification (PEFC) chain-of-custody standard (PEFC Certification Code: PwC-PEFC-319). PEFC, the largest forest certification system in the world, assesses and mutually certifies national forest certification systems. Currently, PEFC has 34 independent national forest certification systems as members, most of which have completed a rigorous assessment process that involves public consultation and evaluation by independent auditors as well as independent peer review by a PEFC panel of experts. In North America, these include the Sustainable Forestry Initiative (SFI), American Tree Farm System (ATFS) and Canadian Standards Association (CSA) certification systems.

Under mutual recognition agreements between PEFC and SFI, between PEFC and ATFS, and between PEFC and CSA, any wood fiber that comes from SFI-certified, ATFS-certified or CSA-certified lands can be tracked, documented and certified to the PEFC chain-of-custody standard. PEFC requires certificate holders like Verso to have adequate purchasing measures for all fiber sources to assure certified products do not include raw material from controversial sources.

Verso helps our customers demonstrate their commitment to forest sustainability by offering the on-product labeling options that are available through FSC, PEFC and SFI.

Increasing the Amount of Certified Fiber Available

As previously stated, Verso supports all credible forest certification standards. We believe third-party certification is one of the most effective tools available to promote sustainable forestry globally. While the standards mentioned previously vary in approach, all achieve the ultimate goal of verifying sustainable forest management practices that help assure forests around the globe remain healthy and productive for future generations.

Forest certification continues to grow in the United States with some 150 million acres now third-party certified, but most of those certified forests are on public lands or in very large private ownerships. Only about 4 million acres of the more than 250 million acres of non-industrial, family owned U.S. forestlands are enrolled in certification programs. As a company that depends on the health of small, family owned forests, Verso is proactively involved in many efforts to encourage certification and responsible forestry on America's family owned forests.

In 2008, Verso provided a \$100,000 grant (over two years) to the Trust to Conserve Northeast Forestlands to expand participation in that organization's Forest Stewardship Council Group Forest Certification Program in six states. The program seeks to identify small, family forestland owners and to certify their lands to the FSC forest management standard. Completed in 2010, efforts under the grant resulted in an additional 160,000 acres of certified forestland.

Also in 2010, Verso completed a pilot project in partnership with Time Inc., Hearst Enterprises, ATFS, SFI, Inc., and several other stakeholders aimed at helping small- and medium-size landowners in Maine achieve third-party forest certification and increasing the amount of certified wood fiber available in the state.

In 2008, Verso's four mills were independently audited and certified to the Programme for the Endorsement of Forest Certification (PEFC) chain-of-custody standard (PwC-PEFC-319).

In 2007, our mills were independently audited and certified to the FSC chain-of-custody standard (SW-COC-002775).

A \$100,000 Verso grant to help expand FSC chain-of-custody certification among small family forestland owners in the northeastern United States resulted in an additional 160,000 certified acres.

Working with government, non-governmental organizations, customers and trade associations, Verso is involved in wide-ranging efforts to promote awareness, understanding and certification to credible third-party forest certification standards.

Most of the fiber in U.S.-manufactured paper comes from small family forests, but most are not certified due mainly to the cost and lack of resources available to certify small areas of land. Although Maine has the highest percentage of certified lands of any state, there are still nearly 10 million acres that are not certified. This pilot project resulted in an additional 620,000 acres certified to the SFI or ATFS standards in Maine, an 8.3% increase.

Verso also is a sponsor of the Master Logger Program in key states. Master Logger offers independent, third-party certification of loggers' harvesting practices to assure they meet goals aligned with the world's leading forest certification standards. While some ML-certified participants are large companies, most are small businesses operating in small, non-industrial forests. Verso underwrites the cost of third-party audits for suppliers who complete the certification program.

Verso actively participates in state forestry organizations such as the Maine Forest Products Council and the Michigan Forest Products Council, which develop plans with landowners and wood consumers to increase forest certification to credible standards. In addition, we actively partner with fiber suppliers, large and small, whose lands are already third-party certified to grow the volume of wood we purchase from them. Working with government, non-governmental organizations, customers and trade associations, Verso is involved in wide-ranging efforts to promote awareness, understanding and certification to credible third-party forest certification standards.

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