

# GREENER

A profile of Appleton Coated's growing sustainability in 2013





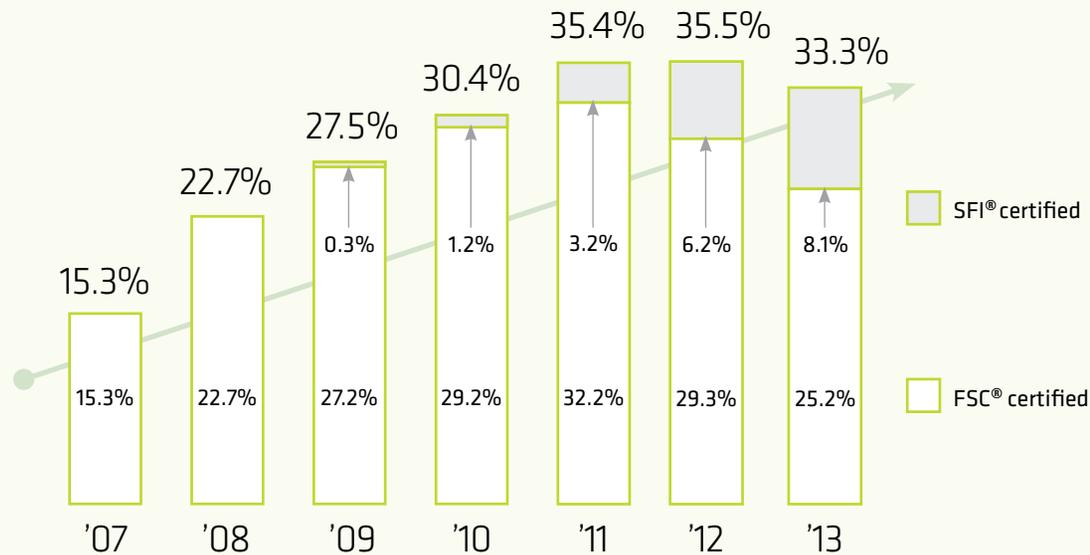
**Greener** is a goal.

**Greener** is a commitment.

More and more,  
**greener** is a result.

# Sales of 'green' coated paper

Percentage of total sales that are **chain of custody** products

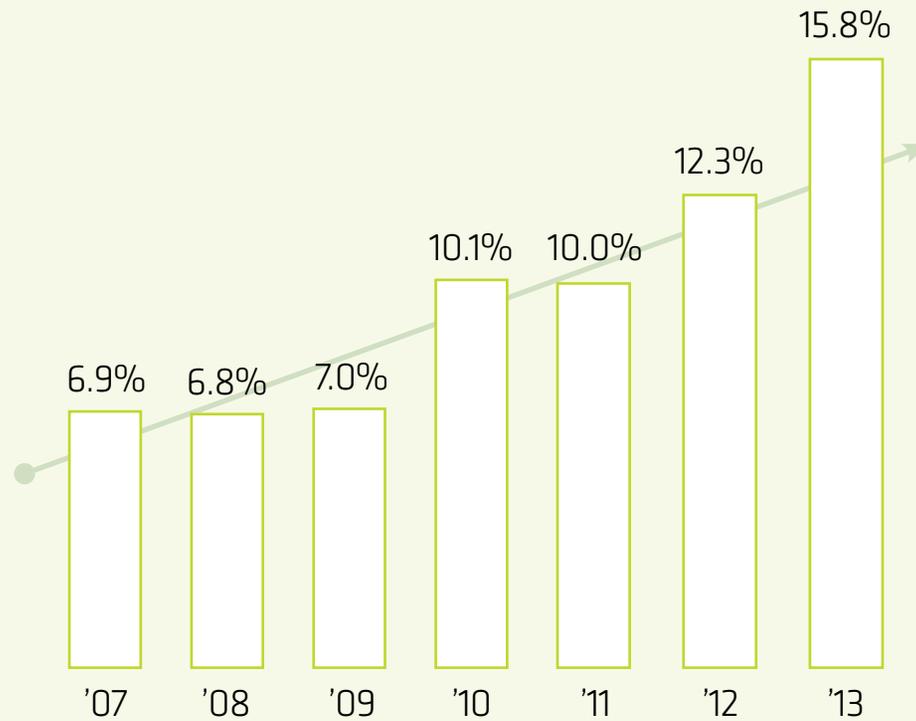


Responsible forest management continues to be important. Appleton Coated makes choosing a chain of custody product easy.

# Use of post-consumer recovered fiber

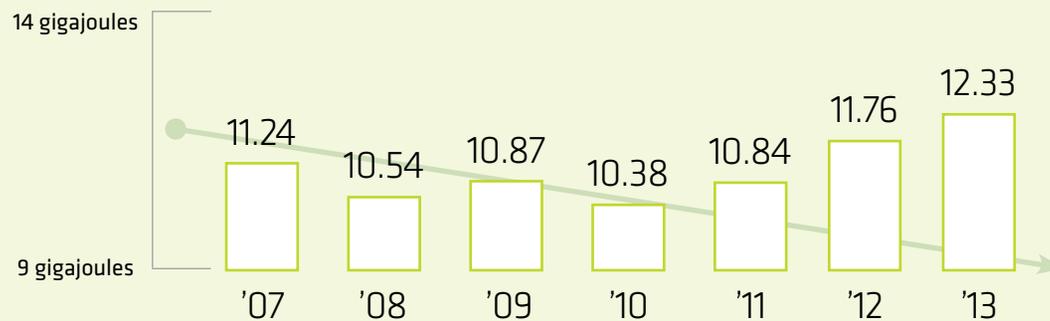
*Percentage of total fiber comprised of PCRF*

Increased use of PCRF means more water and energy saved and less waste sent to landfills.



# Energy used to produce paper

*Total energy expended per ton of product, in gigajoules*

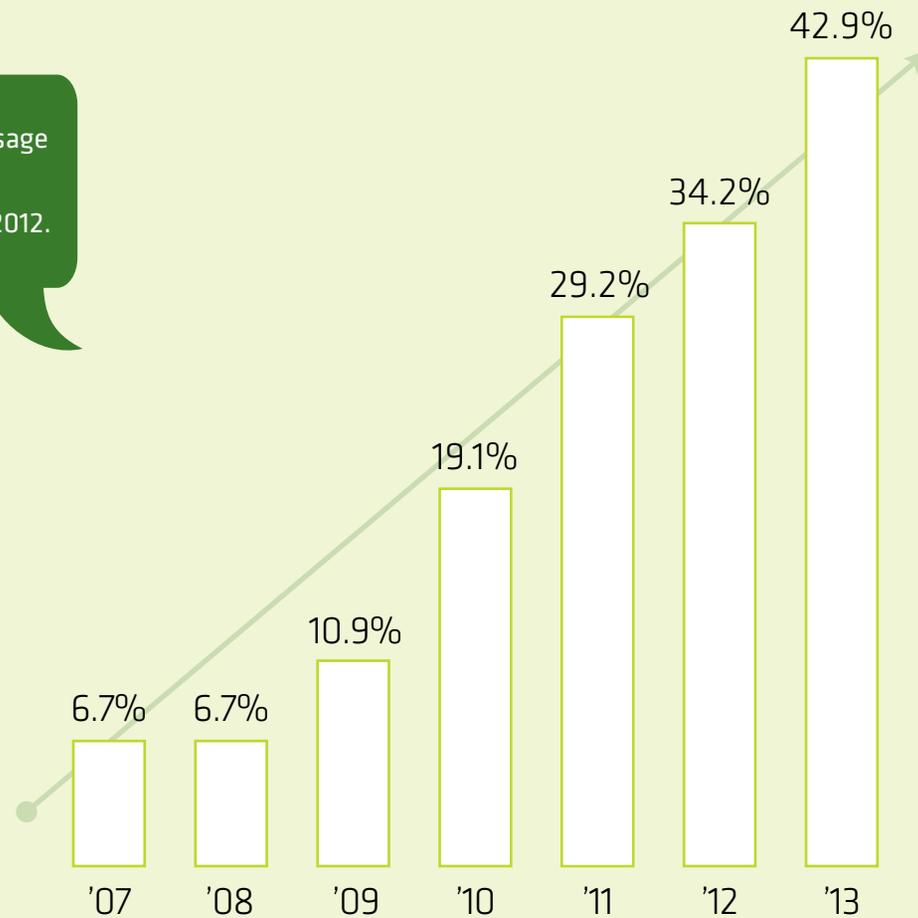


Process changes required to improve product quality specifications, contributed to an increase in energy use per ton.

# Alternative energy used to produce paper

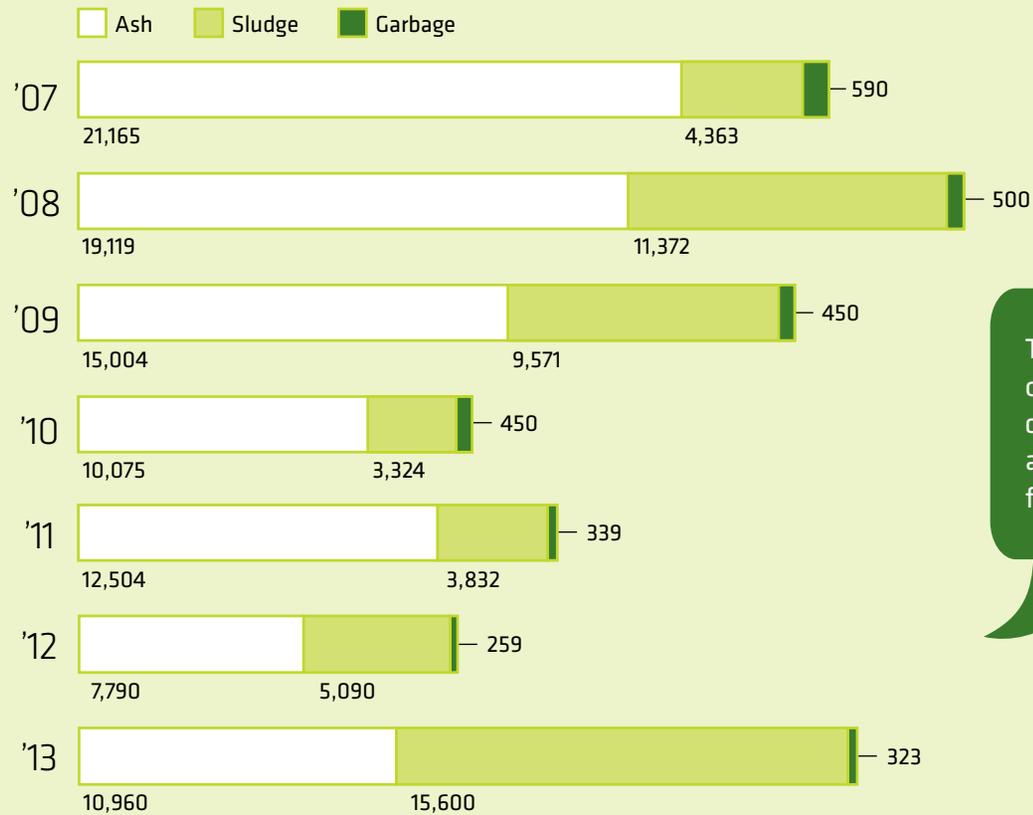
*Non-fossil fuel sources as percentage of total energy used*

Fossil fuel usage has declined 13.2% from 2012.



# Waste sent to landfill

*Ash, Sludge and conventional Garbage, in tons*

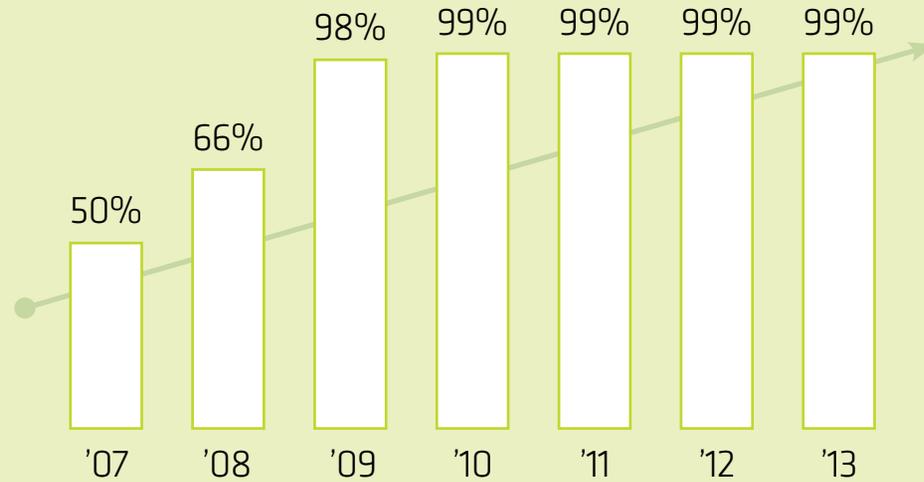


The beneficial reuse outlet for our sludge closed down in 2013 and we have not yet found a replacement.

# Paper freight shipped the 'smart way'

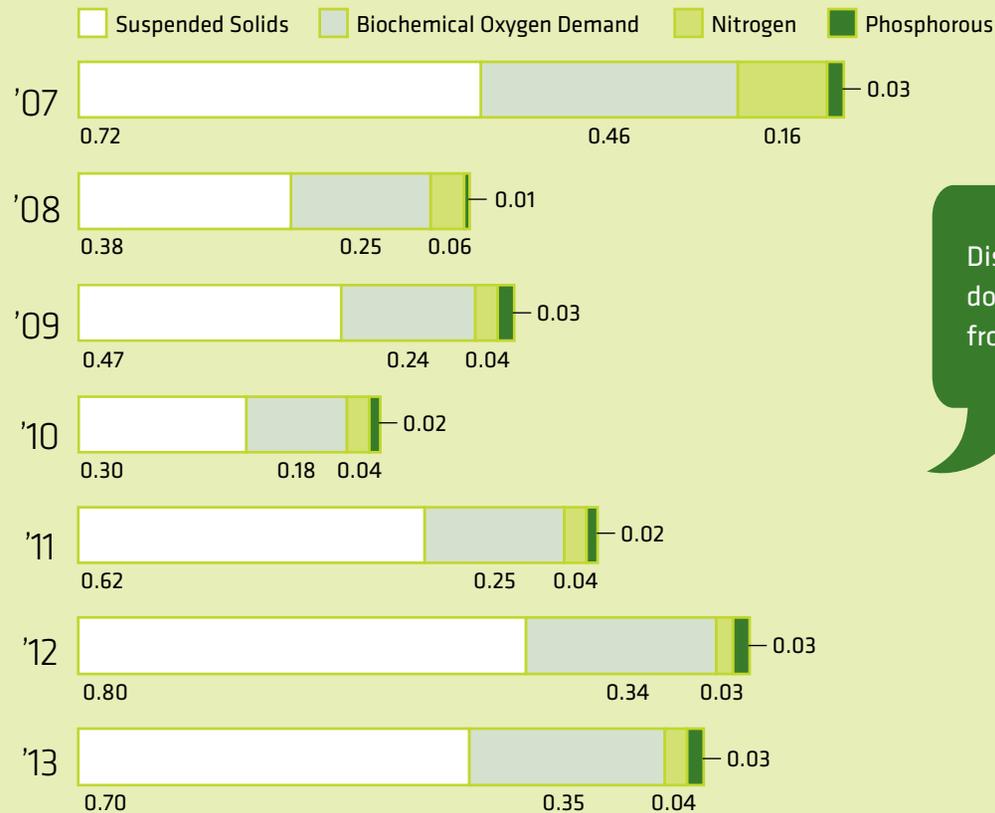
*Percentage of outbound freight through EPA SmartWay partner carriers*

We require all our outbound carriers be SmartWay certified - a step above the rest!



# Discharge into water

*Pounds of discharge per short ton of production*

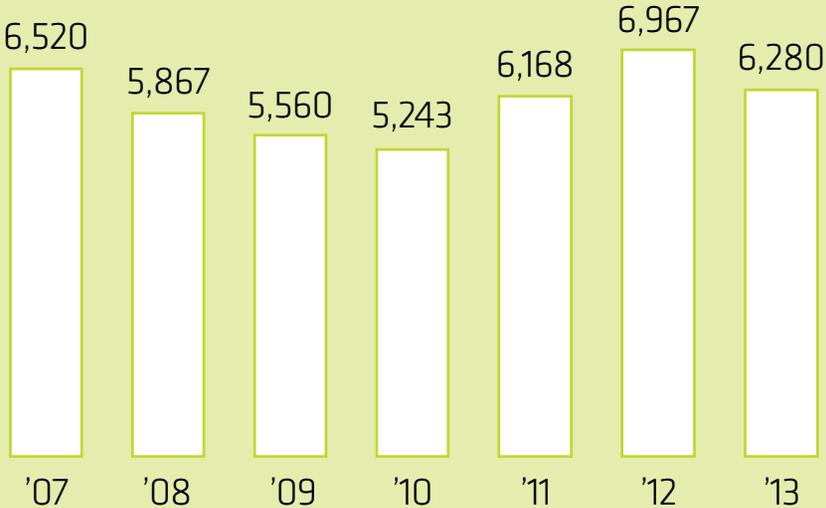


Discharge is down slightly from 2012 levels.

# Water into waste treatment

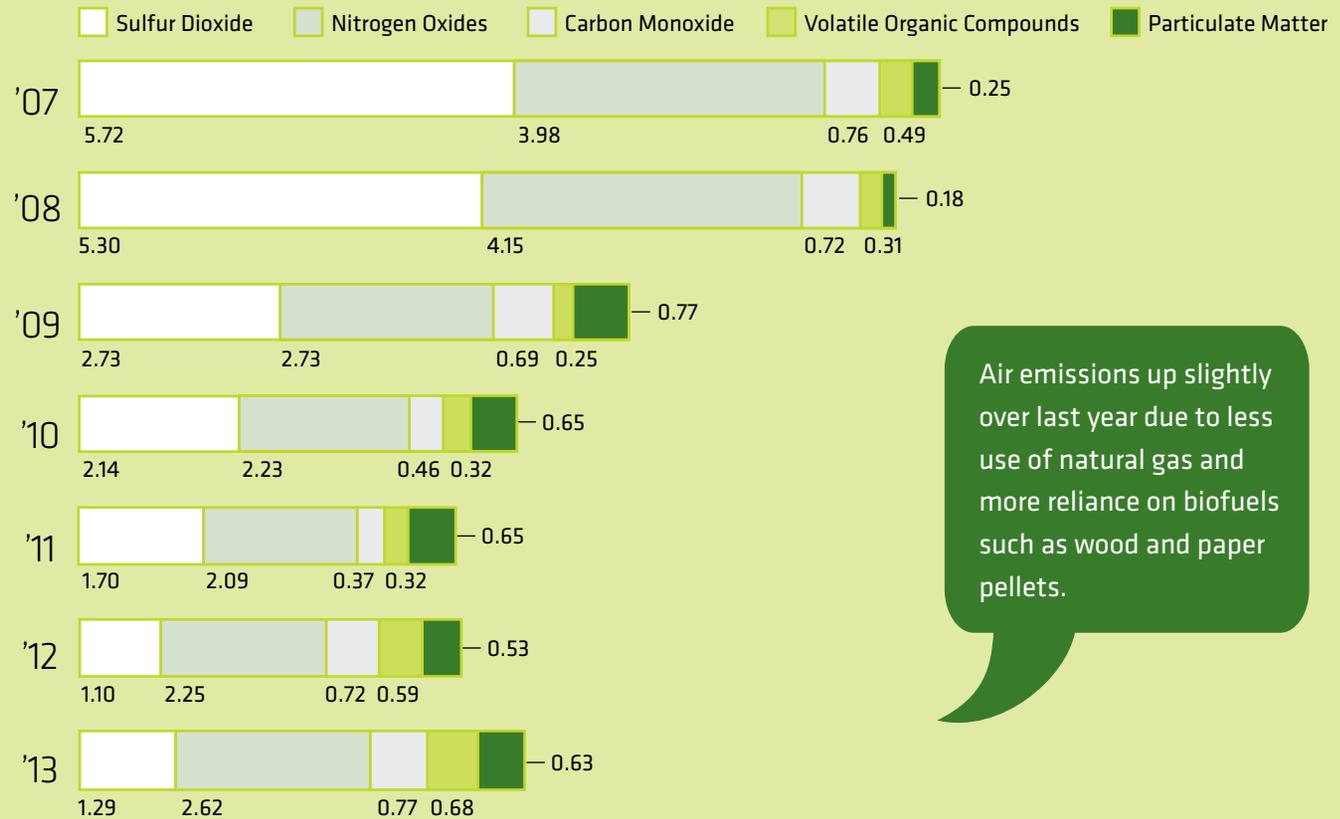
*Gallons per short ton of production*

2013 levels consistent with 2011, resulting from shut-downs on weekends.



# Emissions into air (excluding CO<sub>2</sub>)

*Pounds of emission per short ton of production*

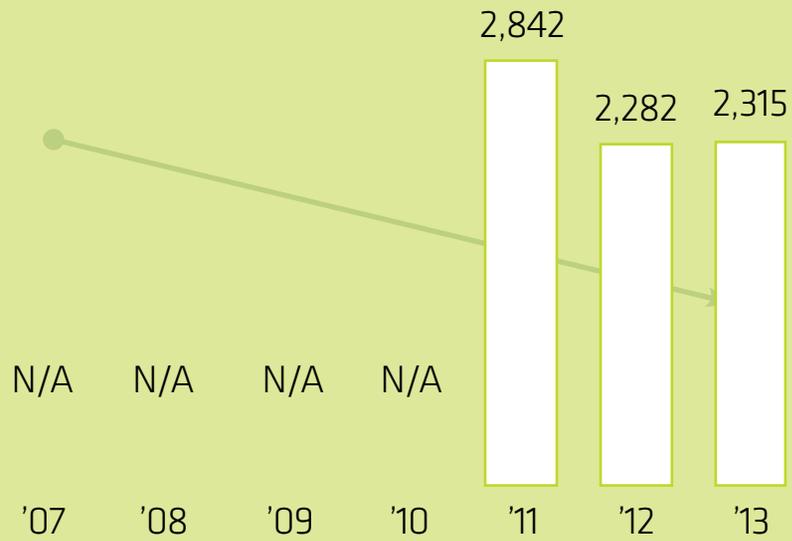


Air emissions up slightly over last year due to less use of natural gas and more reliance on biofuels such as wood and paper pellets.

# CO<sub>2</sub> emissions into air

*Pounds of CO<sub>2</sub> emissions from fossil fuel sources per short ton of production (direct & indirect)*

Revised CO<sub>2</sub> emissions definition is now consistent with EPA reporting guidelines for direct emissions.





And now,  
8 additional points to make  
about sustainability  
at Appleton Coated.

# 1

## Employee involvement is key to a sustainable future at Appleton Coated.

- ⌘ The Environmental Subcommittee (of our Executive Committee) sets the strategy and keeps a scorecard.
- ⌘ Four Energy Teams of employees work to identify ways to reduce energy usage.
- ⌘ A 15-person Environmental Improvement Team drives deeper and broader involvement across the company. This team drives the Environmental portion of Sustainability with activities such as Adopt-a-Highway; recycling of cans, batteries, plastic bottles, and toner cartridges. Energy meters are available for employees to checkout and monitor usage in their homes. We continue to strive to find ways to help make it a greener world both at work and in our homes.
- ⌘ A 10-person Community Involvement Team drives the “Community” portion of our sustainability efforts. In 2013, this team sponsored Family Day at Timber Rattler Game; Harbor House school supply drive; Participated In Warrior Princess Mud Run benefitting Harbor House, and Wounded Warrior guitar project.

# 2

## OSHA illness/injury incidence and lost time incident rates up.

Workplace health and safety are vital components of a company's overall sustainability. Appleton Coated continues its efforts to enhance safety and promote good health among employees.

Our annual safety results are down compared to previous years. Our 2013 LTA and OSHA Incident rates reflect this. Appleton Coated will continue to remain vigilant and dedicated to improving safety and health as the past year is reviewed and plans made for the future.

In 2013, our focus was on continuous improvement in our safety processes:

- ❖ Completed 2 Hazard Mapping events
- ❖ Conducted Global Harmonized System training for all employees
- ❖ Completed PPE hazard assessments throughout the facility
- ❖ Implementation of new MSDS database
- ❖ Development of new safety auditing process
- ❖ Ergonomic training for all employees

Employee safety is one of Appleton Coated's Shared Values as well as a Key Objective. We provide several health and wellness services to all employees, such as on-site flu shots, safety shoe clinics, blood pressure screenings and hearing tests.



# 3

## Third Parties continue to certify our products and practices.

In 2013, we continued our previous certifications and have Independent third parties review and affirm those claims.

Appleton Coated is Green-e certified....proof positive that we are committed to increasing Green Power and maintaining at least 20% renewable electricity.

For the third consecutive year, Green Masters Program of the Wisconsin Sustainable Business Council recognized Appleton Coated as one of their Green Masters Award Companies. This confirms that we have performed actions in nine areas of sustainability and scored in the top twenty percent - confirming that our green journey is strong.

Appleton Coated is one of only 25 companies recognized world-wide in the Environmental Paper Company Index 2013 for their transparency leadership, promoting continual improvement.

Being ISO 14001 certified ensures that we continue to manage and improve our environmental impact based on our Environmental Management System.

Appleton Coated is one of six companies in the state to achieve Green Tier II status - Wisconsin's environmental leadership program for businesses and local governments established by the Wisconsin Department of Natural Resources (DNR).

Independent verification is essential in the drive to become greener. Appleton Coated is proud to exceed the requirements of those who set the standards for our industry.



100% of The Electricity Used To Manufacture Green Power Products is Offset With Certified Renewable Energy



# 4

## Responsible sourcing and promoting the use of post-consumer recovered fiber.

Appleton Coated supports the sustainability initiatives of our customers and we insist on sustainability in our supply chain as well - demonstrating environmental responsibility.

All of our pulp suppliers are certified to the standard of the Forest Stewardship Council™ (FSC®). Appleton Coated requires that all of our pulp suppliers are at a minimum FSC Controlled Wood. Many are FSC-COC (Chain-of-Custody) or SFI-COC certified as well.

Significantly, 100 percent of the fiber used to manufacture Appleton Coated products at our Combined Locks Mill comes from North America. Our post-consumer recovered fiber supplier is located less than 20 miles from our mill. By limiting the distance our pulp has to travel, we are able to reduce the carbon footprint of our products.

Appleton Coated makes it easy for our customers to choose and use coated paper with higher percentages of post-consumer recovered fiber. Why is this important? Because, recycled fiber offsets virgin fiber content in papers. It also uses less water and total energy in manufacturing, reduces the amount of waste sent to the landfill - which ultimately means less methane is released into the environment.

# 5

## Expanding - making the world a better place beyond the environment.

We feel it is important to give back to the community and to support our employees in their volunteer efforts. Some of the organizations and programs that Appleton Coated supported in 2013 include the following:

- ⌘ Harbor House - helping women and children who are victims of domestic abuse.
- ⌘ Junior Achievement - teaching our youth in the classroom.
- ⌘ Emergency Shelter of the Fox Valley - provides temporary shelter and guidance to homeless individuals and families.
- ⌘ Fox Valley Literacy Coalition - provides client-focused adult literacy education in the Fox Valley.

In 2013, a total of 350 donors from Appleton Coated signed up to donate through the Community Blood Center, matching our 2012 numbers. Each donation has the potential of saving 3 lives, enabling up to 1,050 lives to be saved thanks to our employees.

# 6

## Corrective actions were taken on the environmental incidents and complaint experienced in 2013.

Appleton Coated experienced a few environmental incidents and one community complaint in 2013 - all relatively minor in nature:

- ❑ On April 6, 2013, following maintenance on the PM7 hydraulic tank and after the tank was 75% refilled, the welds and coupling broke. The hydraulic tank emptied onto the floor and into the process sewer that goes to the waste treatment plant. It is estimated 100 gallons of hydraulic oil went to the sewer before the break was repaired within an hour. This was treated at our waste treatment facility.
- ❑ On July 2, 2013, while unloading a rail car containing clay slurry, a seal broke on the drain of the rail car resulting in a release of approx. 500-1,000 gallons of clay slurry. The slurry flowed to a drain that leads to the wastewater treatment plant, where it was treated.
- ❑ On October 29, 2013, water/oil mixture was observed on the ground, flowing from the wood room reclaim conveyor. The Emergency Response Team was alerted and the source was stopped. The liquid level in the storm sewer where it flowed was below its exit pipe. Contents of the sewer was pumped out and the surrounding area cleaned.
- ❑ On December 5, 2013, the Village of Combined Locks notified us that the Village Board received complaints from residents about odors from the Combined Locks Landfill. We shared that we are aware of the odor issue and have started taking corrective action by spreading the waste out to eliminate steep slopes and are using more ash to cover the sludge. We asked them to let us know if they notice a change or receive additional complaints. No further communication was received from the Village.

The above incidents were recorded in our EMS and corrective action taken following the incident investigation. None of the incidents required notification of the Wisconsin DNR.

# 7

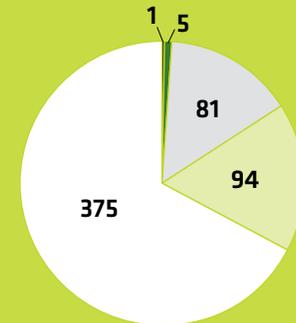
## Our people define our sustainability.

The Appleton Coated workforce is union and non-union, male and female, under 30 and over 50 (and ages in between). 555 experienced people driving improvement, quality and service. They define our sustainability and our brand. "People" is one of our Shared Values - "Create the environment and opportunities for employees to maximize talents and contribute to our success".

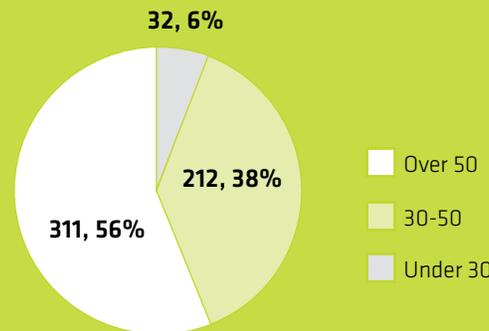
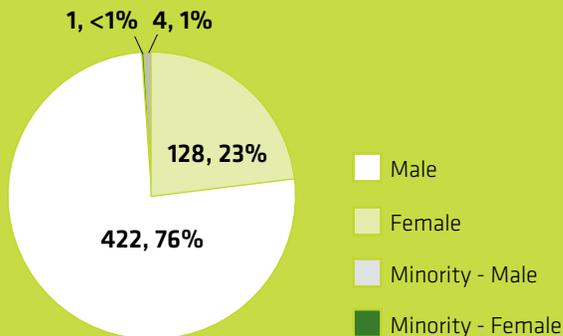
Continuous improvement is part of who we are. Ongoing training and development is one of the ways we invest in our valued people. Monthly e-learning topics are required to be successfully completed with a passing score. 100% of our salaried employees receive regular performance & career development reviews.

We continue to survive when many others did not because of our dedicated workforce and our ability to innovate and develop new products and processes.

**THE APPLETON COATED  
WORKFORCE PROFILE  
555 TOTAL EMPLOYEES**



- Bargaining Unit Full-Time
- Salaried Mill Full-Time
- Salaried HQ Full-Time
- Salaried Part-Time
- Fixed Term Temporary



# 8

## New product development is a primary focus.

New product innovation and growth is critical to sustainability for Appleton Coated. We have identified certain segments within the overall CFS market and uncoated markets that provide opportunity for growth. In 2013, we introduced lightweight opaques, poster papers, new specialty basestock products, higher volumes of inkjet grades, and more “green” products like U2:XG and our production of New Leaf’s Reincarnation®. Our new product efforts are also consistent with key trends like the shift to digital printing technologies and the increasing need for papers that are more environmentally friendly.

Our goal remains consistent-focused leadership by offering the most choice in high-end coated paper and technical/specialty papers while providing exceptional service. Our product offering continues to evolve in response to changing customer needs. New product development is key to sustaining our business.

### APPLETON COATED'S 2013 FINANCIAL PERFORMANCE SNAPSHOT IN THE CONTEXT OF ITS HOLDING COMPANIES

#### SEQUANA



APPLETON *Coated*  
(Sales €248M)

Appleton Coated is a subsidiary of Arjowiggins SAS, a global leader in the production of high value-added creative and technical papers. Headquartered in Paris, France, Arjowiggins, has more than 4,000 employees in Europe, North America, Latin America and Asia. Arjowiggins is a subsidiary of Sequana Capital; a €3.3 billion diversified paper distributor employing 10,000 people worldwide. Appleton Coated's corporate office is located in Combined Locks, Wisconsin and includes sales, marketing, customer service and manufacturing operations. Distribution centers are located in Combined Locks, Wisconsin; Remington, Indiana; Vail, Pennsylvania; and Los Angeles, California.

## Greener remains a top priority for Appleton Coated in 2013.



Sustainability has been and remains a shared value of our company. It embraces our commitment to the environment, support of our communities, and our long-term economic viability to our family of employees. In addition, it is again one of our key objectives for 2014: "Improve Environmental Impact". Here's how...

- ⌘ Grow sales of our environmental products.
- ⌘ Reduce percentage of energy from coal.
- ⌘ Define a long term energy plan for our facility.
- ⌘ Reduce our energy usage by 5% per ton.
- ⌘ Grow use of non-fossil fuels.
- ⌘ Determine a means of beneficial reuse of our sludge.

- ⌘ Continue increasing our usage of Post-Consumer Recovered Fiber (PCRF).

- ⌘ Complete installation of closed-loop phosphorus control.

As we watch the industry transform around us, we will take responsibility for our own destiny. We are growing new business one new product and one new order at a time. Although it is always difficult to predict the future, I am confident we will continue to improve as we continue to be a "greener" company.

A handwritten signature in black ink that reads "Doug Osterberg". The signature is written in a cursive, flowing style.

Doug Osterberg  
Chief Executive Officer



# Our sustainability story doesn't end here

If you'd like more details about anything you see in this report, please e-mail Diane Ernst at Appleton Coated: [dernst@appletoncoated.com](mailto:dernst@appletoncoated.com).

And please share this report with others who may find it of interest.

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