

GLOBAL SUSTAINABILITY SUMMIT

August 9-11, 2017 • Renaissance Nashville Hotel • Nashville, TN



Forest Certification:

What Is It And What Does It Mean To Me?

August 11, 2017

Chad Leatherwood, P.E. – Evergreen Packaging

Andrew Goldberg – Rainforest Alliance



Agenda

- Background on Evergreen Packaging
- What Value Does Forest Certification Provide?
- How Does Forest Certification Work?
- Forestry Collaboration Efforts
 - Appalachian Woodlands Association (AWA)



Evergreen Packaging: Global Facilities



Evergreen Packaging Products

Fresh Food and Beverage Packaging

North American Packaging



Broad range of highly decorated cartons



Convenient re-closable spouts



Multi-speed filling machines

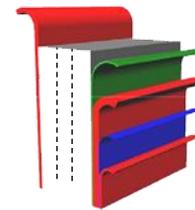
International Packaging



Packaging Board



Cupstock



Multi-layer liquid packaging board



Ovenable trays

Paper and Specialty

Printing and Advertising



Envelopes



Magazines / catalogues

Specialties



Consumer packaging / cotton swabs



Paper bags



Platestock

Evergreen's key products include proprietary fresh carton sleeves in a broad range of sizes, specially designed re-closable spouts, multi-speed packaging machines and multi-layer packaging board with complex barrier properties

Sustainable Forestry Vision By Founder Of Canton Mill

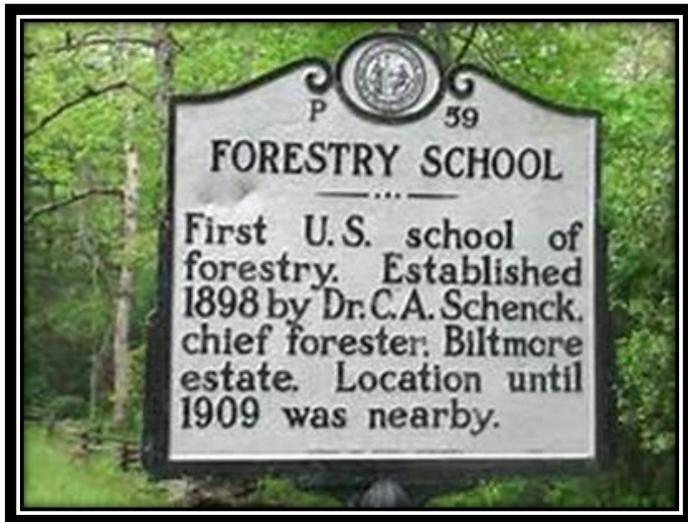


“To furnish this plant with an adequate supply of wood for the manufacturing of pulp, more than 150,000 acres of woodland were acquired, most of this virgin timber, and on this property the pulpwood is being so carefully conserved by scientific methods that when it is cut over and the far end is reached, the part where the first cutting was made will be ready with the second growth with as large a crop as at the beginning. In other words, it is a pulp reserve large enough continually to renew itself.”

- from Obituary of Peter G. Thomson, 1931

Our Canton Mill's Role in Cradle of Forestry

- 1909 – Canton Mill acquires 40,000 acres of forests in Western North Carolina
- 1909 – Dr. Carl Schenk was fired by George Vanderbilt
- 1910 – Canton Mill offers Dr. Schenk the use of the forest to host the Biltmore Forest School until it ceased in 1913



Biltmore Forest School Lecture

Canton Mill, NC 1911



What Certifications Does Evergreen Hold?

- Both of our pulp and paper mills have fiber procurement certifications
 - FSC® Controlled Wood
 - SFI® Fiber Sourcing
- All of our North American paper mills and converting facilities are triple Chain of Custody certified
 - FSC
 - PEFC™
 - SFI



Commonly Used Terms

- ATFS = American Tree Farm System®
 - Only a Forest Management Standard
 - Certified fiber for PEFC and SFI products
- FSC® = Forest Stewardship Council®
 - Includes Forest Management, Controlled Wood, and Chain-of-Custody Standards
- PEFC™ = Programme for the Endorsement of Forest Certification
 - Global endorsement program and Chain of Custody Standard
 - Accepts ATFS and SFI certified fiber
- SFI® = Sustainable Forestry Initiative®
 - Includes Forest Management, Certified Sourcing, and Chain-of-Custody Standards
 - Accepts ATFS and SFI certified fiber

**WHAT VALUE DOES FOREST
CERTIFICATION PROVIDE TO ME AS A
BRAND OWNER OR RETAILER?**

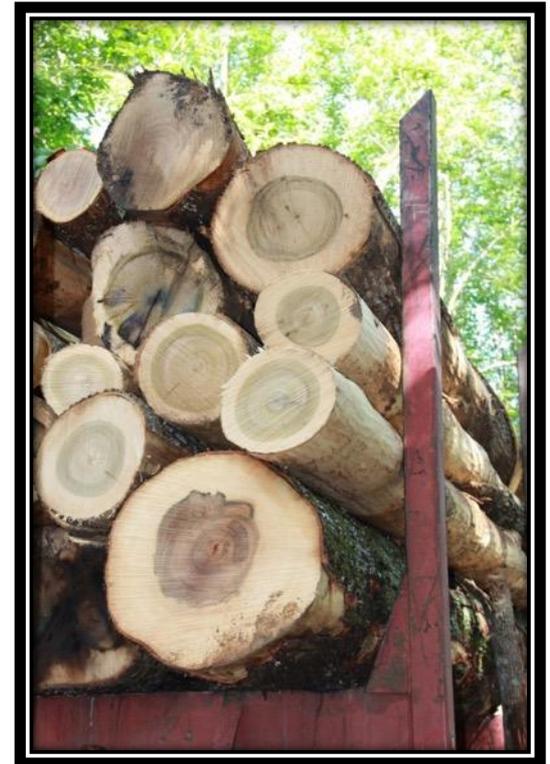
What Do You Want From Your Supply Chain?

- Assurance?
- Traceability?
- Legal Procurement?
- Environmental and Social Responsibility?
- Commitment To Sustainable Forest Practices?

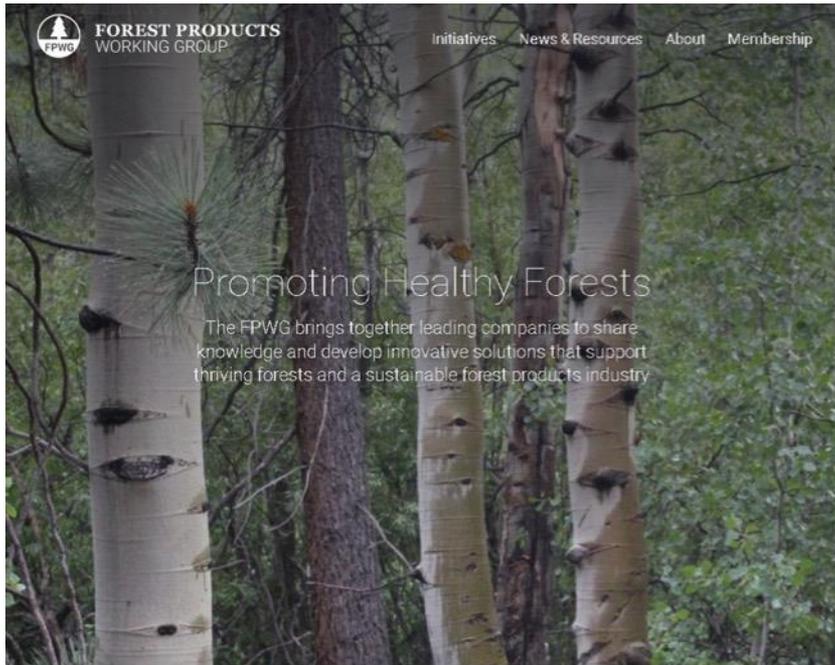


What Value Does Forest Certification Provide?

- ✓ Supply Chain Assurance
- ✓ Traceability Of Fiber Sources
- ✓ Legal Procurement – Risk Assessments of Fiber Supply
- ✓ Social and Environmental Responsibility
- ✓ Ability to Communicate Your Commitment to Sustainable Forestry
- ✓ Building Trust In Your Fiber Based Products

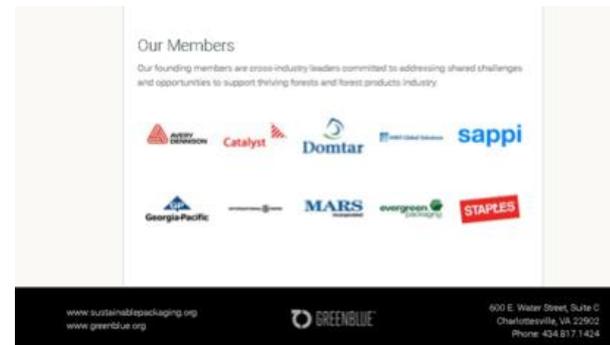


Sustainable Packaging Coalition – Forest Products Working Group



Working across the supply chain to discuss, define, and prioritize the most valuable elements of forest certification

Better understand the value proposition of forest certification to drive effectiveness of these programs in the US



Findings to Date on The Job of Forest Certification

- Brand owners determined that ***“Providing Assurance/Mitigating Risk”*** and ***“Building Trust”*** were the most valuable elements
- Landowners indicated that ***“Demonstrating Environmental Stewardship”*** was the most valuable element of forest certification
- Numerous meetings, working sessions, and tours, the group determined that the two most important customers are the landowners and the brand owners

BACKGROUND ON FOREST CERTIFICATION

What is Responsible Forestry?

- Integrating sustainable growth and harvesting of trees with protection of wildlife, plants, soils, and water
- Complying with the law and conducting legal harvesting
- Continual improvement of forestry practices
- Respect for societal interests
- Third-party auditing of forestry programs and procedures



What Are The Foundations of Forest Certification?

- Published standards that include goals and metrics of performance
- Standards are developed through a stakeholder process that typically includes input from economic, environmental, and social sectors
- Third-party annual auditing of certificate holders
- Standards and independent certification for the third-party auditors



Three General Types of Certifications

- **Forest Management**
 - Requires comprehensive forest management plan for each tract
- **Fiber Procurement**
 - Focuses on fiber procurement procedures
 - Required to be implemented before you can have a chain of custody program
- **Chain of Custody**
 - Starts with a certified forest that has a comprehensive forest management plan
 - How brands **connect** their fiber-based products to responsible forest management and **support** responsible forest management

Forest Certification Programs in the U.S.

- **Forest Management**

- American Tree Farm System[®] (ATFS)
 - Accepted in both PEFC and SFI Chain of Custody Programs
- FSC
- SFI
 - Accepted in the PEFC Chain of Custody Program

- **Fiber Procurement**

- FSC Controlled Wood
- SFI Fiber Sourcing

- **Chain of Custody**

- FSC
- PEFC
- SFI

What Can I Do As a Brand Owner or Retailer To Gain Assurance and Supply Chain Trust?

- Purchase from suppliers that hold multiple forest certifications
 - Establishes a base level of assurance
 - By just holding certifications, your suppliers will have to meet fiber procurement standards which will provide you with several elements of assurance
- Purchase chain of custody certified products
 - Achieve an additional level of assurance
 - Utilize on-product forest certification labels to communicate your commitment and educate consumers
 - By increasing demand for chain of custody certified products, you encourage the expansion of forest certification which leads to more widespread sustainable forest management

FIBER PROCUREMENT CERTIFICATION

What and Why?

- Applicable standards for fiber procurement
 - FSC Controlled Wood
 - SFI Fiber Sourcing
- **PLUS**
 - PEFC Due Diligence System
 - (part of chain of custody standard)
 - SFI Due Diligence System
 - (part of chain of custody standard)
- Why?
 - Limited supply of certified fiber
 - For most mills it is impractical to separate certified from non-certified fiber, so they end up being mixed together
 - Procedures are needed to demonstrate that procurement of fiber from non-certified forests meets additional standards

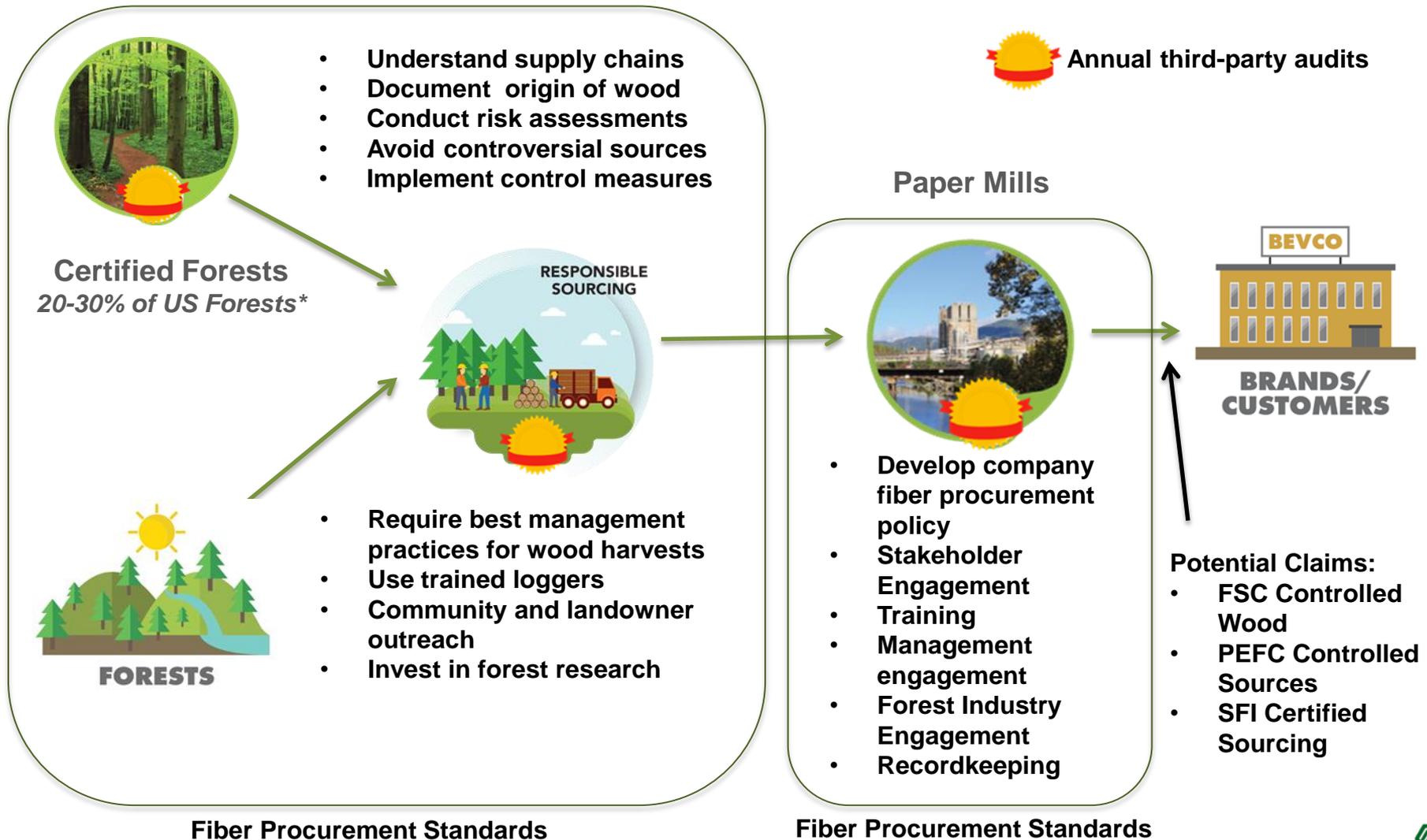


Providing Assurance and Mitigating Risk

- By meeting all these procurement and due diligence system standards, what are the primary elements of action?
 - Traceability
 - Understanding supply chains
 - Identification of wood origin
 - Avoiding Controversial Sources of Wood
 - Risk assessments of wood supply
 - Implementing control measures if necessary
 - Environmental Responsibility
 - Require conformance with forestry best management practices at all harvesting operations
 - Investing in forestry research
 - Social Responsibility
 - Using trained loggers
 - Community and landowner outreach
 - Stakeholder engagement
 - Forest industry engagement



Assurance from Combined FSC, PEFC, and SFI Certification



Fiber Procurement Requirements

- Risk assessments to determine the risk of procuring wood from controversial/unacceptable sources
 - Risk mitigation and control measures must be taken if some risk is found
- Company policies and procedures to implement “best efforts” to avoid procurement of wood from controversial/unacceptable sources
- Stakeholder Engagement
- Training and recordkeeping
- Management review and continual improvement

Additional SFI Fiber Sourcing Requirements

- Best management practices where all wood is harvested
 - Written agreements requiring BMP's where wood is harvested
 - Periodic audits and coordination with state foresters
- Use of trained loggers
 - Host training sessions
- Participating in relevant forestry organizations
 - Including SFI State Implementation Committees
- Community involvement and landowner outreach
- Investment in forestry science and research
- Promoting biodiversity



What Does Fiber Procurement Certification Mean?

RESPONSIBLE SOURCING: PROTECTING BRANDS

How Evergreen Packaging supports your fiber sourcing goals

CUSTOMER EXPECTATIONS

ASSURANCE

TRACEABILITY

LEGAL PROCUREMENT

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

COMMUNICATING COMMITMENT

EVERGREEN DELIVERS

- Annual 3rd party audits
- Maintaining certification
- Understanding supply chains
- Documenting origin of wood
- Risk assessments of wood supply
- Use of trained loggers
- Best management practices for wood harvests
- Community involvement
- Being a certified supplier
- Landowner outreach, industry engagement
- Limited Chain-of-Custody offerings

Building STRONG BRANDS begins with responsible sourcing.

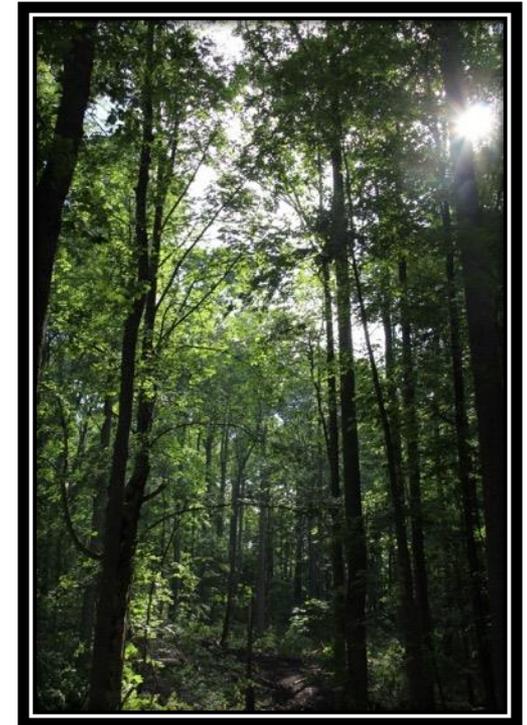
Wrapping Up Fiber Procurement Certification

- Just by using suppliers that hold these three certifications, brand owners and retailers are provided with a comprehensive set of programs and procedures that mitigate risk and provide assurance in the fiber supply chain for the products they purchase
- What claims can be provided through these certifications?
 - FSC Controlled Wood
 - Only for customers that hold FSC Chain-of-Custody certification and only on semi-finished products
 - PEFC Controlled Sources
 - SFI Certified Sourcing
 - Including on-package label options
- Many brand owners and retailers desire and additional level of fiber supply chain assurance and purchase chain of custody certified products

CHAIN OF CUSTODY CERTIFICATION

What Does Chain of Custody Do?

- Starts with certified forests
- Establishes a procedure for tracking fiber from certified forests through the supply chain
- Enables brands to **connect** their fiber-based packages/products to certified forests and **support** responsible forestry management



What is Chain of Custody?



Certified Forest
*20-30% of US Forests**

*2016 AF&PA White Paper: Sustainable Forestry and Certification Programs in the US (2016), SFI (2017)

What Are Certified Forests?

- Forests that operate under comprehensive management plans covering items such as:
 - Landowner Goals
 - Management Objectives
 - Wood and fiber production
 - Wildlife habitats
 - Water and soil protection
 - Recreation
 - Special sites
 - Stand descriptions
 - Management of invasive and endangered species
 - Reforestation/regeneration after wood is harvested
 - Monitoring and assessment of performance before, during, and after harvesting

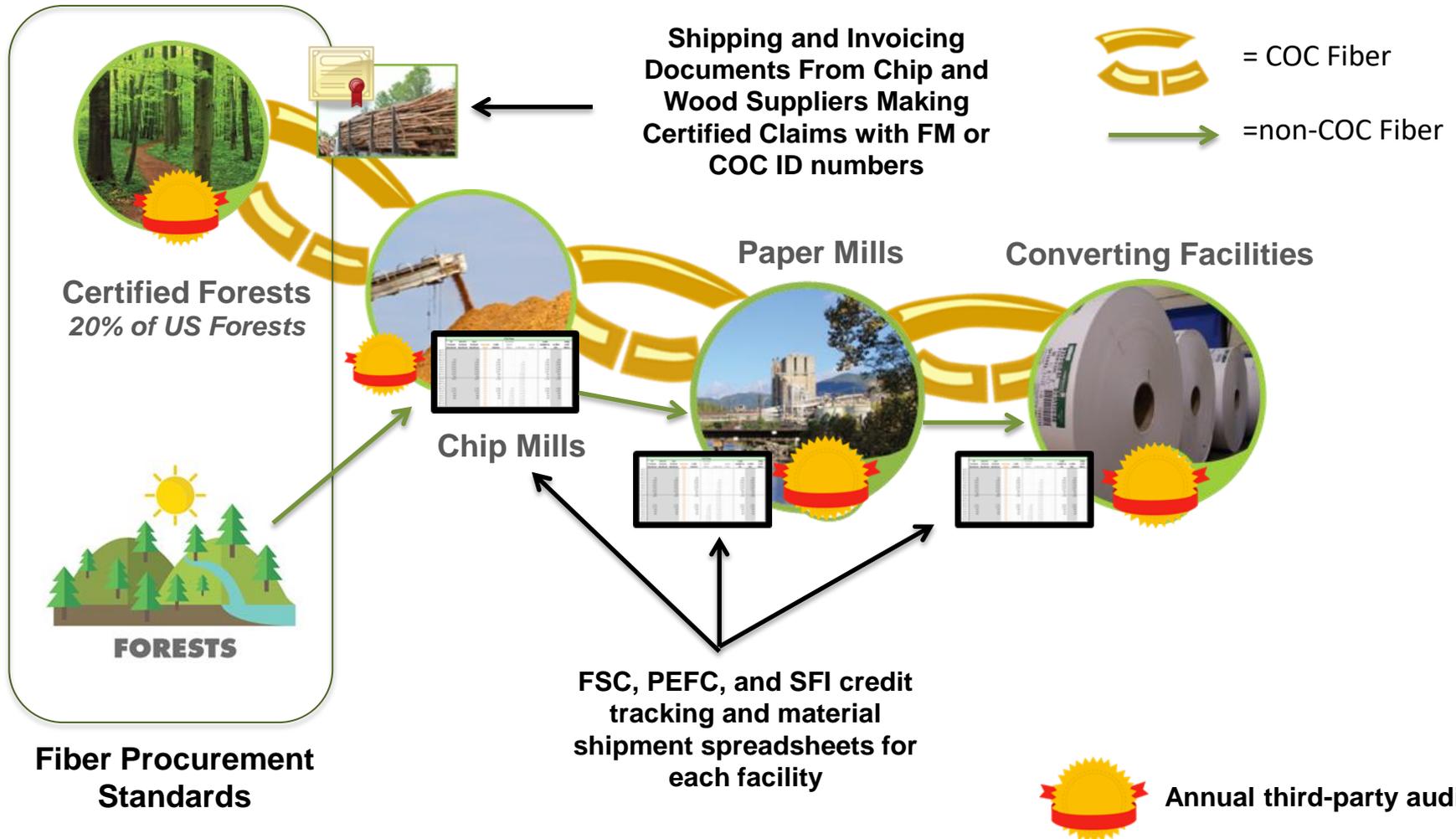


What Are Certified Forests?

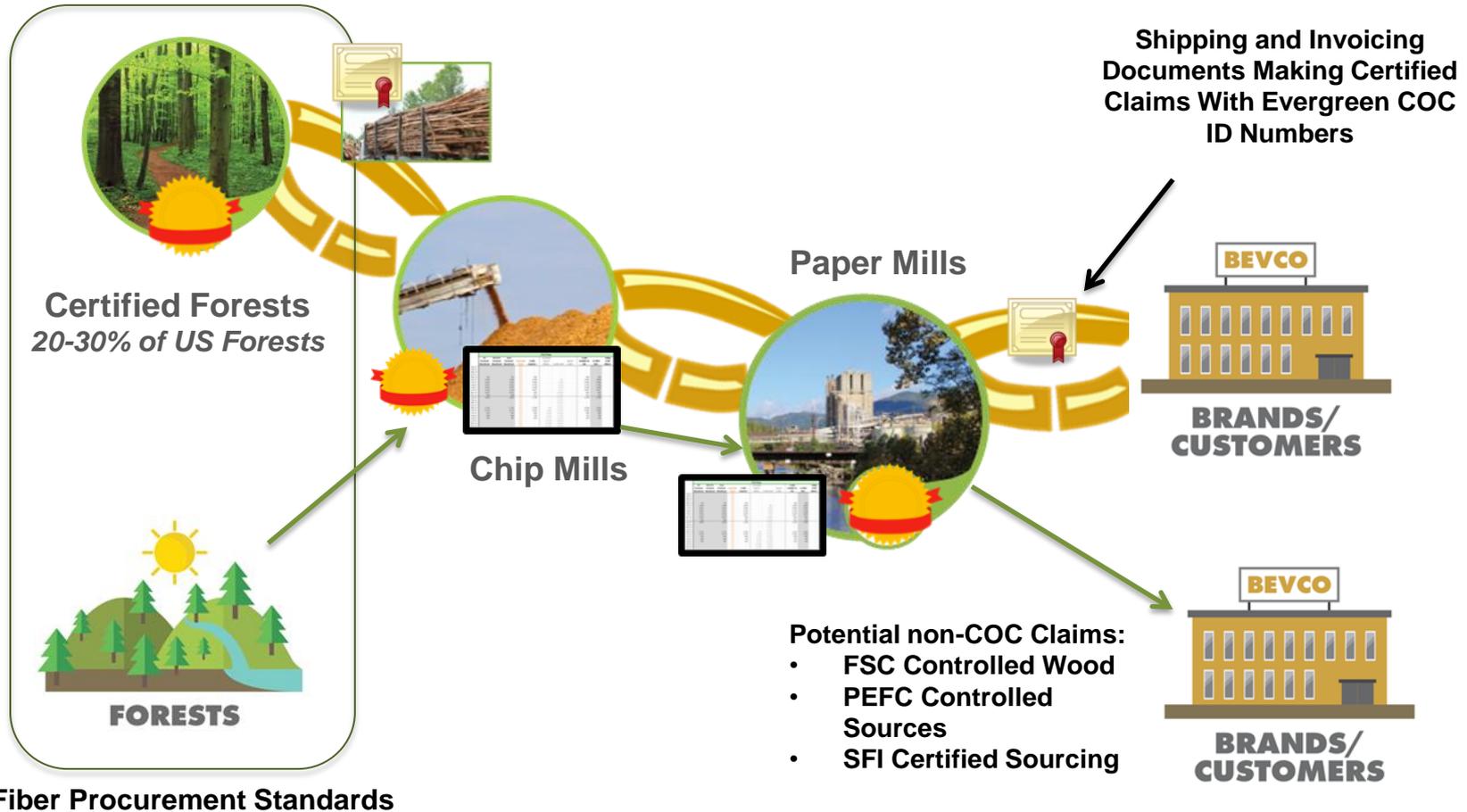
- Forests that are audited to standards related to:
 - Protection of
 - rare, threatened, and endangered species
 - special cultural and ecological sites
 - interests of workers, indigenous peoples, and local communities
 - environment
 - Conservation of wildlife and biodiversity
 - Compliance with laws and regulations
 - Use of qualified logging professionals
 - Aesthetics / opening sizes
 - Avoidance of GMO's
 - Chemical use
 - Efficient utilization of fiber



Chain of Custody Within Evergreen Packaging



Chain of Custody Within Evergreen Packaging



 Annual third-party audits

Support Responsible Forest Management

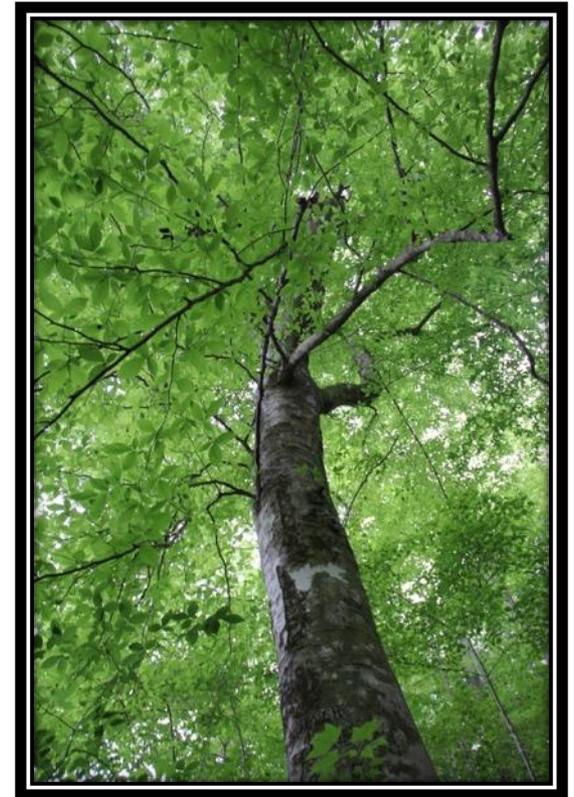
- All Chain of Custody certification programs provide specific claims and on-product labels
- The claims and labels will differ based on Chain of Custody method used to track certified material and what type of certified material is used
 - 100% Certified (no mixing with fiber from non-certified forests)
 - Mix / Volume Credit
 - Recycled Content
- *Brand Owners and Retailers can responsible forest management by purchasing Chain of Custody certified products and including on-product forest certification labels*

FOREST MANAGEMENT INITIATIVES

WAYS TO BE INVOLVED

Forestry Research And Engagement

- Evergreen annually funds forest research
 - Water quality and best management practice effectiveness
 - Wildlife management
 - Conservation of biological diversity
 - Climate change research for adaptation and mitigation
 - Forest operations and economics
 - Life cycle assessment
 - Chemical use efficiency and integrated pest management
- USFS Nantahala-Pisgah Management Plan Update
 - We are participating in stakeholder process
- Cradle of Forestry In America Interpretive Association
 - Joined Board of Directors in 2017



Other Evergreen Packaging Forestry Initiatives

- Evergreen Forest Certification®
 - Assists landowners in getting their forests certified to both ATFS and FSC Forest Management standards
 - We have certified over 50,000 acres in GA, NC, SC
- Sustainable Packaging Coalition – Forest Products Working Group
 - We are working with several other companies and organizations to increase fiber supply chain assurance
- American Forest & Paper Association (AF&PA)
 - Wood Fiber Resource Committee
- SFI State Implementation Committee's
 - AR, GA, KY, NC, SC, TN
- Members of several State Forestry Associations
- NC Tree Farm Platinum Supporter
- Appalachian Woodlands Association Partner
 - More on this up next



APPALACHIAN WOODLANDS ASSOCIATION

30 Years of Transformative Impact

The Rainforest Alliance works to...



Conserve
Biodiversity



Ensure Sustainable
Livelihoods

By
transforming...



Land Use Practices



Business Practices



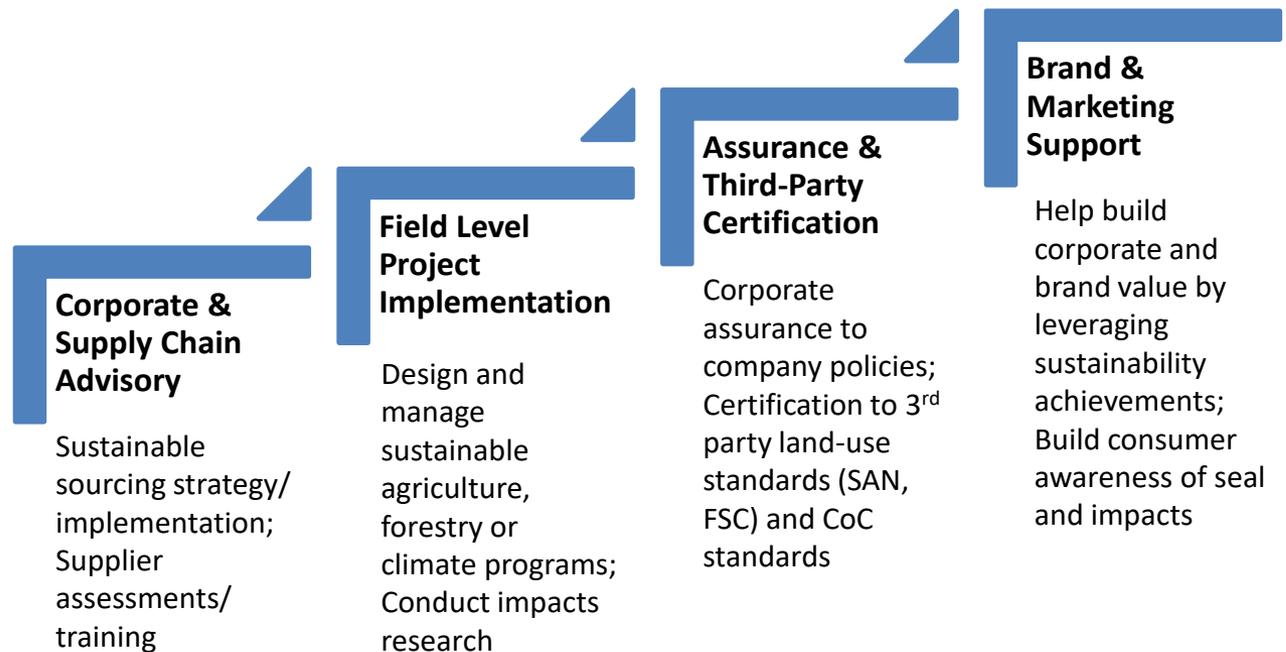
Consumer
Behaviour

Our Approach: A True Alliance



We're mobilizing all people to conserve forests and re-balance our planet

How we leverage collaboration to achieve mission

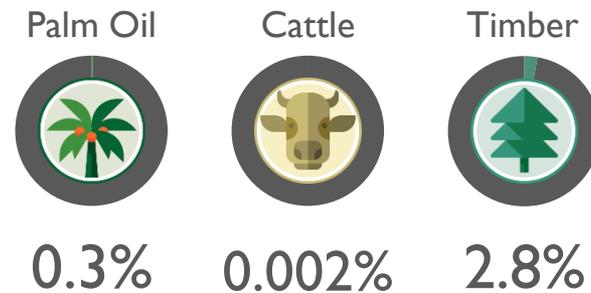
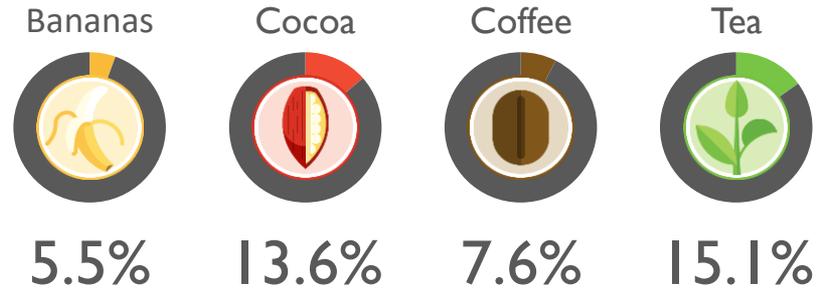




Transformative Impact & Global Scale

128 million
acres
of land under
sustainable
management

4.7 million
people directly
benefit from our
efforts



Of total world production

Let's travel east from Nashville



To the Appalachian Mountains



It's cooler already in SW Virginia



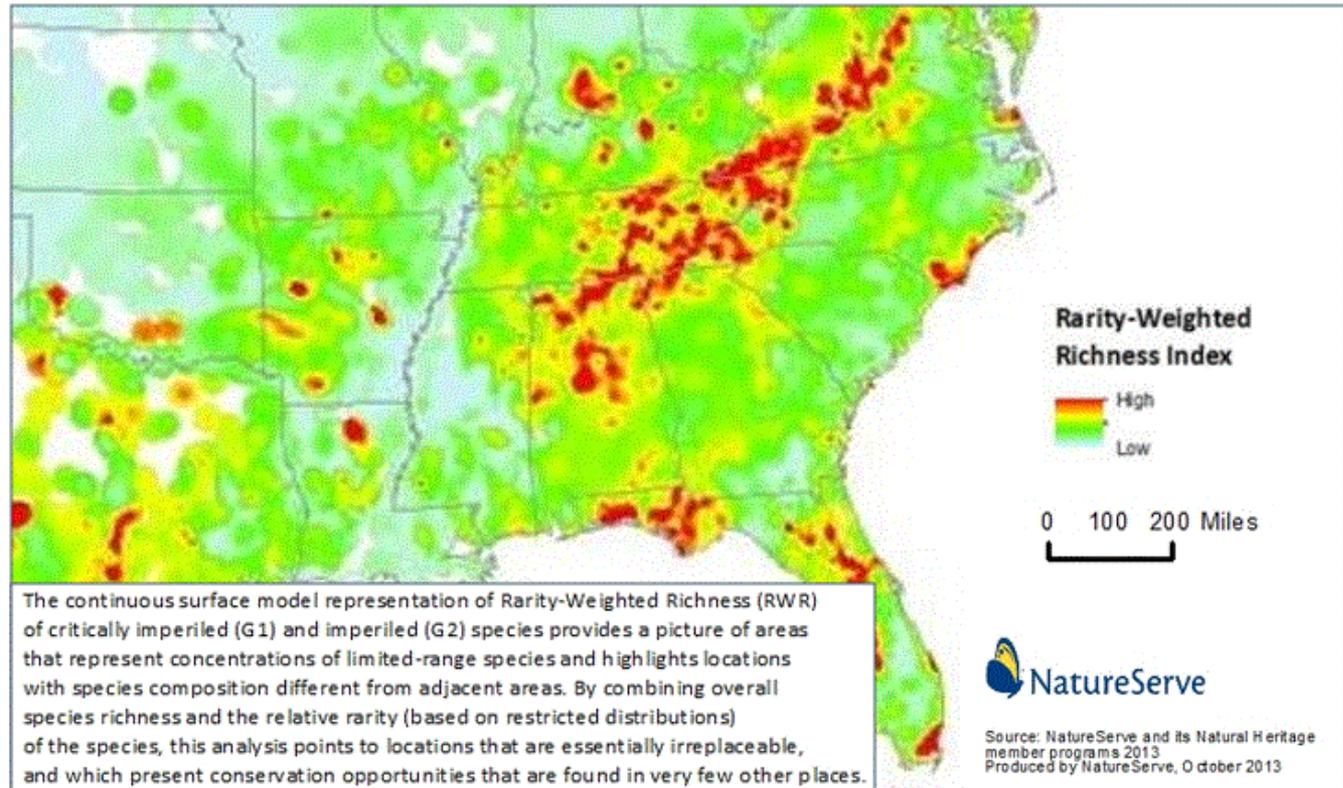


WHY the Appalachians

- Most **biologically diverse** forests in the US
 - 59% of bird species, 49% of mammals present in US
 - 15,000 plus species
- Most biodiverse **temperate freshwater systems** in the world
- Family forests greater than **60% of land base**
- Underserved and **under-engaged**



NatureServe Rarity-Weighted Richness Model of Critically Imperiled and Imperiled Species in the United States



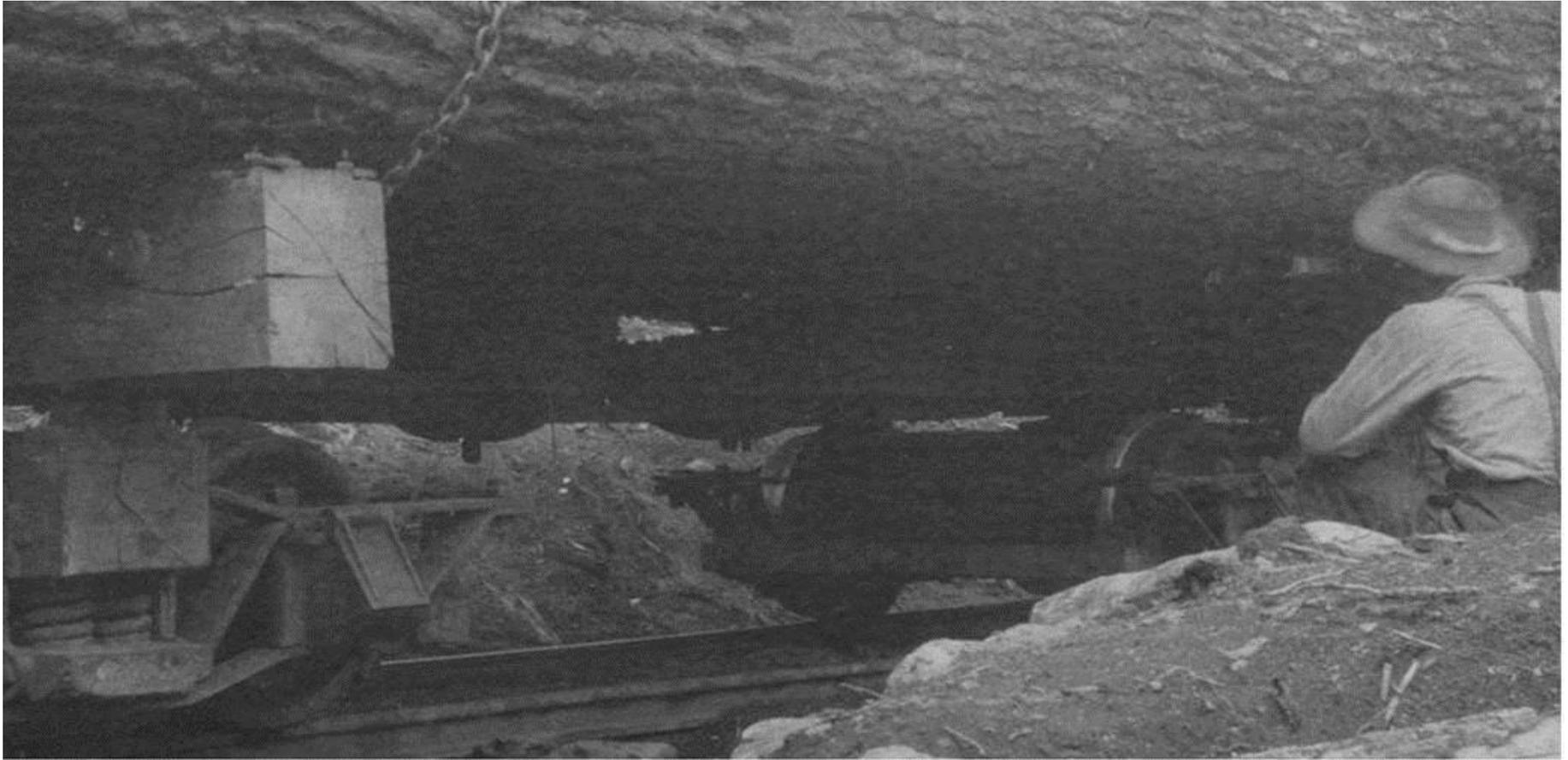


WHY the Appalachians

- Part of largest **wood producing** region in the world
- Produces products we all use **every day**
- Key **economic driver** across region
- Unique **resilient hardwood forest**

Great Smoky Mountains National Park







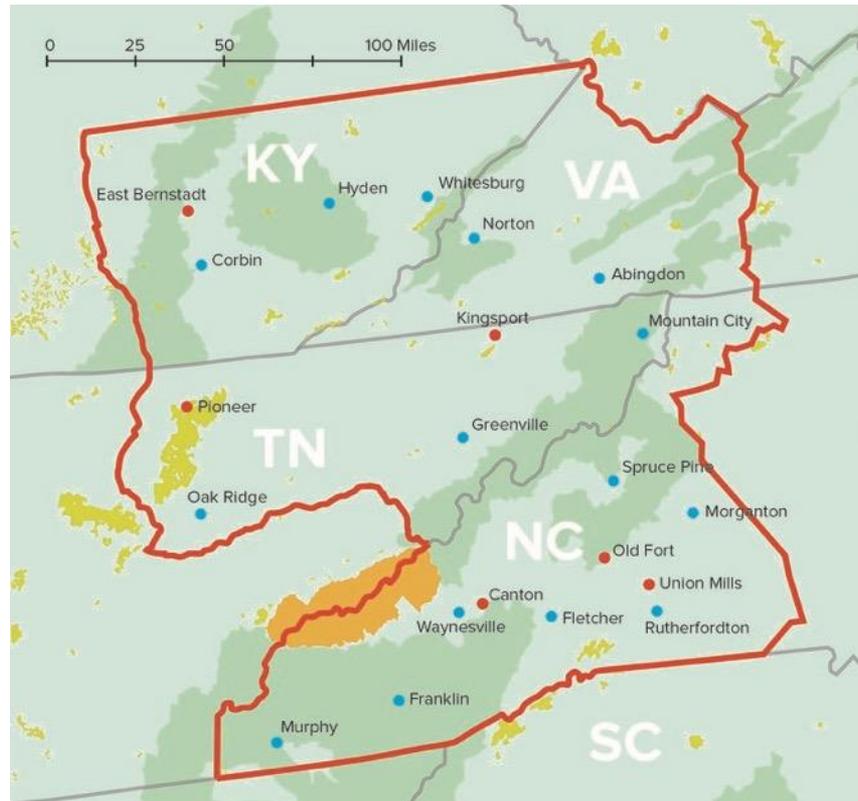
- Partnership between **Rainforest Alliance** and forest products companies **Evergreen Packaging, Avery Dennison, Columbia Forest Products, Domtar, Kimberly-Clark, Staples**, and the **US Forest Service**.
- Uniting companies with small private landowners, the AWA works to **increase sustainable forest management** and enhance the domestic market for sustainable timber products.



- Economically, the forests in this region generate **billions of dollars** of forest products each year, much of which is returned to the local area.
- Private landowners in the region are unique, unlike timber company holdings, their forests often consist of **smaller tracts** that require careful management for long-term sustainability.
- Improving management practices safeguards the livelihoods of landowners and their families for **future generations** while creating real-time economic benefits across the value chain.



Southern and Central Appalachians





Five Work Streams; One Landscape

Landowner Outreach & Education

Streamlined Sourcing & Assurance

Healthy Forest Ecosystems

Market Transformation

Communication



Woodland Owners Matter

Over the years, we have relied on the private woodlands owners of the South to provide responsibly produced wood and fiber to make many of the products that we sell, and have considered them partners in good forest stewardship. Most of the paper products on our shelves are produced in the Southeast region, with wood coming from these privately owned forestlands. With this project, we hope to provide new resources and tools for woodland owners to be even better stewards of their woodlands, and to continue this important partnership.

— Mark Buckley, VP for Environmental Affairs, Staples, Inc.



Landowner Outreach and Engagement

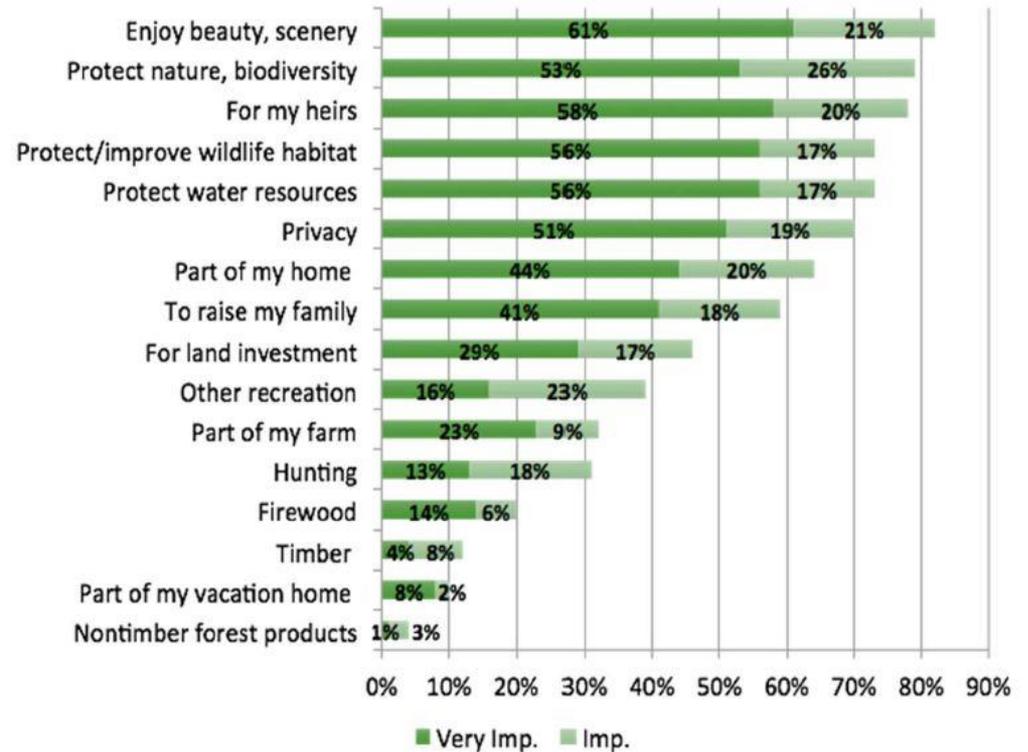


National Woodland Owner Survey suggests that 42 percent of the total wooded acres in AWA project area are held by about 120,000 family owners who own 10 or more acres of woodland.





What's important to landowners?





Streamlined Assurance

- Certification has emerged as a critical tool
- But, existing certification schemes do not offer much value to small private woodland owners who harvest only once a generation
- Yet these woodland owners are the key to the forest products supply chain

“Today only a small percentage of landowners have a forest management plan, and even fewer are certified to one of the forest management certification systems available. We know that there are many more landowners who are responsible stewards of their woodlands, and this project will develop new tools to help tell that story of sustainable forest management to the marketplace.”

Roland Simon, VP Global Procurement, Avery Dennison



Key Takeaways

Money doesn't grow on trees. But money can help trees grow.

Landowners want to build a sustainable legacy.

Different types of landowners need different programs and outreach activities.

Uncertainty and misconceptions regarding harvesting are a barrier to planned, sustainable harvests.

Earning landowners' trust is important, and will take time and commitment.

Green certification isn't for everyone.

Streamlined Assurance Through a Common Platform for SFM

- Establish a **definition of SFM** grounded in **landowner values** and **local conservation values**
- Provide opportunity to **reach landowners**
- **Sensitize landowners** to the concept of certification and **forest management practices** that are required for **certification**



“COMMON PLATFORM”

- Water quality
- Residual and future stand conditions
- Habitat and wildlife
- Soil maintenance
- Special sites
- Keeping forest as forest.





Healthy Forest Ecosystems

- Collaborative, multi-stakeholder approach
- Convene panel of local and regional experts
- **Identify most critical conservation values in project area**
- **Guidance about what woodland owners can do on their own land to help conserve and enhance those values**

BEST PRACTICES DEVELOPED



- Convened Advisory Group
- Developed best practices
- Distribute to landowners
- Best practices support regional conservation goals

Any Questions?

