
Sappi Fine Paper North America

2011
Sustainability
Report



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Sappi Fine Paper North America

Sappi Fine Paper North America has been publicly reporting progress on sustainability initiatives since 2008 as part of a global sustainability report issued annually by Sappi Limited at financial year-end. This year marks the first time each regional division will issue its own sustainability report, with consolidated global sustainability performance included in the annual report to shareholders. Sappi Limited will also continue to publish a separate online report in conformance with the Global Reporting Initiative's 3G framework and disclosing compliance with the UN Global Compact, to which we are a signatory.

This new reporting structure maintains our commitment to transparency at the global level while allowing a deeper regional focus that reflects local markets and issues. Covering fiscal year 2011 (1 October 2010, to 30 September 2011), this report includes environmental performance data for Sappi's three US manufacturing operations in Skowhegan and Westbrook, Maine, and Cloquet, Minnesota, and historical performance data for Sappi's mill in Muskegon, Michigan, which was closed in 2009. Social responsibility and prosperity metrics are reported for the full region, including our corporate facilities and sales offices.

Copies of reports produced by Sappi Limited can be accessed at www.sappi.com/investors, along with online access to sustainability reports from Sappi's regional divisions in Europe and South Africa.

“The foundation of the Sappi strategy is the three Ps — Prosperity, People and Planet. Our commitment to create and protect stakeholder value over the longterm demands that we focus on the prosperity of our business, the health and wellness of our people, and the protection of the natural resources of our planet by operating in a safe and sustainable way. We express our commitment to sustainability not only in the decisions we make every day in running our business but through public forums including the United Nations Global Compact and the Carbon Disclosure Project. Sappi Fine Paper North America embraces our mission and I applaud and thank them for their dedication and demonstrated strong results in this area.”



Ralph Boëtter
CEO, Sappi Limited



Sappi demonstrates its commitment to sustainability through the 3 Ps of Prosperity, People and Planet. In addition, we support several public forums and advocacy groups including the United Nations Global Compact.



Mark Gardner
President & CEO
Sappi Fine Paper
North America

I have been at Sappi for over 30 years and have never been more proud of the products and services we offer to our customers, or the leadership position we have taken in our industry.

Nowhere is this more evident than in our strong sustainability performance. Our sustainability strategy, linked closely with company-wide operational goals, has led to step change improvements in greenhouse gas reductions, waste management and certified fiber usage. It has brought focus to investment in the training and education of our employees and customers. It has brought renewed attention to the importance of new product and service innovation. And, it is no coincidence that during the same period we were making these improvements, our operating profit continued to climb, and our customer loyalty deepened. We understand that sustainability principles are the very foundation of our business success.

Safety Performance

Safety performance is the most important indicator of the overall strength of our management efforts, organizational alignment and operational control. This year we achieved a Lost Time Injury Frequency Rate (LTIFR) of 0.96 for the year, a 20 percent improvement over last year, but we were still short of a LTIFR of 0.80, which represents the top benchmark for our industry and well short of our ultimate goal of zero injuries. During the past year, our key focus was on driving personal accountability for preventing unsafe practices and eliminating unsafe conditions, starting with top management and extending to every employee. We will continue to implement effective programs to sustain and improve our safety performance to world-class standards.

Sustainability Goals

In 2008, Sappi Fine Paper North America laid out ambitious five-year sustainability goals and tailored investments in our business and operations to accomplish them. In the following pages, we share our accomplishments over recent years, as well as new goals to drive even deeper improvements over the next five years.

Let me share just two examples of our new goals, in the areas of energy and waste management. Our previous energy goal focused on the reduction of fossil fuel usage, which now accounts for less than 20 percent of our overall manufacturing energy needs. Our new energy goal is to reduce the amount of energy expended in making each ton of product by 10 percent in just five years—regardless of whether that energy comes from purchased electricity, fossil fuels or renewable energy sources. In order to achieve this aggressive goal, we will need to drive further improvements in our operational efficiencies throughout our manufacturing processes, which is good for the environment and for the bottom line. Similarly, our current waste management goal calls for reductions in organic waste to landfill. Our new five-year goal casts the net much wider, looking to reduce all raw material waste generated throughout the entire manufacturing process by 10 percent—requiring us to make fundamental changes in our manufacturing practices.

Leading the Conversation

Sappi Fine Paper North America continues to be a leader in the conversation on sustainability, not only within the pulp and paper industry, but with local, state and national government officials. We support the need for sound regulation that protects the environment and believe this objective can be achieved while also protecting and promoting job growth. The printed word and image remains a unique, distinctive and effective medium in a world relying more on electronic media. All of us at Sappi take seriously the responsibility in advocating the sustaining value of print and paper.

I am optimistic as we look ahead to tackling and achieving our new sustainability goals in people, planet and prosperity. Our sustainability strategy will drive us to higher levels of performance across the board and will ensure continued investments in our people, our assets and our services. The significant accomplishments outlined in this report provide the foundation—and the confidence—to achieve even greater success in the years to come.



Mark Gardner
President & CEO
Sappi Fine Paper
North America





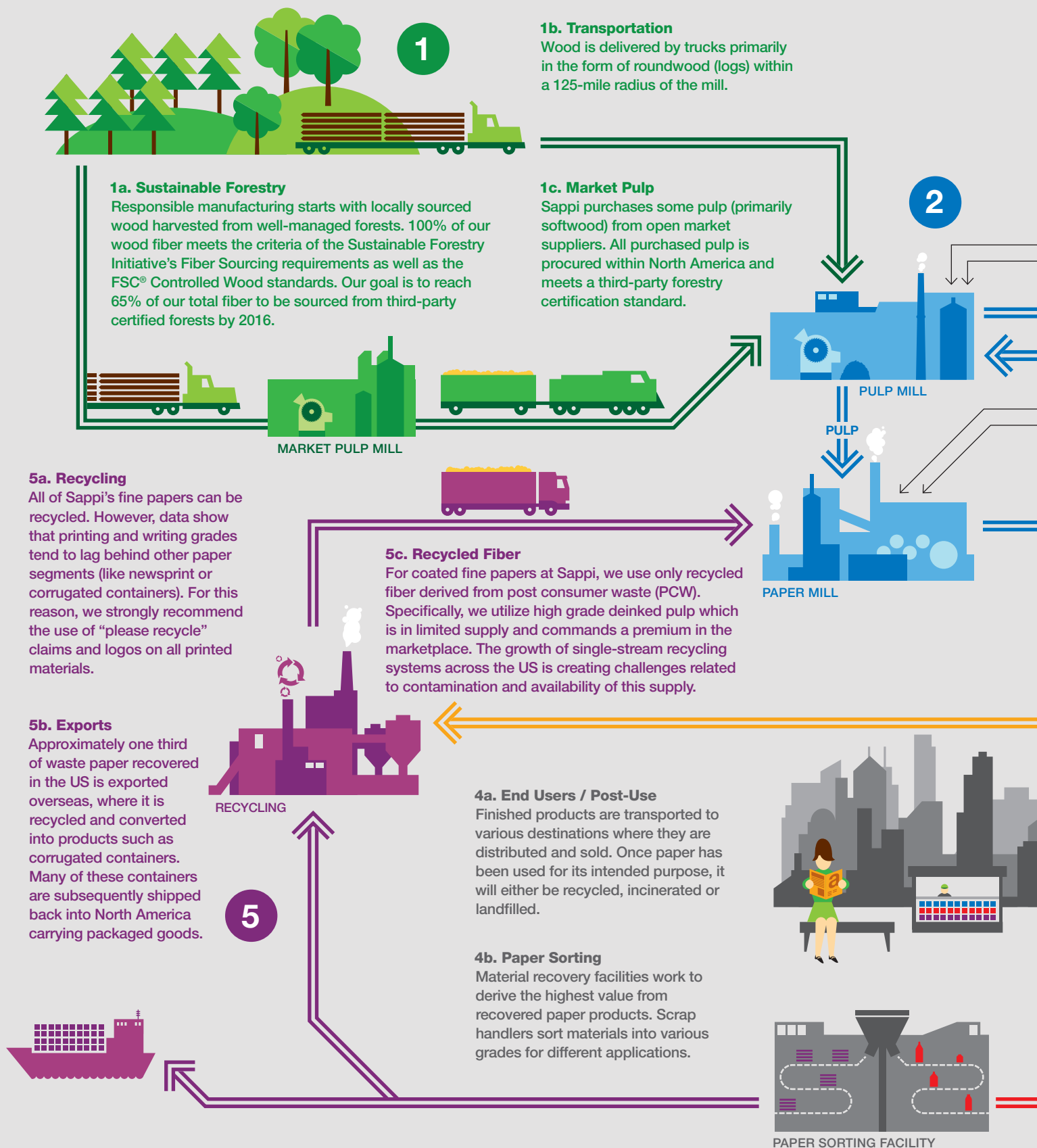
Overview of Sappi Fine Paper North America

Sappi Fine Paper North America (SFPNA), known for innovation and quality, is a preeminent North American producer of coated fine and release papers and market pulp headquartered in Boston, Massachusetts. Its coated fine papers, with highly recognized brand names such as McCoy, Opus, Somerset and Flo, are used in premium magazines, catalogs, books and high-end print advertising. The company is also the world's leading supplier of release papers for the automotive, fashion and engineered films industries, including the globally recognized Ultracast brand. Sappi's release papers provide the surface aesthetics for synthetic fabrics used in footwear, clothing, upholstery and accessories, as well as the textures for decorative laminates found in kitchens, baths, flooring and other decorative surfaces. An integrated pulp and paper producer, with state-of-the-art pulp mills, Sappi is the third largest seller of hardwood pulp in North America.

Sappi Fine Paper North America is a subsidiary of Sappi Limited, a global company headquartered in Johannesburg, South Africa, with manufacturing operations on four continents in eight countries, sales offices in 35 countries, and customers in over 100 countries around the world.

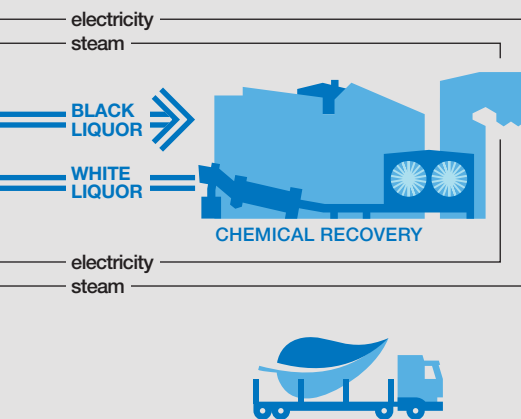
The Papermaking Life Cycle

At Sappi, we take a holistic view of our industry. Our sphere of influence and impact extends beyond our mill gates—from material acquisition through manufacturing, use and disposal of our products. To learn more about the life cycle of printing papers, simply read through the diagram below.



2a. Sappi Mill

Over 80% of our mills' total energy is derived from renewable sources, earning Sappi the lowest carbon footprint among domestic competitors. Sappi uses lean manufacturing principals to reduce energy, reuse resources and minimize waste in each area of our mills.



2c. SmartWay®

Once manufactured, paper is distributed. Sappi is a SmartWay® transport partner. SmartWay® is an EPA program focused on reducing carbon emissions and conserving fuel. We encourage all of our supply chain members to use SmartWay®-affiliated transportation.



2b. Mill Integration

All three sections of the mill—Pulp, Paper, and Chemical Recovery—are integrated for maximum utility. By-products from the pulping process (e.g., bark and black liquor) are recaptured for energy production, and chemicals are reclaimed and reused. Sappi's integrated mills are certified in accordance to the Green-e® standard and many of our products are made with 100% certified renewable electricity.



3b. Merchants and RDCs

Paper is transported to regional distribution centers, merchants and printers.

3



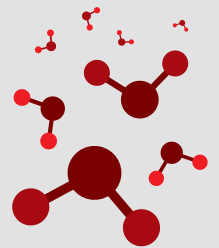
3c. Printers

Printers convert coated paper into products such as books, magazines, catalogs, brochures and corporate reports. Printer waste (make ready, damaged goods, trim, etc.) is also recovered for recycling.

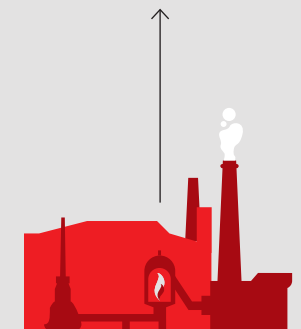


3a. Designers and Procurement Professionals

These two groups can have the greatest impact on reducing the environmental impact of a print project through good design, the development of paper procurement policies for their organizations, and their specific selections of paper choices.

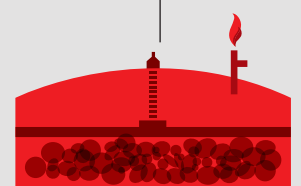


CO₂ BY-PRODUCT
(released into atmosphere)



INCINERATOR

6



METHANE

6a. Landfill

Paper that ends up in landfills can decompose and form methane—a greenhouse gas with a global warming potential that is 25 times higher than CO₂. While some landfills capture methane and convert it to energy, it is preferable to have paper products recovered for recycling.



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Corporate Governance

Corporate governance of Sappi Fine Paper North America's sustainability program begins at the top and involves every segment of our business and every operating function.

Sustainability Steering Committee

The Sustainability Steering Committee, chaired by Mark Gardner, Sappi Fine Paper North America's (SFPNA) President and Chief Executive Officer, is comprised of SFPNA senior level executives from all three business units and several key functions. The Steering Committee meets monthly and is responsible for approving long-term goals, reviewing progress against those goals, and providing adequate organizational and other resources dedicated to the achievement of important initiatives in this area. Jennifer Miller, appointed Chief Sustainability Officer in 2009, is the company officer responsible for ensuring consistency of the sustainability strategy with other business goals and objectives, including capital plans, and compliance with stated corporate governance standards.

Sustainability Council

The Sustainability Council, chaired by Laura M. Thompson, PhD, Director of Technical Marketing and Sustainable Development, encompasses representatives from all of SFPNA's business segments, manufacturing facilities and corporate functions including procurement, marketing, sales, legal and human resources. This working Council meets twice monthly to review at the operational level compliance and strategic issues. Dr Thompson also represents the North American region on Sappi's Global Sustainability Council, which meets regularly to share best practices and maintain the global charter.

Sustainability Customer Council

The perspectives of our customers, including merchants, printers, corporate paper buyers and graphic designers, are represented by the Sustainability Customer Council. This Council, which meets twice per year, helps us track emerging issues and provides input to our sustainability communications plan.

Sustainability Ambassadors

Finally, each site and many corporate functions have appointed Sappi Sustainability Ambassadors. The Ambassadors ensure organizational alignment and help drive local community engagement activities.



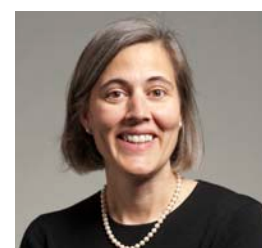
Sustainability Steering Committee

Top Row:
Mark Gardner
Jennifer Miller

Middle Row:
Bob Weeden
Deece Hannigan
Randy Rotermund

Bottom Row:
John Donahue
Sarah Manchester

SFPNA Sustainability Governance Structure



Laura M. Thompson, PhD

¹ Mark Gardner, President and CEO, is Chair of the Sustainability Steering Committee

² Laura M. Thompson, PhD, Director of Technical Marketing and Sustainable Development is Chair of the Sustainability Council



Jennifer Miller
Chief Sustainability
Officer,
Sappi Fine Paper
North America

Over the past several decades, environmentalists and consumers have focused considerable attention on the forest products industry in general, and the pulp and paper industry specifically. How would you describe Sappi's approach to sustainability?

First, and perhaps most fundamentally, at Sappi, sustainability is not compartmentalized as a separate issue. We see our sustainability initiatives as an integral part of our overall business strategy, informing our capital investment decisions, helping us gain market position with customers who look at the “big picture” when assessing product value, and providing insight into waste and cost-reduction opportunities. As a company, we truly believe that sound sustainability practices enhance the bottom line.

Our ability to survive and be profitable into the future demands that we operate sustainably. That means protecting our natural resources, embracing clean and renewable energy, and taking responsibility for the recyclability, the entire life cycle, of the products we produce.

How does the company provide the public with transparency and validation of our actions?

Our commitment to sustainability is based on what we call “proof not promises.” We believe in maintaining a fact-based dialogue with our employees, customers and communities around our sustainability initiatives. We strive to explain the scientific and technological basis of what we set out to achieve and what we actually achieved. Each year we report our progress against very specific and measurable five-year goals. In addition, our online eQ Tool sets the standard for very open interaction with our constituents on a broad range of environmental metrics—everything from landfill waste and fossil fuel consumption to fiber procurement. One reason that we actively pursue internationally recognized third-party certifications is because we don't want consumers to simply take our word that we are acting responsibly. We want to present proof that we have met rigorous certification standards and we exemplify the industry's best practices.

What is the next big thing on the sustainability horizon for SFPNA?

We plan to be even more consultative with our customers and our other constituencies—providing them with a deeper appreciation of the full life cycle impact of our paper products. As we position our product as a renewable, recyclable product with a sustainable role to play in the media mix, we need to be prepared to make our case from the forest to the press shop to the end-use customer. We have a great story to tell.

Sustainability Framework

For Sappi, sustainability is an integral and inseparable part of our operating strategy. We have demonstrated that by achieving reductions in waste and the use of fossil fuels, we can simultaneously lessen our impact on the environment and return demonstrative savings to the bottom line.

Sustainability as Business Practice

Early on, we made it our mission to become an industry leader in sustainability, and to do so in a way that is transparent and quantifiable. We established strong internal corporate governance and a means to solicit feedback from our customers through our Sustainability Customer Council.

As an industrial manufacturer, we actively monitor emerging issues and technological solutions, and carefully weigh existing research before establishing our positions and corporate goals.

Social responsibility initiatives drive less measurable, but equally important, results by earning customer loyalty, employee satisfaction and license to manufacture products in the communities in which we operate. We believe that sustainability is not just ethically right—it is good business.

Environmental and Social Issues

The current major environmental issues for the pulp and paper industry are sustainable forestry, energy and greenhouse gas emissions, and the responsible use of recycled fiber. These issues are not regulated by law, but are vitally important to our industry and our business. As such, we purposely focused on these key non-regulatory issues in setting environmental goals that we want to self-monitor and improve.

Our social responsibility goals build on Sappi's legacy of education and tie directly to further developing our employees as well as supporting our customers and constituents.

Five-Year Goals (2008–2012)

Our current five-year goals related to sustainable forestry, energy, and waste management were designed to drive best practices and results in key areas of public concern and operational impact. Our social responsibility goals build on Sappi's legacy of education and tie directly to further developing our employees as well as supporting our customers and constituents. Finally, our original prosperity goal was designed to highlight the importance of developing new products and services to enhance our future financial health.

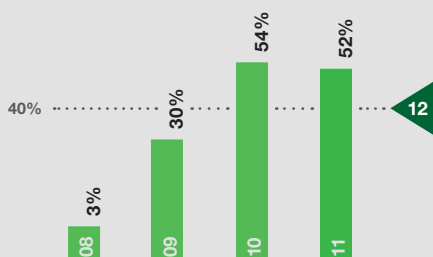
Following are the results of Sappi Fine Paper North America's current Five-Year Sustainability Goals for 2008–2012, inclusive. Goals that are stated as a percent reduction use 2007 performance as the baseline.

◀12 – Indicates a 2012 goal

Planet

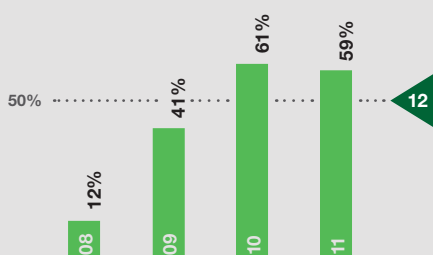
Reduce greenhouse gas emissions from fossil fuels by 40%

We measure performance in terms of an intensity metric, specifically, CO₂ per ton of product (including market pulp sales). This enterprise-level goal includes all manufacturing operations (early reporting periods include data from the Muskegon, Michigan mill that closed in 2009). The metric includes direct emissions from our facilities (Scope 1) as well as emissions associated with purchased electricity (Scope 2).



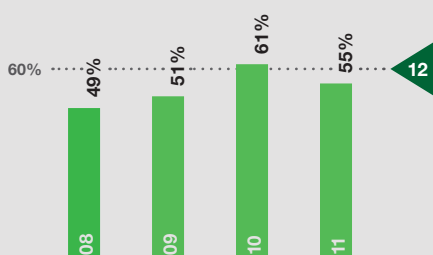
Reduce the organic content of solid waste to landfill by 50%

Our goal targets only the organic portion of our waste streams rather than total waste to landfill for two key reasons. First, the organic portion of solid waste is a key measurement of boiler efficiency and fiber losses to our wastewater treatment facilities. Organic content is ultimately the matter that contributes to harmful greenhouse gas emissions. Second, reducing reliance on fossil fuels by switching to biomass and alternative fuels such as construction/demolition scrap wood and tire-derived fuel will actually increase our total generation of solid waste.

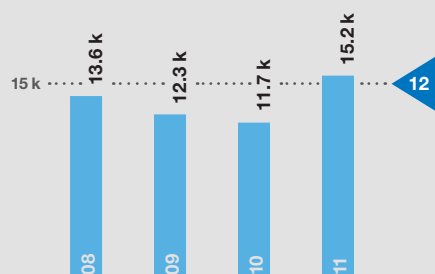


Increase the level of certified fiber across all operations to 60%

Performance is measured as a percentage of certified fiber (both from the pulp we produce and that we buy) in all of our products. We recognize fiber from each of the major third-party certification organizations, including the Forest Stewardship Council® (FSC®), the Sustainable Forestry Initiative® (SFI®), and the Programme for the Endorsement of Forest Certification (PEFC). Additionally, we include fiber sourced from Certified Professional Loggers and the Maine Master Logger programs.



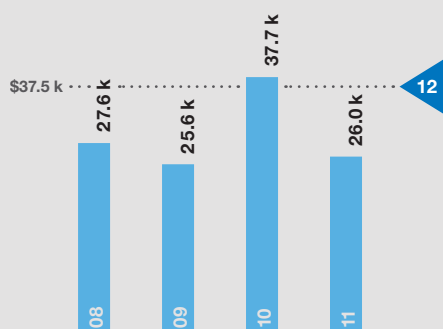
People



Increase the number of training and consulting hours offered to customers through the Sappi ETC. program to 15,000 hours by 2012

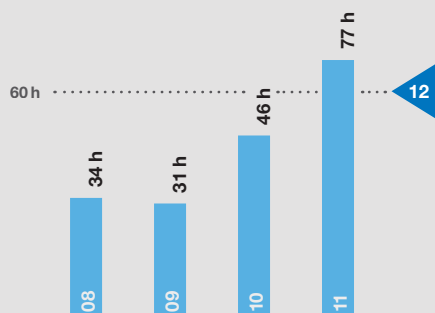
Customers have long recognized Sappi as an education-oriented company that they can turn to for useful advice on all matters related to print communications, design, and the environmental attributes of papermaking.

Over the years, our customized training programs for merchants, printers, end-users and graphic designers have garnered tremendous customer goodwill and brand loyalty. Our Sappi ETC. program, which stands for Education, Training and Consulting, is tailored to share Sappi's expertise on a wide range of technical, marketing and design issues.



Increase community support through education and training initiatives by 10% each year

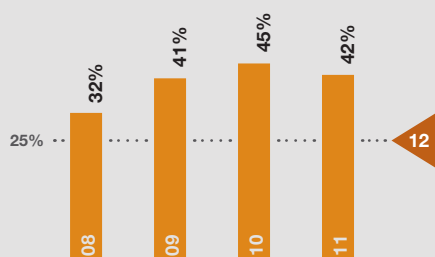
The intent of this goal was to steer a greater proportion of our community contributions (spend) toward educational or training programs each year. With the recession hitting, and mill leadership indicating that other types of community spending was as worthwhile in these times, we have not achieved the cumulative effect of 10% year over year increases. However, financial support of community education and training programs did increase by 12% from 2007 to 2011.



Increase training to an average of 60 hours per employee per year

A highly skilled workforce gives the company a competitive edge, with employees able to work more efficiently and confidently and able to assume leadership responsibilities; an effective safety training program has been shown to lower incident and accident rates and increase productivity. Given the anticipated aging demographic of our workforce, our training programs have focused on skill development in new employees and transfer of institutional experience. Each employee's hours of training are logged in an online tracking system, with total hours of training divided by the number of employees.

Prosperity



Generate 25% of revenue from products and services that are less than five years old

This goal drives organizational focus on the need for product and service innovation in all three of our businesses. We have exceeded this goal largely due to product innovations in our release papers business, with the launch of Mokka, Bling and other unique patterns used in decorative surfaces markets.

In addition, we redesigned our coated paper portfolio, including a product line extension and robust service commitments with our economy offering, Flo; new digital offerings, including a proprietary coating technology for McCoy Indigo, are specified by some of the most prominent photo book producers.

New Five-Year Goals (2012–2016)

We understand the power of setting goals and driving organization-wide focus toward achievement. By 2011, we were on track to meet or exceed all but one of our original seven goals. Therefore, we have developed a new set of five-year goals, including new targets for several of the existing goals. For each of the following goals, percent reduction targets will be measured over 2011 baseline year.

Planet

Increase the amount of fiber (both purchased and Sappi produced pulp) sourced from certified forests to 65%

Our ongoing forest management services and supplier outreach programs to help increase certified lands in the areas that supply fiber to our mills, combined with other industry initiatives, will be key to achievement of this goal.

65%

Reduce the amount of total energy expended in making each ton of product by 10%

Currently, less than 20 percent of our manufacturing energy needs come from fossil fuels. The new target seeks to reduce overall energy usage regardless of whether that comes from purchased electricity, fossil fuel or renewable energy sources. In accordance with industry standard methodology, energy from purchased electricity is calculated in terms of fuel inputs to account for efficiency losses in generating and transmitting power. In addition to committing to these efficiency goals, we will continue to report and monitor our greenhouse gas emissions to maintain or improve our excellent performance to date.

10%

Reduce fiber and papermaking raw material waste by 10%

The intent of this goal is to drive a more efficient use of raw materials resulting in input cost savings as well as reduced costs and environmental impact associated with waste handling. This metric will be measured by the amount of material waste (primarily fiber, fillers and coating material) in mill sewers in both the pulp mill and papermaking areas.

10%

People

30k

Target 30,000 hours of education and training for customers through the Sappi ETC. (Education, Training and Consulting) program

This goal aims to drive even higher levels of customer loyalty by offering educational and consulting services from Sappi content experts. Our commitment to educational offerings is grounded in a belief that informed decisions lead to better decisions across the entire supply chain.

75h

Enhance job performance and managerial skills for all employees by offering training and education at an average rate of 75 hours per employee annually

This metric is measured in terms of total training hours divided by total number of employees, with recognition that some positions require higher levels of training.

Prosperity

12%

Achieve or exceed an annual 12% return on net assets for Sappi Fine Paper North America

This metric, focused on earning our cost of capital, is the most fundamental economic measure of sustainability, as it clearly indicates whether a company's performance warrants reinvestment for the future. With the challenges of both mature and emerging markets facing Sappi in the coming years, a rigorous standard for earning returns on net assets, not merely generating revenue, is in order.

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Sustainable
Forestry

20

Energy and
Emissions

23

Recycled Fiber

Key Environmental Issues

Sappi approaches the environmental impact of our industry from a holistic perspective grounded in life cycle thinking — from procurement of raw materials and energy through manufacturing and the end of life of our products. We think beyond our mill gates and work across the supply chain to embrace best practices and drive change within our spheres of influence.

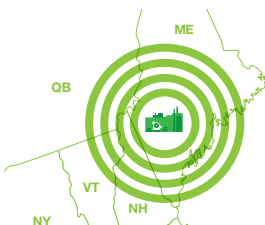
Sustainable Forestry

Sappi Fine Paper North America is committed to ensuring that 100% of our fiber supply is procured from sustainably managed forests. Currently, all of our purchased wood and pulp supplies are sourced within North America.

Wood Sourcing Map



Cloquet Mill / Cloquet, MN



Somerset Mill / Skowhegan, ME

Our wood sourcing is local —the majority of our wood is sourced within a 125-mile radius of our manufacturing operations.

Forest Management

While Sappi does not own any forestland in North America, we do provide active forest management services through our SFPNA Sustainable Forestry Program, staffed by licensed foresters. These Sappi foresters work with landowners to develop forest management plans, including wildlife conservation, soil management and harvest valuation services, taking our role well beyond procurement.

This commitment is reinforced by earning chain-of-custody (CoC) certification from FSC®, SFI® and PEFC, the leading independent entities conducting oversight of sustainable management practices in the forest products industry. These programs require third-party audits of our suppliers' forest management programs to confirm that they adhere to sustainable practices that protect biodiversity, water quality, wildlife habitat, species at risk and forests with exceptional conservation value.

SFPNA supports an inclusive policy and does not express a preference for one forest management program over another. With less than 10 percent of the world's forests certified, we strive to expand certified forests, especially in those regions that provide fiber to our mills. The majority of our wood is sourced within a 125-mile radius of our manufacturing operations.

Expanding Third-Party Certification

For some landowners, seeking third-party certification can be an onerous process and expense. In 2010, Sappi joined forces with the Sustainable Forestry Initiative®, Time Inc., Hearst Enterprises and two of our competitors, Verso Paper Corporation and NewPage Corporation, to launch a pilot project to make certification to the SFI® standard more accessible to medium-sized landowners in Maine. The original pilot program added 740,000 acres of SFI®-certified land in Maine. In 2011, the project was expanded to involve support from National Geographic Society and new landowners, including Hilton Timberlands, LLC, and resulted in an additional 780,000 acres of certified lands in the state.

SFPNA also maintains an FSC® group forest management certificate. Through this certificate, small landowners that agree to enter our program have their land certified in accordance to the FSC® standard. At the end of September 2011, 19 landowners with 11,000 acres of land participated in this program. Developing access to certified wood in close proximity to our manufacturing plants is proving to be a triple win: for the economic health of our local community, for the reduction of transportation costs from forests to mills, and for lowering the consumption of fossil fuels.



Alan W. Steege
Keweenaw Land Association,
Ltd.'s Manager of Timber
Operations

Everlasting Forest

Having been around since just after the Civil War, Keweenaw Land Association, Ltd. (KLA) knows the importance of managing forests with a clear focus on the future. Given its history, it comes as no surprise that in the 1960s the company was an early adopter of modern sustainable forestry practices.

This sort of foresight also led KLA, which owns land in northern Michigan and Wisconsin, to become Forest Stewardship Council (FSC®) certified in 1994, just one year after the designation was created. "Our board of directors wanted to verify whether or not the way we were managing our timber would pass the muster of certification," says Alan W. Steege, KLA's manager of Timber Operations. "And they found out that it would." While KLA, which

supplies certified wood to Sappi's Cloquet, Minnesota mill, was already adhering to a philosophy that included single-tree and selective cutting, certification has had other benefits. "Certification has made us more knowledgeable about historical sites, archaeological areas and the wildlife on our property," Steege notes. "It has also helped us retain our market share during down economic times." All of which will play a big role in seeing that KLA and its land thrives for centuries to come.



Energy and Emissions

Energy use plays a critical role in the emissions created during paper production. Environmental impact is affected not only by the amount of energy, but also by the type of energy consumed. Sappi has had a long-standing, dedicated effort to reduce our reliance on fossil fuels—seeking to reduce our environmental impact and to separate our operations from the volatility of energy prices.

>80%

Renewable Resources

More than 80% of our total energy comes from renewable resources.

US\$90M

Investments in Maine

Sappi Fine Paper North America was named International Investor of the Year for 2011 by the Maine International Trade Center. Sappi has invested US\$90 million in its two Maine mills over the past three years.

Today, more than 80% of Sappi Fine Paper North America's total energy—what we generate and what we purchase from power plants—now comes from renewable resources. Most of what we generate comes from carbon-neutral biofuels, thus reducing our reliance on fossil fuel and our carbon footprint.

We have also engaged in a concerted effort to explore the use of alternative fuels. Taking waste products from other industries and converting these wastes to energy helps to reduce solid waste to landfill and provides cost effective energy sources for our mills. Examples of alternative fuels include construction and demolition wood and discarded tires that are processed into fuel chips.

Investing in Our Assets

A valuable by-product of the pulping process is black liquor, a renewable, carbon neutral fuel. When the black liquor is “fired” in the recovery boiler, cooking chemicals are removed and steam is generated from the organic portion of the black liquor. The more black liquor that can be processed and burned, the less fossil fuel is needed. In fiscal year 2011, Sappi invested US\$49 million in several capital improvement projects at our Somerset Mill in Skowhegan, Maine, primarily an upgrade to the evaporator and recovery boiler. This investment allows the mill to reduce consumption of pulping chemicals and to generate an increase in renewable energy equivalent to 100,000 barrels of fuel oil per year. The energy generated is being used through our manufacturing plant in the form of steam and electricity.

Green-e® Certification

As a result of ongoing investments and upgrades to our facilities, our Cloquet, Minnesota and Skowhegan, Maine mills have been certified by the Center for Resource Solutions' Green-e® Marketplace program and its standards for renewable energy. Green-e® is the nation's leading independent, third party certification and verification program for renewable energy in the US, ensuring that strict environmental and consumer protection standards are met.

Gaining independence from fossil fuels not only lowers greenhouse gas emissions, but helps to shelter the mill from fluctuations in energy prices—making us a more profitable and sustainable business.



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In fiscal year 2011, Sappi invested US\$49 million in several capital improvement projects at our Somerset Mill in Skowhegan, Maine.

.....

SmartWay® Transport Partnership

Our focus on energy conservation continues after our products leave the manufacturing sites. Since 2009, Sappi has participated in the US Environmental Protection Agency's (EPA) SmartWay® Transport Partnership, an innovative collaboration between the EPA and companies that provide freight delivery services.

As a certified shipper, Sappi has committed to improving performance over three years, while tracking progress on an annual basis. We have also successfully influenced major distribution partners to become SmartWay® certified. The combined goal of SmartWay® partners is to cut carbon dioxide emissions by 33 to 66 million metric tons and nitrogen oxide emissions by up to 200,000 tons per year by 2012. This is comparable to removing up to 12 million cars from the road.



Frank Schofield
President of BDS Waste Disposal, Inc.



Rubber Souls

Sappi Fine Paper North America and BDS Waste Disposal Inc., a Maine company that processes scrap tires into fuel (80%) and construction material (20%), have developed a symbiotic relationship that benefits both their businesses and the environment. Almost all of the tire-derived fuel (TDF) is sold to Sappi for use in the boiler at the Somerset Mill — this means that Sappi is replacing oil with the TDF generated by BDS. Most recently, Sappi sold BDS about 20 acres of land near the Somerset Mill property to become the site of BDS' new processing facility.

Next year, ground will be broken on the new plant, which will greatly expand BDS' stockpiling capabilities while reducing the amount of diesel fuel used to transport the TDF to the mill. In the future, this expansion will permit BDS to install a grinder that will convert even more of the tire material into TDF, meaning Sappi will be able to further lower its use of fuel oil. "Using TDF is a way for a large employer to remain competitive and do it in an environmentally sound manner," says Frank Schofield, president of BDS. "And it's nice to have a viable outlet for these tires that have been a major disposal problem ever since they have been manufactured."



Recycled Fiber

All of Sappi's coated fine papers are recyclable and we are strong advocates for promoting recovery of paper. However, we do not believe that the use of recovered fiber is a one-size-fits-all solution and we promote a practice of "best use" for recycled fiber.

Industry research has shown that adding recycled fiber to certain grades of paper can actually raise the carbon footprint of these grades. Because most of the energy used to process recycled fiber is purchased from the power grid, many recycling mills have higher carbon emissions than Sappi's integrated mills that use more renewable energy sources. Requesting a higher percentage of recycled content for a Sappi paper does not reduce the carbon footprint.

Promoting Best Use of Recycled Fiber

In policy and practice, Sappi urges customers to recycle papers of all kinds. Our goal is to see that recovered fibers are put to best use—in the right locations and the right grades based on evaluating and balancing economic and environmental consequences. Ultimately, recycled fiber should be used in products where it displaces fiber with a higher carbon footprint. Today most recovered paper is used as a raw material in packaging such as carton board and paperboard because the manufacture of these grades typically does not require deinking or bleaching. Additional considerations include the distance between the recovered fiber source (usually urban areas) and the mill site processing the recycled material. The shorter the transportation distance, the smaller the carbon footprint.

Our Commitment to Recycling

Sappi Fine Paper North America is also joining forces with other companies to drive improvements across the entire industry. As a member of the American Forest & Paper Association (AF&PA), we are committed to the goals of the "Better Practices, Better Planet 2020" program, which strives to make measurable improvements on many environmental fronts — including recovery and recycling. In 2010, 63.5 percent of US paper consumed was recovered. By comparison, according to EPA municipal solid waste data, only 25.5 percent of glass, 20.3 percent of aluminum and 7.1 percent of plastics consumed were recovered for recycling in 2009. But the industry collectively agrees we can do better, and as such, AF&PA has established a goal to exceed 70% recovery of paper for recycling by 2020.

Sappi's commitment to recycling spans across multiple platforms. In addition to supporting awards programs and competitions through trade associations, we have several Sappi-specific initiatives under way and more in development. We have extensive recycling programs in place at each of our facilities (for paper and many other materials), and we advocate the use of "please recycle" claims and logos on all printed materials. In 2012 and beyond, we will continue to support community engagement activities under the banner of Sappi's "War on Waste."



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Employees

29

Customers

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Local
Communities

Social Responsibility

Creating a sustainable company is not just the responsibility of environmental specialists and engineers. It requires contributions from across all functions and affects stakeholders outside of the company. Sappi focuses social responsibility activities on three key stakeholder groups: our employees, our customers and the communities in which we operate.

Employees

Healthy, engaged, well-trained employees foster a productive work environment and tend to enjoy greater job satisfaction, result in lower turnover and create a corporate culture that attracts top talent to the company. Sappi wants employees to feel they have a bright future at a company that cares about their health and well-being.

30%

Reduction of Eye Injuries in 2011

One safety initiative introducing rainguards reduced total eye injuries by over 30%.

Safety in the Workplace

Workplace safety is our number one priority. All of Sappi's North American mills are certified for meeting OHSAS occupational health and safety standards. During the past two years, approximately 800 safety risk assessments have been performed across our sites. Risk assessments are a formal approach to identifying hazards and include the objective of eliminating or reducing the risk in the jobs that we perform. While there are numerous examples of how these risk assessments successfully identified hazards and eliminated risk, one recent initiative resulted in a dramatic decline in total eye injuries—by over 30 percent. In the finishing and shipping department at our Somerset Mill, it was identified that metal shavings from the mast on the clamp trucks (or forklifts) were causing eye injuries to the personnel in that department. Exposure to the shavings was eliminated with the introduction of rain guards and since that time, no personnel in the finishing and shipping department has experienced another eye injury. We will continue our commitment to performing risk assessments across our operations with the goal of no employee being injured while on the job for Sappi.

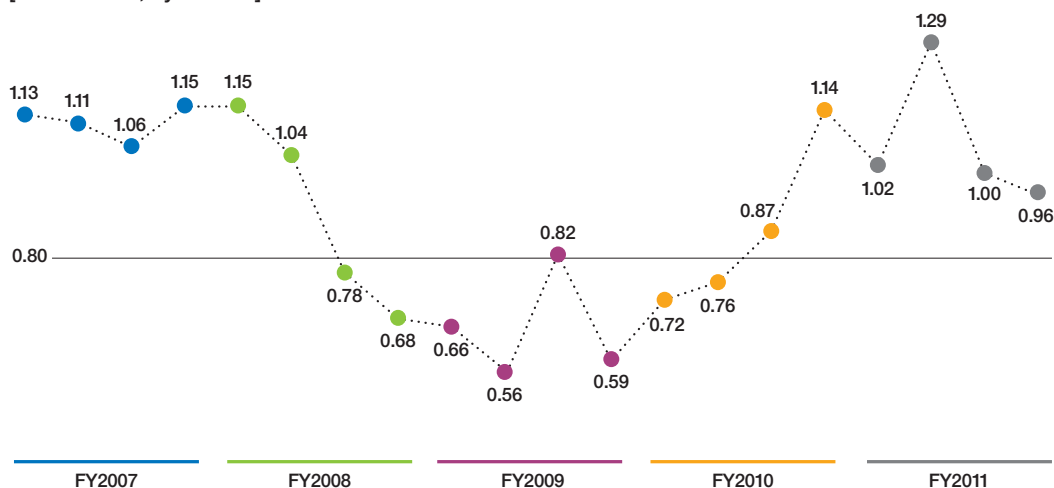
With research showing that the greatest numbers of work-related injuries occur within a 10-foot radius of an employee's work area, in 2011 Sappi launched a "What's in Your Safety Circle?" awareness campaign to encourage workers to take note of their physical surroundings and be mindful of the situational hazards that exist. In addition, our mills joined other Sappi sites around the world to participate in our corporate-wide Global Safety Awareness Day,

Safety Performance

At Sappi, safety is our top priority. Each data point in the chart at right represents the 12-month rolling average of Sappi Fine Paper North America's Lost Time Injury Frequency Rate (LTIFR); 0.80 represents the top quartile of industry safety performance.

Safety Performance Chart

[5-Year Trend, by Quarter]





In 2011, Sappi launched a “What’s in Your Safety Circle?” awareness campaign to encourage workers to take note of their physical surroundings and be mindful of the situational hazards that exist.

and organized occupational safety audits and hazard recognition workshops. Our renewed emphasis on putting safety first led to a steady drop in our Lost Time Injury Frequency Rate (LTIFR) and a 20 percent decline in workplace injuries over 2010.

Training and Education

Safety education is just one aspect of our employee training effort. Our aim is to add value to our workforce by creating opportunities for employees to improve their skills and abilities and expand into new areas of learning. One example is our “Leadership Excellence and Development at Sappi” (LEADS) program in which 250 of our North American managers participated in enhancing their supervisory, leadership and managerial skills. Sustainability training is conducted with the sales force in all of our regions so they can provide informed answers to customer questions on the environmental impact of printing on coated papers. In addition, ongoing training programs in each of our mills and business units are directed toward increasing our employees’ knowledge base in the areas of best practices and improving their skills in their current position.

Wellness and Nutrition

Sappi’s interest in employee welfare goes beyond the workplace. We emphasize overall wellness and promote nutrition, exercise, disease prevention and stress management through a variety of company-sponsored programs. At the Cloquet Mill, 53 employees signed on for the annual Team Lean Challenge and lost a total of 513 pounds, outdoing their counterparts at the Somerset Mill, who lost a total of 325 pounds. Other departments hosted their own pedometer-powered “Step Toward Health” and “Physical Activity Log,” while some employees received one-on-one sessions with a nutritionist and participated in health fairs during which they had their blood pressure, blood sugar and cholesterol checked. At Sappi, we recognize that enabling the peak performance of our people is a critical strategy for ensuring the company’s sustained business performance.

75 hrs

Our goal is to offer training and education at an average of 75 hours per employee annually.



Kevin Madore
Lean Six Sigma Black Belt
Sappi Fine Paper North America



Sharing Solutions

When SKILLS Inc. eWaste Alternatives Program, a Maine-based electronic waste recycling firm, asked Sappi Fine Paper North America for help, we gave them a unique resource. SKILLS Inc., a nonprofit that employs people with learning disabilities and mental handicaps, was struggling financially and sought advice to help solve bottlenecks getting in the way of expansion.

Kevin Madore, a Lean Six Sigma Black Belt based at Sappi's Somerset Mill, took charge. After spending time at SKILLS' facility, Madore was not only able to help speed up the company's conversion capabilities, he also pinpointed new profit opportunities by identifying which waste materials had the most value on the market at a given time. Madore was also instrumental in redistributing eWaste's managerial workload, allowing an increase in throughput by about 250%, a key element in getting the organization in the black.

Because SKILLS now has the capability to handle more e-waste materials, all six of Sappi's New England facilities send discarded computer equipment to be handled by SKILLS. "We know our waste goes to an organization that recycles, disposes or reuses it responsibly," says Madore.

The new manufacturing process also keeps SKILLS' disabled workers employed, and, since the company works closely with Maine's Information Technology Exchange, it means that countless nonprofits and low-income families receive low-cost refurbished electronics. Of course, helping your neighbor has benefits that go beyond environmentalism and economics. "It's a pleasure to do this," notes Madore. "It's not even work because of all the win-wins involved."



Local Communities

In the forested regions of the US where our pulp and paper mills are located, Sappi is often the area's largest employer. The company is critical to the economic well-being of these communities, both in terms of employment and contributing to the local tax base.

During fiscal 2011, in the state of Maine, where two of our mills are located, we contributed US\$95.9 million in payroll and provided over 1,300 jobs. In Minnesota, our operations contributed US\$46.9 million in payroll and provided over 730 jobs. In addition to direct employment, manufacturing jobs have a multiplier effect in supporting additional jobs. The American Forest and Paper Association estimates that for every paper mill job, an additional four jobs are supported in supplier and downstream industries.¹

Philanthropic Contributions

We are also committed to making a meaningful difference to the regions in which we operate through philanthropic contributions, corporate sponsorships and employee volunteerism. Such initiatives are broad and varied. Corporate sponsorships include support of Living Lands and Waters, an environmental organization focused on protecting, preserving and restoring America's major rivers and their watersheds; the New England Aquarium, a global leader in ocean exploration and marine conservation and its Future Leaders for a Blue Planet program which educates public school children; and, underwriting WGBH's "Design Squad Nation," a PBS Kids! television program that increases preteen students' knowledge of engineering and industrial design through hands-on activities.

Sappi Volunteerism

Of their own initiative, Sappi employees donate their time, talent and personal funds to a broad number of worthy causes as part of each site's Community Connections Committee. In Maine, 27 intrepid employees took part in the St. Paddy's Day Plunge into frigid waters of Casco Bay and raised more than US\$5,000 for the Portland Firefighters Children's Burn Unit Foundation. Following the 11 March 2011, earthquake and tsunami in Japan, workers "passed the hat" to send money to the Japanese Red Cross, with Sappi matching their contributions. Sappi employees also hosted an annual charity auction and donated all proceeds to a regional group focused on AIDS education and prevention; since the auction's inception in 2004, over US\$194,000 has been raised for this nonprofit organization. Other causes included support for charter schools, and cleaning and repainting several classrooms at a Westbrook junior high through the United Way's Day of Caring program. For Sappi, fostering community spirit through employee involvement is an important part of our social responsibility.

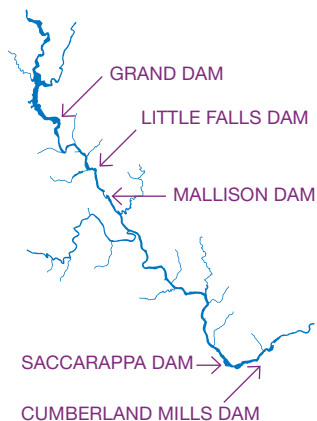
1,300+

In the state of Maine, Sappi employs more than 1,300 people at our two manufacturing sites, as well as our Technology Center and Shared Services Center.



Our corporate sponsorships include support of Living Lands and Waters, an environmental organization focused on protecting, preserving and restoring America's major rivers and their watersheds.

¹ American Forest & Paper Association. Executive Summary: Economic Impact of Pending Air Regulations on the US Pulp and Paper Industry, September 2011.



As part of the fishways conservation project, Sappi is creating recreational opportunities along the Presumpscot River including boat launches, portage areas, and support of the Sebago to the Sea Trail.



Sappi's Westbrook Mill located in Westbrook, Maine, where our release papers are manufactured, sits on the Presumpscot River where a multimillion dollar construction project to build a fish passage at the Cumberland Mills Dam is under way.

Community Projects

Last summer we began a major project at our Westbrook, Maine mill site—the construction of a multimillion-dollar fish passage at the Cumberland Mills Dam. The fish passage will assist in the restoration of migratory fish that spend most of their lives in the sea but migrate to fresh water to breed. The fish passage project is just one of several efforts along the Presumpscot River that Sappi has under way to enhance recreational use. We have already created boat launches and portage areas and are supporters of Sebago to the Sea Trail, a project that is administered by the Presumpscot Regional Land Trust, and comprises a series of natural and recreational resources that will span 28 miles from Sebago Lake to Casco Bay.

For the past two years, in Minnesota, Sappi participated in the St. Louis River Quest. A hands-on learning experience for more than one thousand sixth grade students in the area, River Quest raises awareness of the St. Louis River's ecosystem and interrelated commercial, industrial and recreational activities. Sappi hosted the "Efficient Industrial Water Use—Reduce, Reuse, Recycle!" learning station, explaining how the Cloquet Mill uses water and treats it before returning it safely back into the St. Louis River.

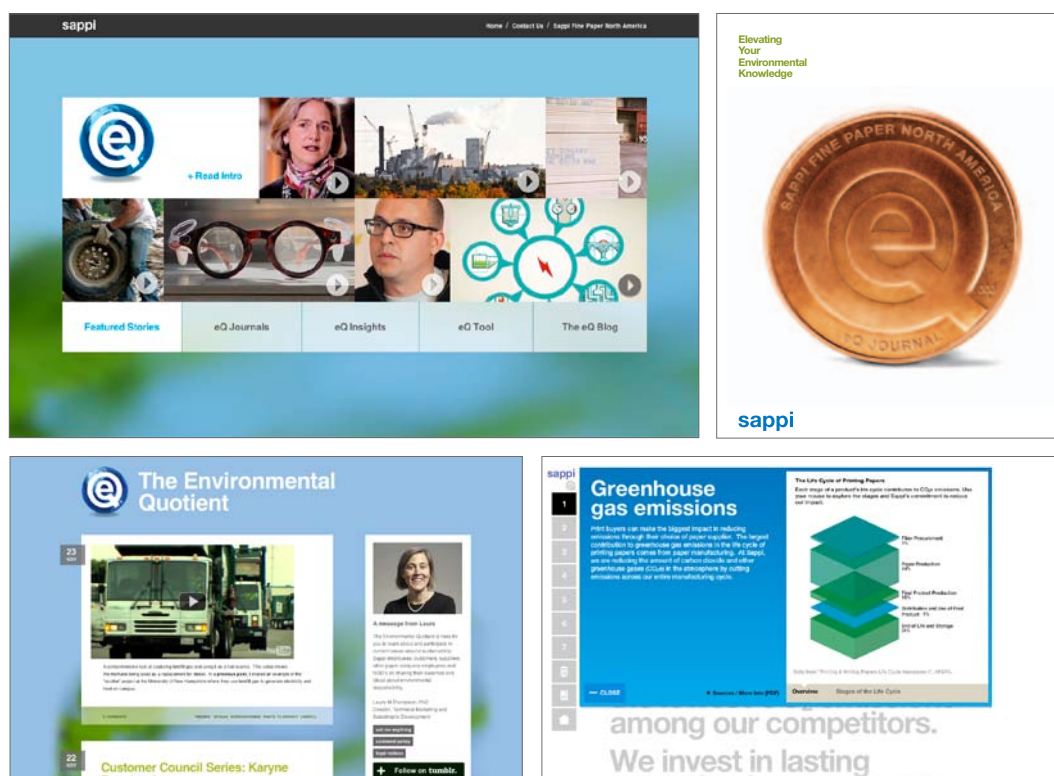
As a further effort to safeguard the Cloquet wood yard and paper mill and the surrounding community, Sappi participated in one of the largest joint fire training exercises in Carlton County. Sappi and the Cloquet Area Fire District organized the drill, which involved firefighters and trucks from eight other fire departments. During the drill, firefighters tested equipment, planning and their ability to determine exactly how much water could be moved to douse a major fire in the Cloquet wood yard. In addition, Sappi purchased fire prevention equipment for the local Cloquet Area Fire District including 3,000 feet of large 5-inch fire hose and associated fittings which can be used to put out fires in Sappi's woodyard as well as in the local community, as the fire district keeps the hose and fittings with its trucks at all times.

Customers

The rigorous environmental management practices built into Sappi operations assure our customers that they are sourcing printing papers responsibly. The graphic designers, printers, advertising agencies, publishers, marketing communications managers and others in print communications who specify Sappi fine coated brands are often required to speak knowledgeably about environmental impact to their own constituents.

The eQ Platform

To help our customers and the industry-at-large navigate the complex information out there, Sappi has developed a branded print and online educational program called eQ. Designed to keep readers abreast of current sustainability issues that are vital and pertinent to the print communications industry, eQ presents white papers, informational videos, interactive infographics and a blog to provide updates on Sappi's progress toward greater sustainability.



Sappi developed a branded print and online educational program called eQ which includes the eQ microsite, eQ Journal, eQ Insights and eQ Tool.

Consultative Services

Customer appreciation for more detailed information has prompted Sappi to further extend consultative services. Such educational and training offerings provide value that many customers might not have access to otherwise. Beyond environmental issues, Sappi leads the industry in providing information about the power of print and the unique advantages of working with paper. New technologies, industry issues, graphic trends and creative demands are factored into our R&D efforts, product enhancements and product introductions.

To share this knowledge with customers, SFPNA has developed the Sappi ETC. (Education, Training and Consulting) program. Educational publications, seminars, webinars, training workshops, technical roundtables and general consulting are offered by Daniel Dejan, Print and Creative Manager and Laura M. Thompson, PhD, Director of Technical Marketing and Sustainable Development. Mr Dejan and Dr Thompson, along with other Sappi professionals, share their in-depth industry knowledge with customers. Sappi ETC. topics range from “The Sustainable Use of Recycled Fiber” and “Environmentally Responsible Procurement Policies” to “Optimizing Color Workflow” and “Selling Print in an Integrated Market.”

In addition to the consultative services offered by our Sappi ETC. program, over the past year SFPNA has been developing resources to perform product-specific carbon footprint analysis using FEFPro™—a paper industry specific life cycle analysis (LCA) tool. We will leverage this capability by analyzing the life cycle impacts of customer-specific print projects, thus helping buyers make informed decisions and identify opportunities to reduce greenhouse gas emissions.

Ideas That Matter

Sappi's support of customers goes beyond professional development. In 1999, Sappi created the Ideas That Matter grant program—a strategic initiative aimed at illustrating the power of print while promoting social good. The Ideas That Matter grant program recognizes and supports designers who generously donate their time and talent to a wide range of charitable activities.

Even today, Ideas That Matter remains the only grant program of its kind in the industry. Since 1999, Ideas That Matter has funded over 500 nonprofit projects, contributing US\$11 million worldwide to causes that enhance our lives, our communities and our planet. Sappi believes that the creative ideas of designers can have an impact beyond the aesthetic and that those ideas can be a powerful force for social good.

Ideas That Matter is yet another way that Sappi is advancing the art of print as an integral component of marketing communications, and supporting customers in ways that will make a meaningful difference.

500+

Since 1999, Sappi has funded over 500 nonprofit projects, contributing US\$11 million worldwide.



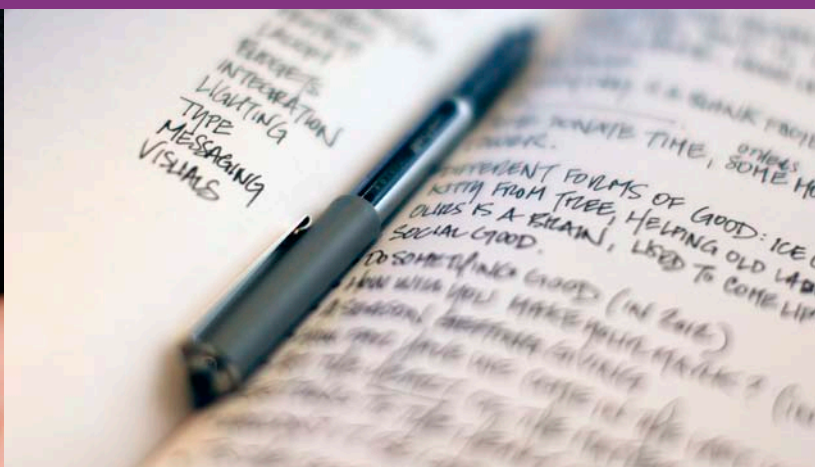
Doug Hebert
Design Director & Principal at Savage

Noble Savage

Paper has always served as a powerful medium for Savage, an award-winning Houston, Texas, design and branding firm often recognized for their creativity and industry leadership. Fittingly, through their forty-year commitment to doing pro-bono work for nonprofits, they have also used paper to serve the greater good.

This type of dedication has had a profound effect on Doug Hebert, design director and principal at the firm, who has overseen Savage's unprecedented four Sappi Ideas That Matter grants. "Sappi's program showed me what could be done and served as the catalyst for me to get involved," Hebert says. "Our goal is to affect change in the community strategically through designs that really communicate the nonprofits' messages." And Hebert and Savage will soon go to print with their newest message thanks to a recent Ideas That Matter grant to create two anti-bullying brochures for the Houston chapter of the Gay, Lesbian and Straight Education Network (GLSEN).

Given the recent media focus on bullying and the tragic effects it can have on young people, Hebert knew someone had to create a tangible document to legitimize the message of tolerance. "The ignorance is appalling," Hebert says. "These pamphlets will educate students and give them a resource to get more information for who to talk to or how to get help." Hebert hopes GLSEN's national chapter will take notice of the pamphlets and eventually distribute them nationally. Something that Hebert knows for sure is that he will continue submitting designs to Ideas That Matter. "I am very focused on wanting to help as much as possible," he says. "Expressing something you feel passionate about benefits the community as well as the soul."



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Fiber

37

Emissions

38

Energy

40

Water

41

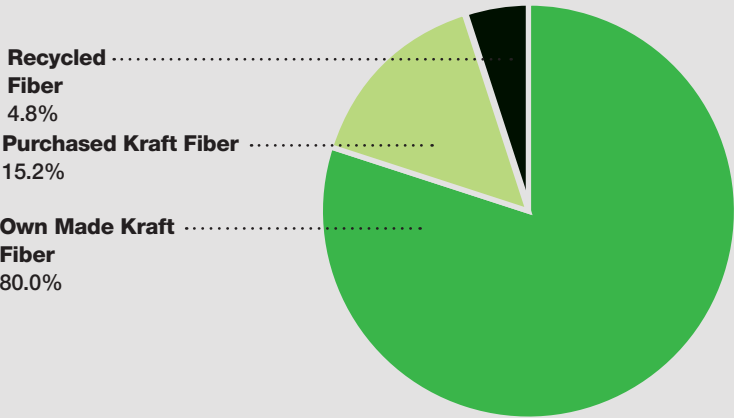
Solid Waste

Key Performance Indicators

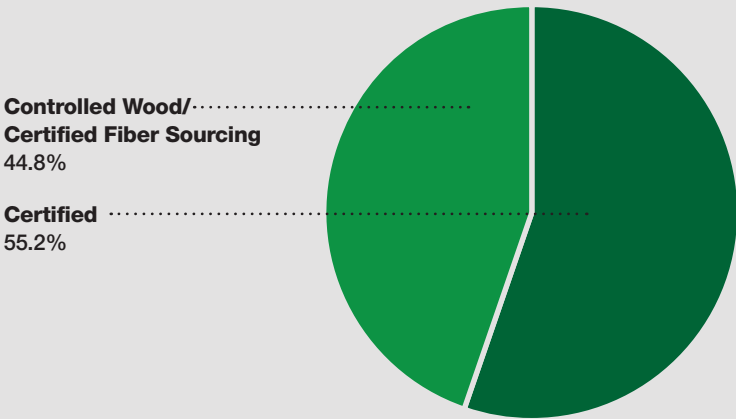
Paper is derived from renewable resources, made with high levels of renewable energy, and is recyclable. At one level, it is difficult to imagine a more sustainable medium for communications; but not all paper companies perform equally when it comes to operating safely and sustainably. In the following pages, we offer readers a deeper look at our environmental performance data—from fiber procurement and energy usage to our operations' impacts on air, water and solid waste.

Fiber

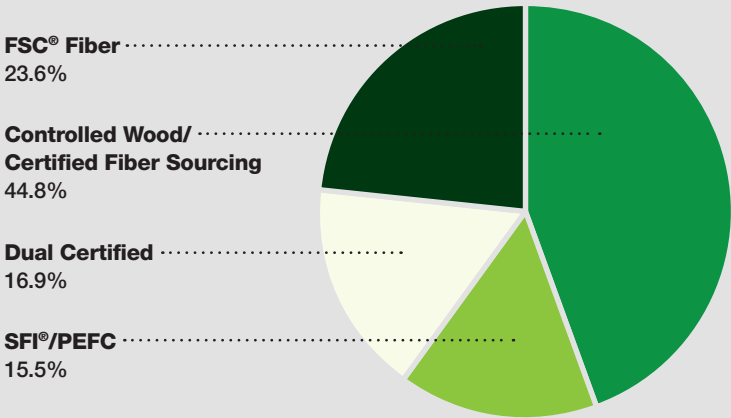
One hundred percent of our fiber is procured in accordance with the SFI® Fiber Sourcing standard as well as the FSC® Controlled Wood standard. Recycled fiber is derived from post consumer waste and is also FSC® certified. We do not have a deinking facility in any of our operations. All recycled fiber is purchased within North America and is processed chlorine free (PCF). All kraft pulp is elemental chlorine free (ECF) and is either made on-site or purchased within North America.



2011 Types of Fiber

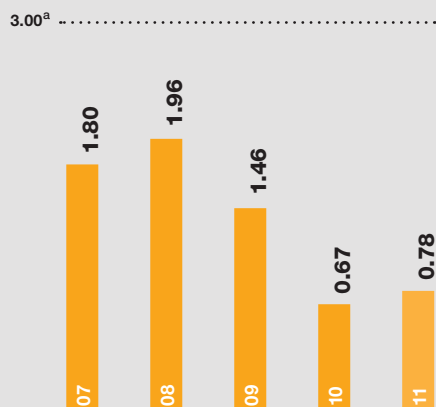


2011 Total Fiber Consumption

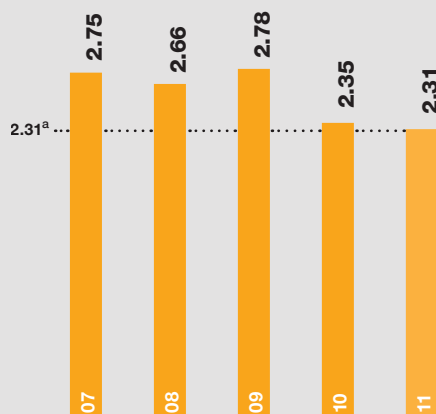


2011 Fiber Certifications

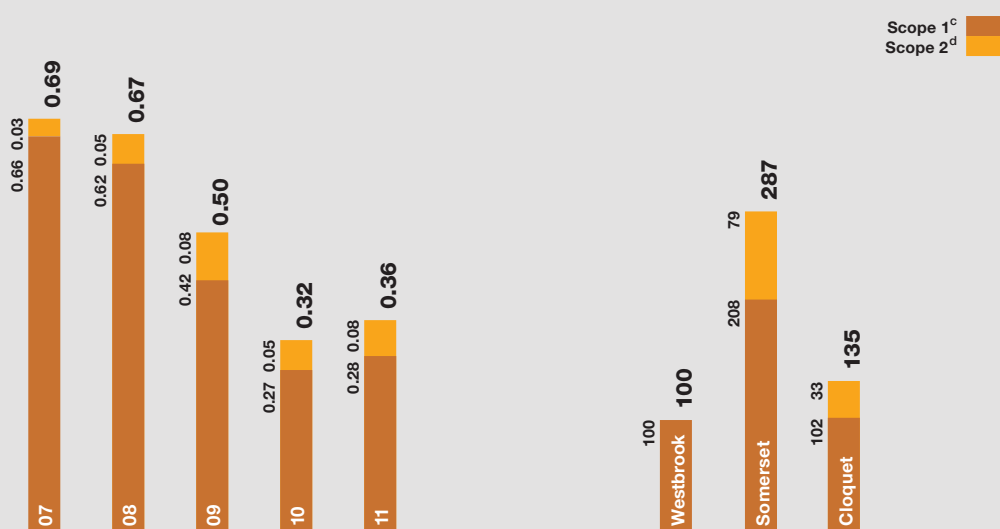
Emissions



SO₂ Emissions
(kg/admt^b)

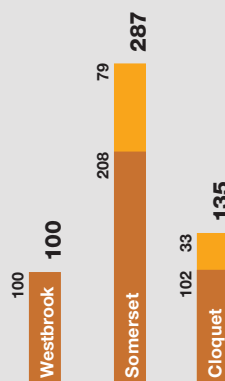


NO_x Emissions
(kg/admt^b)

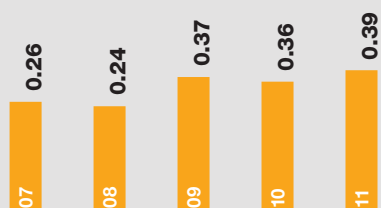


GHG Emissions
(tonne CO₂/admt^b)

2011 GHG Emissions by Mill
(1000's tonne CO₂)



Sappi has had a major focus on the reduction of fossil fuels and the emissions associated with combustion. We exceeded our aggressive five-year goal of a 40% reduction in greenhouse gas (GHG) intensity in just three years. We have also reduced SO₂ emissions by 56% over the past five years and as a result, Sappi is well below industry average for GHG and SO₂ emissions. Fuel switching and increased use of biomass has made it challenging to reduce NO_x and particulate emissions which are currently at industry average levels. However, we are operating well below permitted levels and are exploring solutions for reducing these emissions over the coming years without compromising our greenhouse gas reductions.



Particulate Emissions
(kg/admt^b)

a Represents 2008 AF&PA average performance

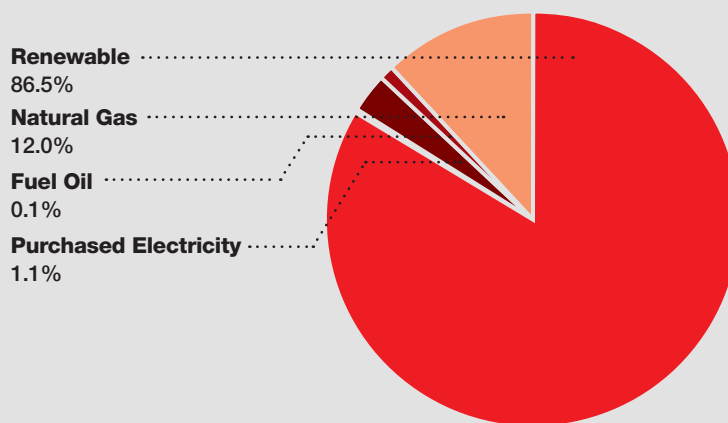
b Intensity metrics reflect the impact per air dried metric ton of saleable product (including market pulp)

c Direct GHG emissions—emissions from sources that the company owns or controls

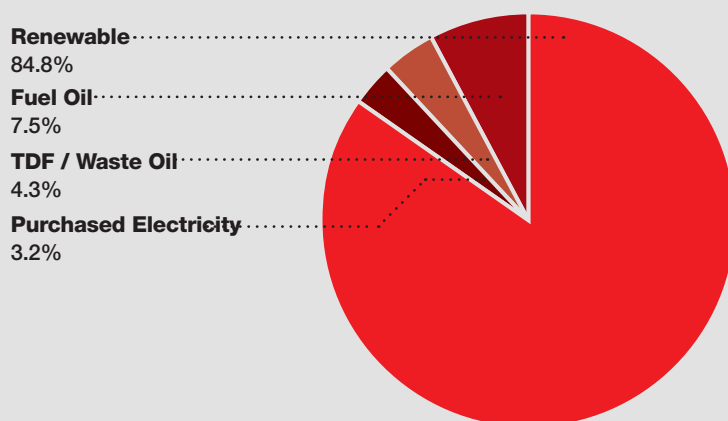
d Indirect GHG emission from purchased electricity, steam, or heat—emissions associated with the generation of electricity, steam or heat

Energy

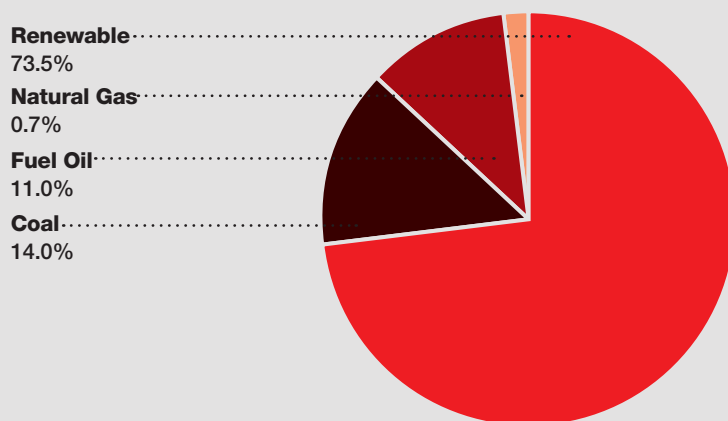
Energy use plays a critical role in the emissions created during paper production. Environmental impact is affected not only by the amount of energy, but also by the type of energy consumed. Sappi has had a long-standing, dedicated effort to reduce our reliance on fossil fuels—seeking to reduce our environmental impact and to separate our operations from the volatility of energy prices.



2011 Total Energy/Cloquet Mill
(24.8 GJ/admt^a)

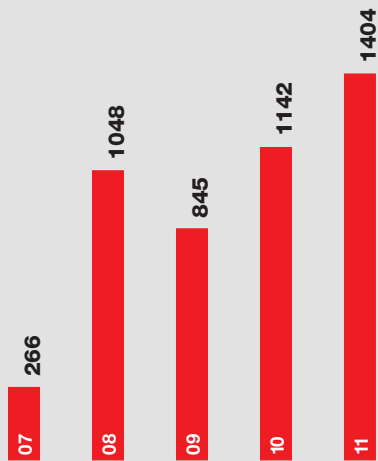


2011 Total Energy/Somerset Mill
(27.7 GJ/admt^a)

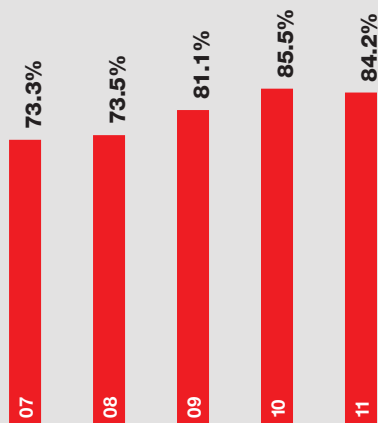


2011 Total Energy/Westbrook Mill
(58.8 GJ/admt^a)

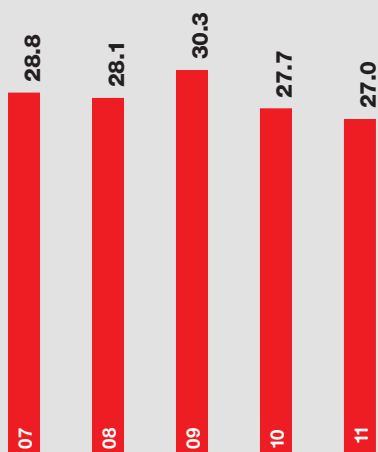
^a Intensity metrics reflect the impact per air dried metric ton of saleable product (including market pulp)



Consumption of Alternate Fuels
(terajoules/yr)



% of Renewable Energy



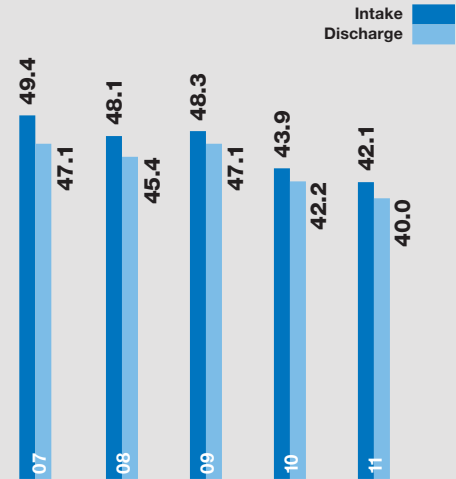
Energy Intensity
(GJ/admt^a)

We have strategically reduced our use of traditional fossil fuels by seeking out alternative energy sources including reclaimed oil, construction and demolition wood, and tire derived fuel. We have simultaneously increased our usage of traditional biomass sources (woody biomass and black liquor). The cumulative effect results in higher levels of renewable energy, lower greenhouse gas emissions and reduced energy costs.

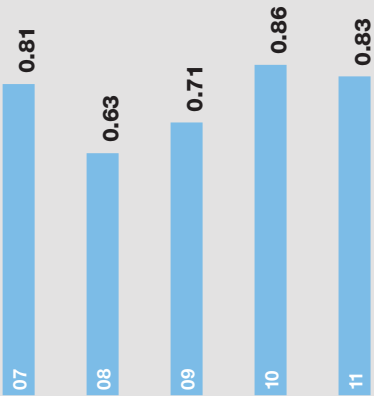
^a Intensity metrics reflect the impact per air dried metric ton of saleable product (including market pulp)

Water

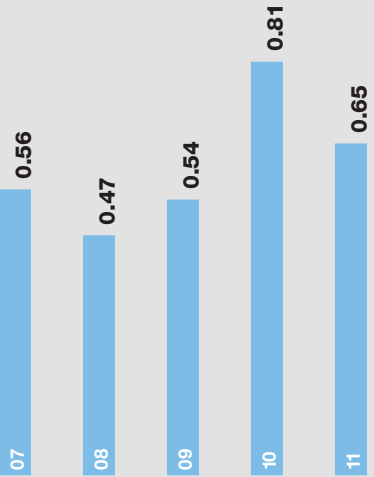
Over the past five years, we have decreased our specific water intake by 14.8%. Sappi utilizes surface water and returns roughly 95% of the water to the same primary source, which by difference means that less than 5% of the water used is consumed. The consumed water is lost to the atmosphere through evaporation. Both the water intake and discharge numbers include non-contact cooling water.



Water Intake/Water Discharge (m³/admt³)



BOD (kg/admt³)



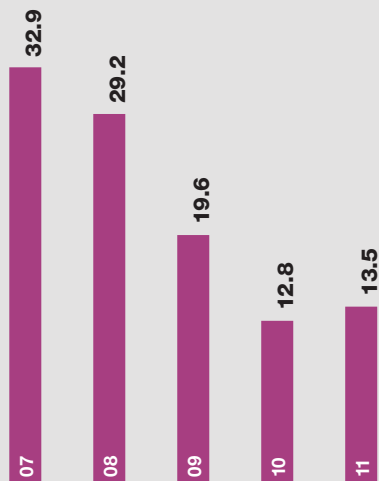
TSS (kg/admt³)

^a Intensity metrics reflect the impact per air dried metric ton of saleable product (including market pulp)

Solid Waste



Total Solid Waste to Landfill
(kg/admt^a)



Organic Waste to Landfill
(kg/admt^a)



Beneficial Use of Solid Waste
(tons/yr)

Over the past five years, we have reduced solid waste to landfill by 44.7% (as measured in terms of solid waste per ton of product). Our focus has been aimed at reducing the organic waste to landfill in recognition that organic constituents can contribute to greenhouse gas emissions upon decomposition. Our mill in Cloquet, Minnesota, has developed a beneficial use program with the local agricultural extension program and provides boiler ash and lime mud as a soil amendment to local farmers. These materials help farmers raise the pH of soil, creating better growing conditions for certain crops.

^a Intensity metrics reflect the impact per air dried metric ton of saleable product (including market pulp)



Laura M. Thompson, PhD
Director, Technical
Marketing and Sustainable
Development,
Sappi Fine Paper
North America

Continuing the Dialogue

At Sappi, we recognize that our responsibility does not simply begin and end at our mill gates. Sustainable development is the result of numerous collaborative efforts — from procurement of energy and materials, through manufacturing, distribution and the use of our products. In this, our first regional sustainability report, we demonstrate our commitment to transparency and have illustrated our industry leading performance. Nowhere is our strategy and our success more evident than our long-standing efforts to reduce our reliance on fossil fuels, resulting in lower energy costs and reduced greenhouse gas emissions. With over 80% of our total energy from renewable resources, Sappi Fine Paper North America has the lowest reported carbon footprint of the major domestic suppliers of coated paper.

While we have made significant progress against environmental, social and economic goals, there is still much work to be done. We have a deep commitment to continuous improvement and have established a new set of five-year goals. Through continued strategic investments, a focus on best practices, and with the support of our outstanding employees, we will continue to build a better paper company and secure our position as an industry leader. Over the coming years, we will execute a US\$170 million capital project to convert our kraft pulp mill in Cloquet, Minnesota, to chemical cellulose used in textile and consumer goods markets—another major milestone in our sustainability journey.

For more information about this report or to learn more about where we have been and where we are going, I personally invite you to contact me, visit the eQ microsite or our blog, or follow us on Twitter and join the dialogue.

Laura M. Thompson, PhD

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Sappi Fine Paper North America

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SFPNA Sustainability Report 2011

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