

2016 Sustainability Report Card





01 Safe from the start

02 Accountability, truth & transparency

03 Engaged & enthusiastic people

04 Anticipate change

05 Initiative & resourcefulness

06 Understand customer needs

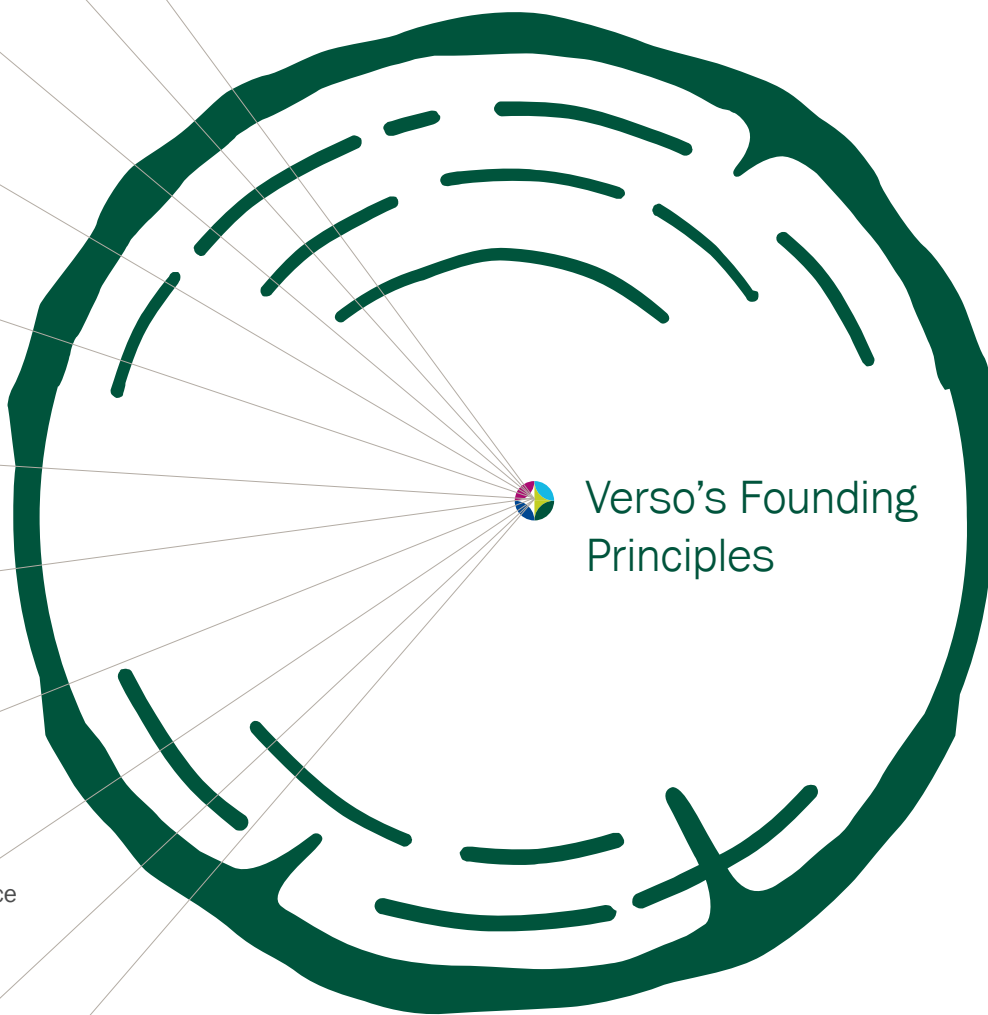
07 Use teamwork to execute & deliver superior results

08 Do the right things for the company as a whole

09 Respect a sustainable balance among economic, social & environmental needs

10 Act with speed, simplicity & decisiveness

11 Understand & mitigate business risks



Verso's Founding Principles

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## To Our Stakeholders

In the midst of an exceptionally challenging economic environment where the rapidly accelerating use of electronic media continues to drive a decline in demand for many of the paper products Verso manufactures, our team remains steadfastly committed to the core values and principles we were founded on more than 10 years ago. For us, respecting a sustainable balance among economic, environmental and social needs is not simply a guiding tenet. It's the key to a successful future in which Verso consistently creates value for our employees, customers, investors and the communities where we operate. From responsibly sourcing natural resources, using them efficiently and protecting the environment to transforming our business in ways that keep our people injury free, delight our customers and attract investment, Verso is leaving no stone unturned as we adapt and innovate in an ever-evolving marketplace.

Our most valuable resource is our people, and keeping them safe at work is by far the most important thing we do. That's why being "safe from the start" is first among Verso's founding principles and why we are relentless in our efforts to make sure our team members return home from work every day in the same condition as when they arrived. Our proudest achievement in 2016 was a 30 percent reduction in injuries, with a Total Incident Rate (TIR) of 1.15 that's among the best in our industry, and a Lost Workday Incident Rate (LWIR) of 0.48. While there is more work to do, we truly believe that zero injuries is achievable and we're making steady progress toward this goal.

Working smarter to improve efficiency, reduce waste and innovate for our customers is a never-ending pursuit at Verso. Across our manufacturing platform, our mills are ambitiously tackling hundreds of initiatives to improve equipment reliability and process efficiency that are in turn elevating productivity and improving environmental performance. These efforts are also helping to reduce annual mill operating costs which were down \$68 million in 2016. On the commercial side of the business, we continue to collaborate with our customers in ways that



B. Christopher DiSantis

contribute to their sustainability and ours. Verso launched four new specialty papers and two new coated digital papers in 2016, and our robust product development pipeline continues to focus on product enhancements and new product commercialization that help our graphic and specialty paper customers meet both their sustainability commitments and their emerging business needs.

I want to thank our team members for their hard work, innovative thinking and can-do spirit that each day help move Verso a step closer to achieving our vision to be a company with passion that is respected and trusted by all. As we continue our sustainability journey, we remain dedicated to working safely, getting better at everything we do and providing our customers with the best products and services available anywhere.

A handwritten signature in black ink that reads "B. Christopher DiSantis".

B. Christopher DiSantis

President and Chief Executive Officer

**Paper has been around for more than 2000 years and continues to play an important role in the environmental, economic and social health of our country and our planet. It's made from one of the few truly renewable resources on earth, is used in countless products that make our daily lives better, and supports hundreds of thousands of jobs in the United States alone. Papermaking is a resource-intensive business and at Verso, it's our challenge to use these resources – trees from responsibly managed forests, energy, water and chemicals – as efficiently as possible and to assure we don't harm the environment along the way. That's the core of our sustainability philosophy ... making the products our customers want and need while leaving the smallest footprint possible behind. We integrate this philosophy into all that we do and use continuous improvement as the gauge to measure our progress.**

# At a Glance: Verso Corporation<sup>1</sup>

**Verso Corporation** is the leading North American producer of coated papers, which are used primarily in commercial print, magazines, catalogs, high-end advertising brochures and annual reports, among other media and marketing applications. We produce a wide range of products, ranging from coated freesheet and coated groundwood to specialty papers, inkjet and digital papers, supercalendered papers and uncoated freesheet. We also produce and sell market kraft pulp, which is used to manufacture printing and writing paper and tissue products.



**\$2.6 BILLION**  
Annual Sales



**4,500**  
Verso Employees

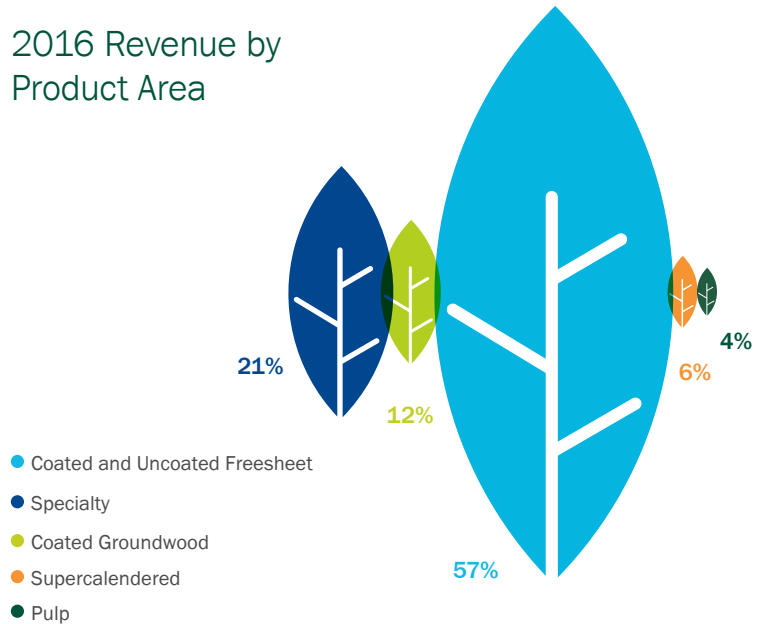


Verso Operates **Seven** Mills in the **United States**: Maine, Maryland, Michigan, Minnesota and Wisconsin



**Headquarters<sup>2</sup>**  
Miamisburg, Ohio

## 2016 Revenue by Product Area



## Product Portfolio

### Printing Papers

Coated Freesheet (CFS)  
Uncoated Freesheet (UFS)  
Coated Groundwood (CGW)  
Supercalendered (SC)

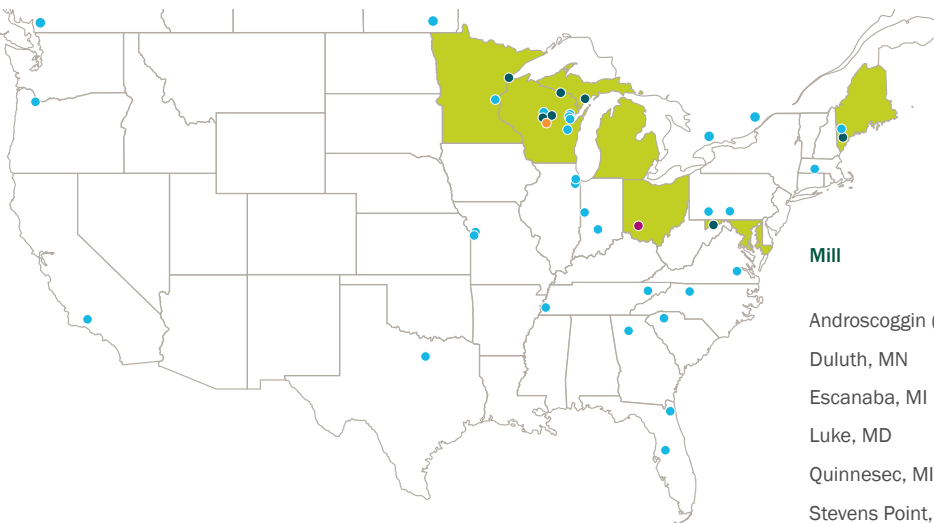
### Specialty Papers

Label and Converting  
Flexible Packaging  
Technical Papers

### Pulp

Northern and Southern  
Bleached Hardwood Kraft  
Northern Bleached  
Softwood Kraft  
Deinked Pulp

**Annual Production Capacity<sup>3</sup>:** 3.2 million tons of paper and 290,000 tons of kraft pulp



● Headquarters  
● Paper Mills  
● Technical Center<sup>4</sup>  
● Distribution Centers & Warehouses

Mill	Capacity (000 Tons)	Grades Produced
Androscoggin (Jay), ME	450	CFS, CGW, UFS, Specialty
Duluth, MN	270	Supercalendered
Escanaba, MI	760	CFS, CGW, UFS, Specialty
Luke, MD	500	CFS, Specialty
Quinnesec, MI	425	CFS
Stevens Point, WI	190	Specialty
Wisconsin Rapids, WI	560	CFS, Specialty

**Total** **3.2 million tons of paper**

# Sustainability Policy

## Sustainability Policy

We are committed to operating our business in a sustainable manner that creates value for our employees, customers, communities, investors and other stakeholders.

**We are truthful and transparent.** We are accountable to our stakeholders, and we measure and publicly report on our sustainability performance progress. We have open dialogues on sustainability issues with our stakeholders and partner with them in a wide range of endeavors to promote and grow sustainability-related efforts across North America.

**We strive for continuous performance improvement in all that we do.** We go beyond compliance with laws, regulations and standards to which we voluntarily subscribe whenever possible, not because it's required but because it's the right thing to do. We expect our contractors to comply with all laws, regulations and rules.

**We use raw materials, water, energy and other resources efficiently and manage our processes prudently.** We develop products that provide our customers with environmental as well as economic benefits.

**We manufacture our products with one of the earth's few truly renewable resources—wood fiber from trees.** We verify the source of the wood fiber we procure, and use only fiber from forests that are sustainably managed to remain healthy, productive and biologically diverse for generations to come. We support third-party forest certification to credible certification standards and are committed to continuously increasing the amount of third-party certified fiber in our products. We help

Sustainability is the core of our business philosophy, and we manage it as such.

expand global forest certification through our participation in and sponsorship of a variety of organizations.

**We are socially responsible corporate citizens.** We are ethical in all our business dealings and treat everyone with respect and dignity. We provide safe and healthy workplaces for our employees, and we actively participate in the communities where we operate.

Sustainability is the core of our business philosophy, and we manage it as such. Ultimately, sustainability is part of every employee's job, and all of our employees are responsible for our continuous improvement in sustainability performance.

Please visit [versoco.com/sustainability](http://versoco.com/sustainability) for more information on Verso's:

- Sustainability Governance
- Wood Fiber Procurement Policy
- Environmental, Health and Safety Policy
- Supplier Sustainability Expectations

## Sustainability Principles

#1 Procure wood only from sustainably managed forests

#2 Continue to improve the environmental and safety performance of our operations

#3 Develop innovative products that provide both economic and environmental benefit

#4 Partner with customers and other important stakeholders on sustainability issues

#5 Continue to evaluate and report progress toward our sustainability goals



## 2016 Sustainability Performance

Verso's 2016 Sustainability Report Card reflects the company's year-over-year performance. The results summarized here are absolute numbers, that is, they are not normalized to account for capacity reductions. In August 2015, Verso announced a planned reduction in coated paper capacity of 430,000 tons and in market dried pulp capacity of 130,000 tons. This included the idling of the Wickliffe, Kentucky, mill in late 2015 and the permanent shutdown of the No. 1 pulp dryer and No. 2 paper machine at the Androscoggin Mill in January 2016. Verso announced the permanent closure of the Wickliffe Mill in April 2016. Where appropriate, the "Progress" section of the report card includes factors in addition to capacity reductions that contributed to changes in the metrics.



METRIC	PROGRESS	CHANGE
Total Incident Rate (TIR)	Improved to 1.15 from 1.44 in 2015. The paper industry's 2016 reported TIR average was 2.80.	↓ 20.1%
Lost Workday Incidence Rate (LWIR)	Improved to 0.48 from 0.54 in 2015	↓ 11.1%


**Resource Use**

METRIC	PROGRESS	CHANGE
<b>Fiber Resources</b>		
Roundwood	Decreased to 7.3 million green tons from 8.8 million green tons in 2015	↓ 17.0%
Chips	Decreased to 1.2 million green tons from 1.5 million green tons in 2015	↓ 20.0%
Purchased Pulp	Decreased to 137,712 air-dried tons from 230,620 air-dried tons in 2015 due to greater use of Verso pulp at the Stevens Point Mill.	↓ 40.3%
Recovered Paper	Increased to 77,517 air-dried tons of de-inked recycled pulp from 70,329 air-dried tons in 2015	↑ 10.2%
Percent of third-party certified fiber used	Decreased to 47% from 48% in 2015	↓ 2.1%
Percent of CoC certified paper as a percentage of total paper sold	Remained flat at 32%	↔ 0.0%
<b>Chemicals and Fillers</b>		
Pigments	Decreased to 859,543 tons from 952,500 tons in 2015	↓ 9.8%
Binders	Decreased to 132,733 tons from 149,400 tons in 2015	↓ 11.2%
Pulping Agents	Decreased to 93,839 tons from 110,600 tons in 2015	↓ 15.2%
Bleaching Agents	Decreased to 178,710 tons from 198,700 tons in 2015	↓ 10.1%
<b>Energy (Paper and Pulp Production)</b>		
Percent of onsite energy generated from carbon-neutral, wood-based biomass	Decreased to 63.5% from 64.4% in 2015	↓ 1.4%
Coal	Decreased to 388,000 tons from 476,000 tons in 2015	↓ 18.5%
Natural Gas	Increased to 20.5 billion cubic feet from 19.9 billion cubic feet in 2015	↑ 3.0%

## Resource Use (continued)

METRIC	PROGRESS	CHANGE
<b>Energy (Paper and Pulp Production)</b>		
Oil	Decreased to 1.8 million gallons from 2.4 million gallons in 2015	↓ 25.0%
Tire-derived fuel	Decreased to 17,000 tons from 23,000 tons in 2015. The Escanaba Mill is the only mill that used tire-derived fuel in 2015 and 2016. The mill used more natural gas in 2016 due to more favorable pricing.	↓ 26.1%
Purchased biomass	Decreased to 355,000 tons from 490,000 tons in 2015, primarily due to increased natural gas use at the Escanaba Mill and the closure of the Wickliffe Mill	↓ 27.6%
Purchased electricity	Decreased to 1,717 gigawatt-hours from 2,093 gigawatt-hours in 2015	↓ 18.0%
Hydropower	Decreased to 232 gigawatt-hours from 237 gigawatt-hours in 2015	↓ 2.1%
Purchased steam	Increased to 521 gigawatt-hours from 511 gigawatt-hours in 2015	↑ 2.0%
<b>Energy (Vehicles and Mobile Equipment)</b>		
Diesel	Decreased to 1.23 million gallons from 1.43 million gallons in 2015	↓ 14.0%
Gasoline	Decreased to 100,000 gallons from 133,000 gallons in 2015	↓ 24.8%
Liquid propane gas	Decreased to 274,000 gallons from 481,900 gallons in 2015	↓ 43.1%
<b>Fresh Water (Process and Cooling)</b>		
Surface water	Decreased to 48.72 billion gallons from 57.69 billion gallons in 2015	↓ 15.5%
Municipal water	Decreased to 2.61 billion gallons from 2.63 billion gallons in 2015	↓ 0.8%
Groundwater	Decreased to 80 million gallons from 820 million gallons in 2015	↓ 90.2%



## Pollution Prevention

METRIC	PROGRESS	CHANGE
<b>Air Emissions (Direct from Mills)</b>		
Carbon Dioxide Equivalent (CO <sub>2</sub> e)	Decreased to 1.92 million metric tons from 2.20 million metric tons in 2015	↓ 12.7%
Nitrogen Oxides (NO <sub>x</sub> )	Decreased to 7,103 tons from 8,263 tons in 2015	↓ 14.0%



## Pollution Prevention (continued)

METRIC	PROGRESS	CHANGE
<b>Air Emissions (Direct from Mills)</b>		
Sulfur Dioxide (SO <sub>2</sub> )	Decreased to 11,706 tons from 16,696 tons in 2015	↓ 29.9%
Particulate Matter (PM)	Decreased to 1,494 tons from 1,731 tons in 2015	↓ 13.7%
<b>Air Emissions (Indirect from Purchased Energy)</b>		
Carbon Dioxide Equivalents (CO <sub>2</sub> e)	Decreased to 0.89 million metric tons from 1.16 million metric tons in 2015	↓ 23.3%
Nitrogen Oxides (NO <sub>x</sub> )	Decreased to 1,270 tons from 1,571 tons in 2015	↓ 19.2%
Sulfur Dioxide (SO <sub>2</sub> )	Decreased to 1,711 tons from 3,435 tons in 2015	↓ 50.2%
Particulate Matter (PM)	Decreased to 233 tons from 246 tons in 2015	↓ 5.3%
<b>Water Discharges</b>		
Wastewater Effluent	Decreased to 47.7 billion gallons from 56.6 billion gallons in 2015	↓ 15.7%
Non-contact Cooling Water	Increased to 11.91 billion gallons from 11.25 billion gallons in 2015	↑ 5.9%
Biochemical Oxygen Demand (BOD)	Decreased to 2,622 tons from 4,119 tons in 2015	↓ 36.3%
Total Suspended Solids (TSS)	Decreased to 3,912 tons from 5,338 tons in 2015	↓ 26.7%



## Waste Management

METRIC	PROGRESS	CHANGE
Beneficial Use of Solid Waste	Decreased to 326,543 dry tons from 337,559 dry tons in 2015. More than 47.8% of manufacturing byproducts generated was reused for onsite energy generation and 37.7% was reclaimed for other beneficial reuse applications.	↓ 3.3%
Solid Waste Sent to Landfills	Decreased to 122,333 dry tons from 164,077 dry tons in 2015 due to more solid waste being beneficially reused. Only 14.2% of Verso's solid waste was sent to landfills in 2016.	↓ 25.4%
Hazardous Waste Disposal	Decreased to 16,294 pounds from 179,777 pounds in 2015. The larger amount in 2015 was related to the responsible disposal of manufacturing chemicals, waste oil, laboratory chemicals, solvents, paint, batteries and other waste resulting from the closure of the Wickliffe Mill.	↓ 90.9%

## Product Transport

METRIC	PROGRESS	CHANGE
Carbon Dioxide Equivalents (CO <sub>2</sub> e)	Decreased to 144,814 metric tons from 152,649 metric tons in 2015	↓ 5.1%
Diesel Fuel Consumed	Decreased to 13.52 million gallons from 14.25 million gallons in 2015	↓ 5.1%
Percent of U.S. Environmental Protection Agency (EPA) SmartWay® Transport Partnership Shipments	Increased to 91% of product volume shipped by carriers participating in the U.S. EPA SmartWay® Transport Partnership from 88% in 2015	↑ 3.4%

## Environmental Compliance

METRIC	PROGRESS
Environmental Notices of Violation and/or Noncompliance	<p>Three Notices of Violation (NOV): Non-conformance with a new regulation for above ground storage tanks discovered during a routine inspection at the Luke Mill:</p> <p>NOV 1: Failing to conduct inspections of secondary containment structures.            NOV 2: Failing to conduct visual maintenance checks.            NOV 3: Failing to ensure secondary containment structures are adequately designed and constructed.</p> <p>Non-conformance issues were corrected immediately upon notification.</p> <p>NOV 4: Exceeding a daily NPDES manganese permit limit from a mine reclamation discharge pond located on Luke Mill property due to malfunctioning passive treatment equipment.</p> <p>The issue was discovered by the mill's wastewater treatment provider during routine daily rounds and repairs were completed before the mine inspector left the facility. The NOV was subsequently released after re-inspection and testing.</p>

## Social Responsibility

METRIC	PROGRESS	CHANGE
Verso and Employees Charitable Giving	Decreased to approximately \$402,000 from \$638,000 in 2015 as a result of the financial challenges facing the company	↓ 37.0%

### Footnotes:

<sup>1</sup> All data as of December 31, 2016, unless otherwise noted.

<sup>2</sup> Verso's corporate headquarters was relocated to Miamisburg, Ohio, effective as of April 1, 2017.

<sup>3</sup> In August 2015, Verso announced a planned reduction in coated paper capacity of 430,000 tons and in market dried pulp capacity of 130,000 tons. This included the idling of the Wickliffe, Kentucky, mill in late 2015 and the permanent shutdown of the No. 1 pulp dryer and No. 2 paper machine at the Androscoggin Mill in January 2016. Verso announced the permanent closure of the Wickliffe Mill in April 2016.

<sup>4</sup> Technical Center: Verso's Technical Center and Product Development teams work together to provide cost-effective and innovative solutions to meet customer needs through the proper application of science and technology. The Technical Center is located in Biron, Wisconsin.

## About Verso

**Verso Corporation** is the turn-to company for those looking to successfully navigate the complexities of paper sourcing and performance. A leading North American producer of printing and specialty papers and pulp, Verso provides insightful solutions that help drive improved customer efficiency, productivity, brand awareness and business results. Verso's long-standing reputation for quality and reliability is directly tied to our vision to be a company with passion that is respected and trusted by all. Verso's passion is rooted in ethical business practices that demand safe workplaces for our employees and sustainable wood sourcing for our products. This passion, combined with our flexible manufacturing capabilities and an unmatched commitment to product performance, delivery and service, make Verso a preferred choice among commercial printers, paper merchants and brokers, converters, publishers and other end users.

For more information, visit us online at [versoco.com](http://versoco.com).

## Reporting Responsibility



### **Becky Burris**

Vice President

Environmental, Health, Safety and Sustainability

### **Questions or Comments**

Verso Sustainability Department

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### **Reporting Period**

January 1 through December 31, 2016





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