



# 2019 SUSTAINABILITY REPORT CARD



# VERSO'S FOUNDING PRINCIPLES

- 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

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## TO OUR STAKEHOLDERS

**Sustainability is one of Verso's founding principles. For us, it means creating, respecting and sustaining a balance among economic, social and environmental considerations to promote the responsible, ethical and long-term success of our company. It requires each of us to think about the choices we make and the actions we take every day, and how they affect the future of our business, our people, the communities where we operate, and our planet.**

From a business perspective, 2019 was another challenging year. In the graphic papers market, we continued to see double-digit demand declines, increased price pressure and a greater influx of imports due to exchange rates that led us to make some difficult decisions to maintain the company's financial health and balance our supply of products with our customers' demand. As a result, we closed our Luke, Maryland, mill in June 2019, sold our Androscoggin, Maine, and Stevens Point, Wisconsin, mills in February 2020, and reduced our SG&A to fit a new four-mill system. Through strong efforts to drive increased productivity and reduce costs, we ended the year with no debt, \$42 million in cash and total liquidity of \$318 million. We expect to face continued headwinds that we will meet with efficient low-cost assets and our dedicated and talented employees, focusing on growing our graphic and specialty papers, packaging and pulp through new product development and a strategic concentration on high-return projects.

From an environmental perspective, in 2019 we continued to strive to meet or exceed legal and regulatory requirements to protect and conserve our natural resources. We worked to reduce our environmental footprint by challenging ourselves and our suppliers to find new and better ways to use wood fiber, water, energy and other necessary resources efficiently, while managing our operations wisely to further reduce air emissions, water discharges and waste. A couple of 2019 initiatives include:

- Participation in an annual bald eagle banding and monitoring program by members of our Escanaba, Michigan, mill team in cooperation with the state to help identify the age, sex, diet and origin of the eagles and better understand the birds and any areas of concern. In 2019, the team visited a nest on the mill's property, home to two full-grown bald eagles and three large eaglets. The eaglets were safely banded and returned to the nest.
- Collaboration with Focus on Energy to identify an opportunity to reduce water use at the Wisconsin Rapids, Wisconsin, mill by installing four valves with solenoid timers on two brown stock



deckers that use hot water to clean the wires on the drums. This effort reduced our water usage by over 98 million gallons and our cost by approximately \$940,000 on an annual basis.

Our people are truly our most valuable asset, and there is nothing more important than their safety and health. Despite all of the challenges of 2019, we maintained excellent safety performance with a total incident rate (TIR) of 1.23 and lost workday incident rate (LWIR) of 0.39, allowing us to remain in the top tier of our industry. This level of performance is only achievable with significant focus, execution of best practices, and sheer effort by our team each day.

I am very proud of our team's dedication and commitment to Verso, while also making time to give back to the communities where they live, work and play. They volunteer countless hours in company-sponsored and individual efforts to enhance the quality of life in our communities. In 2019, Verso and its employees made financial and in-kind contributions totaling more than \$290,000 to a wide variety of community charitable organizations. United Way is the cornerstone of our contribution efforts because of its focus on serving specific local needs that are reflective of our corporate values and employee preferences.

As we navigate the way forward, our approach to sustainability will remain at the heart of the way we do business. I want to thank our team for consistently working safely together through many extraordinary challenges, while remaining focused on creating a stronger, more sustainable Verso.

Adam St. John  
President and Chief Executive Officer

### 2019 SAFETY PERFORMANCE

TIR	LWIR
<b>1.23</b>	<b>0.39</b>



  
**\$290,422**  
COMPANY CHARITABLE CONTRIBUTIONS



# AT A GLANCE: VERSO CORPORATION 2019



**2.2 MILLION TONS** OF PAPER AND PULP CAPACITY



**2,900** DEDICATED EMPLOYEES



HEADQUARTERED IN MIAMISBURG, OH

**4** MILLS OPERATED IN THE UNITED STATES



## VERSO MILLS

### DULUTH, MN

- 270,000 TONS
- GRAPHIC AND PACKAGING PAPERS

### ESCANABA, MI

- 730,000 TONS
- GRAPHIC AND SPECIALTY PAPERS

### QUINNESEC, MI

- 680,000 TONS
- GRAPHIC PAPERS AND MARKET PULP

### WISCONSIN RAPIDS, WI

- 540,000 TONS
- GRAPHIC AND PACKAGING PAPERS

## VERSO PRODUCT LINES



GRAPHIC PAPERS



SPECIALTY PAPERS



PACKAGING PAPERS



PULP

Note: The Verso Luke Mill was permanently closed on June 30, 2019 and the Androscoggin and Stevens Point mills were sold in February 2020. All data is based on operating the four remaining mills shown above.

# SUSTAINABILITY IS THE CORE OF OUR BUSINESS PHILOSOPHY, AND WE MANAGE IT AS SUCH.

## 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.

### 01 WE ARE TRUTHFUL AND TRANSPARENT.

We are to promote and grow sustainability-related efforts across North America.

### 02 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.

### 03 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.

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

### 05 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.

### 06 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.

## SUSTAINABILITY PRINCIPLES

- Procure wood only from sustainably managed forests
- Continue to improve the environmental and safety performance of our operations
- Develop innovative products that provide both economic and environmental benefit
- Partner with customers and other important stakeholders on sustainability issues
- Continue to evaluate and report progress toward our sustainability goals

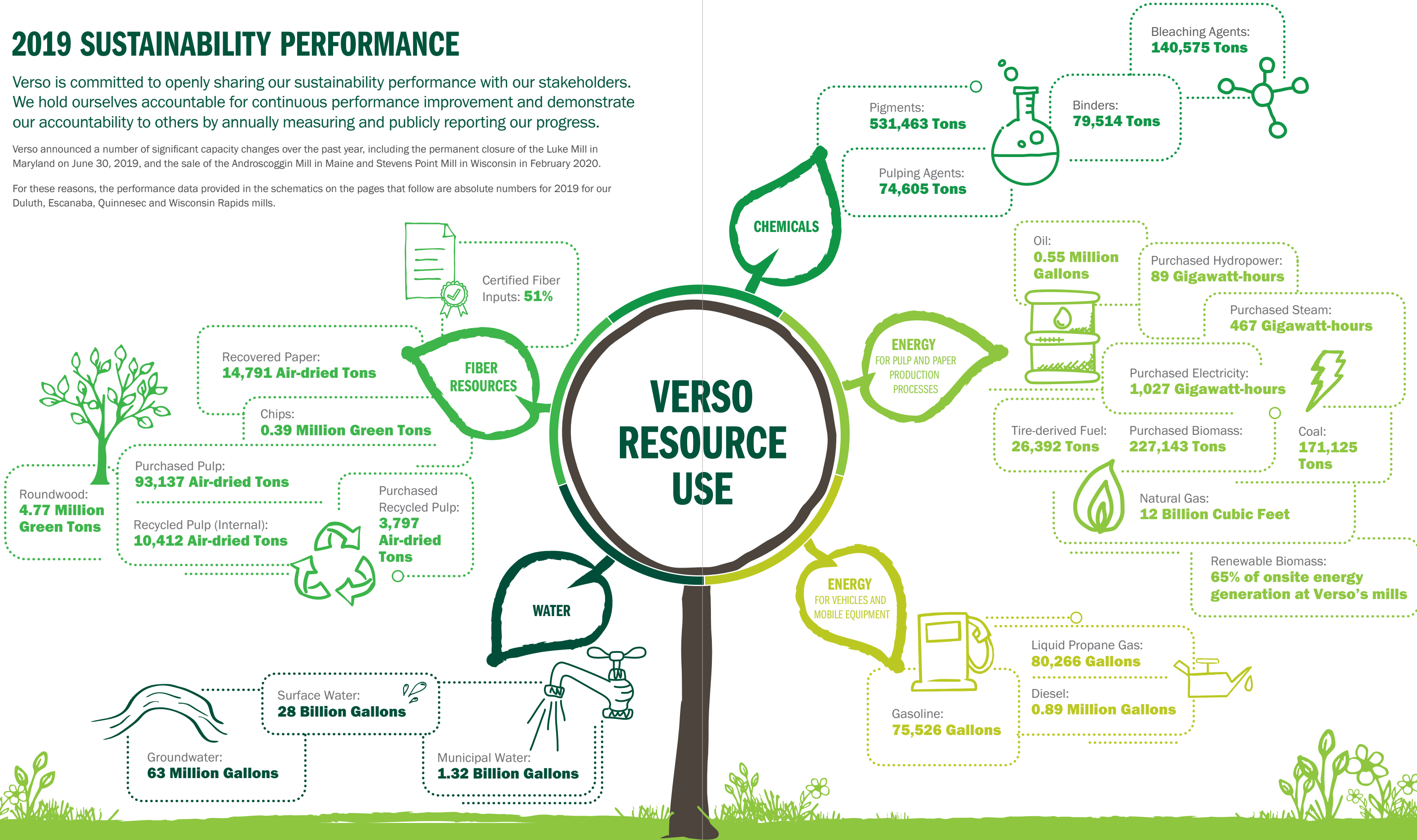
Please visit [versoco.com/sustainability](https://www.versoco.com/sustainability) for more information on Verso's Wood Fiber Procurement Policy, Environmental, Health and Safety Policy, and Supplier Sustainability Expectations.

# 2019 SUSTAINABILITY PERFORMANCE

Verso is committed to openly sharing our sustainability performance with our stakeholders. We hold ourselves accountable for continuous performance improvement and demonstrate our accountability to others by annually measuring and publicly reporting our progress.

Verso announced a number of significant capacity changes over the past year, including the permanent closure of the Luke Mill in Maryland on June 30, 2019, and the sale of the Androscoggin Mill in Maine and Stevens Point Mill in Wisconsin in February 2020.

For these reasons, the performance data provided in the schematics on the pages that follow are absolute numbers for 2019 for our Duluth, Escanaba, Quinnesec and Wisconsin Rapids mills.



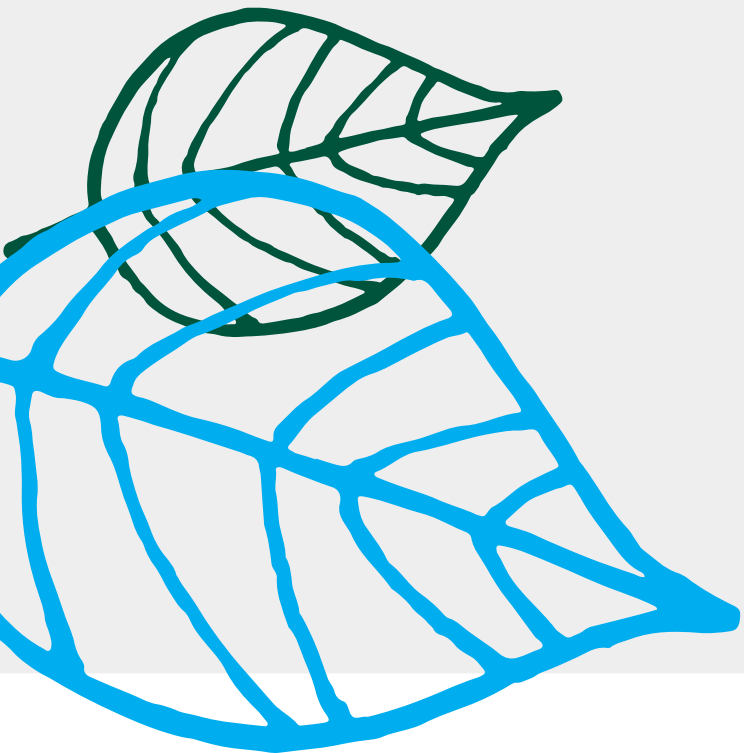
**OUR SUSTAINABILITY PERFORMANCE CONTINUED**



## 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 graphic and specialty papers, packaging 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

**David Sams**  
Senior Director  
Environmental, Health, Safety  
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**Questions or Comments**  
Verso Sustainability Department  
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**Reporting Period**  
January 1 through December 31, 2019



**Verso Corporation**

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