



Sustainability in Paper

Lewis Fix

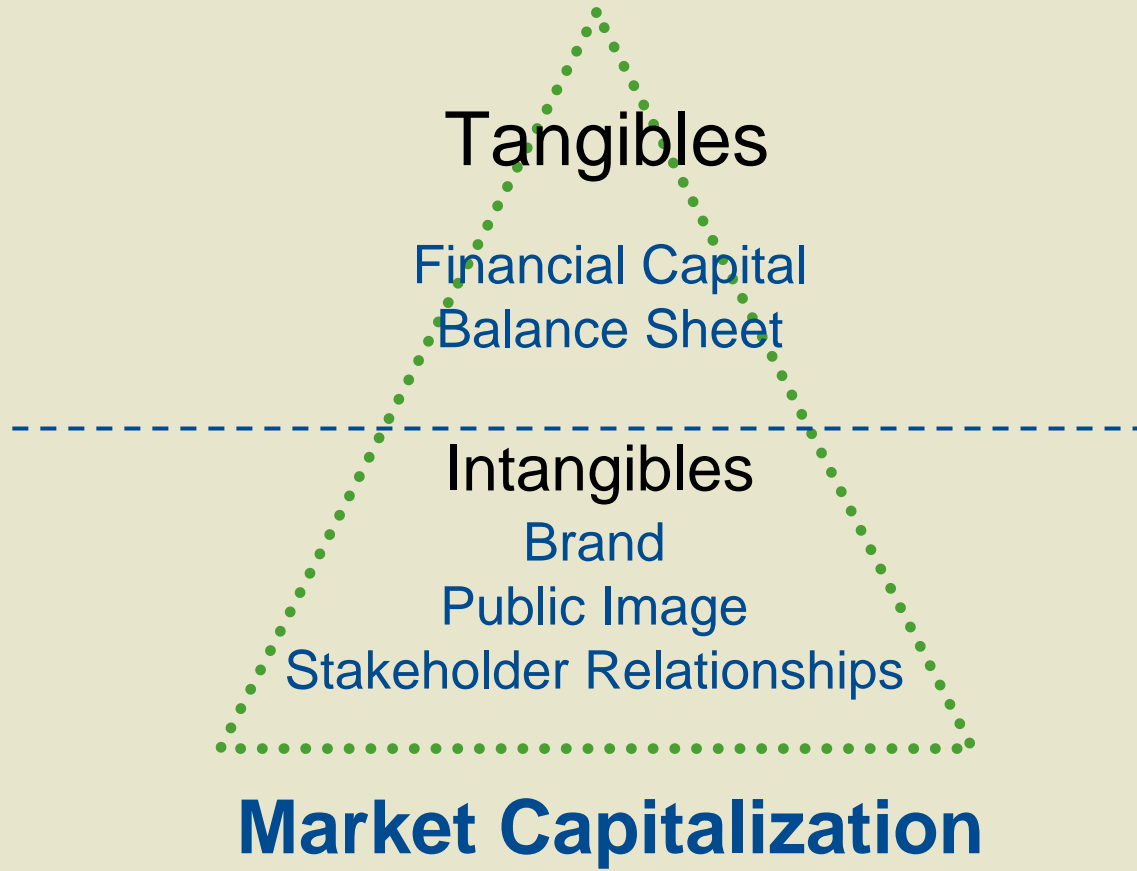
Director of Business Development

May 7, 2007

Agenda

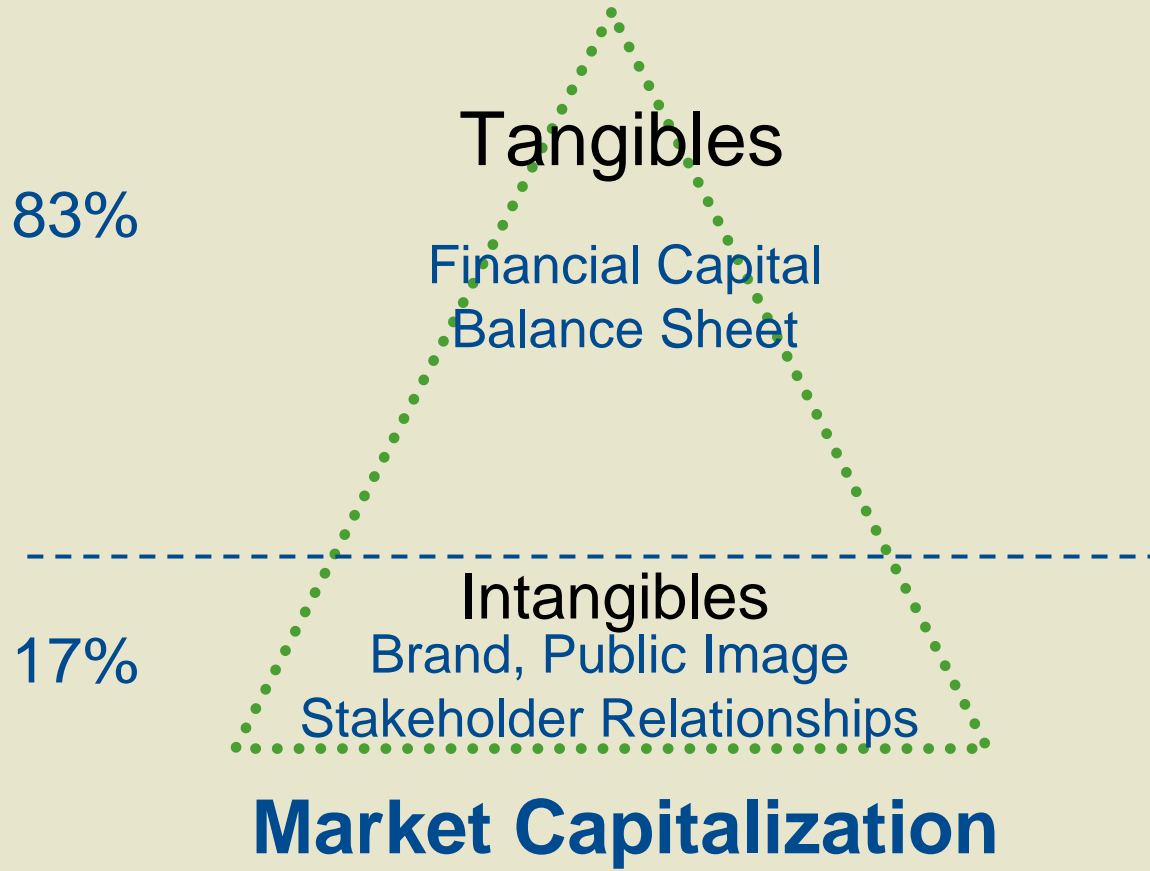
- Why Big Business is Paying Attention
- Sustainability and the Paper & Forest Products Sector
- The ENGO Influence
- FSC Certification
- Domtar & Sustainability
- Why Act Now?

The Value Iceberg



Arthur D. Little, *The Business Case for Corporate Citizenship*, 2002)

The Value Iceberg: 1981



Arthur D. Little, *The Business Case for Corporate Citizenship*, 2002)

The Value Iceberg: 1998



Arthur D. Little, *The Business Case for Corporate Citizenship*, 2002)

A “Perfect Storm” of Risks

Market Forces		Risks
Mega-Issues	Demanding Stakeholders	
Climate Crisis / Change	Awakened Public	<i>Public Image Risks</i>
Pollution & Health	Business Community	<i>Balance Sheet Risks</i>
Water Crisis	Civil Society / NGOs	<i>Operating Risks</i>
Energy Crunch	Government Regulators	<i>Capital Cost Risks</i>
Erosion of Trust	Financial Sectors	<i>Sustainability Risks</i>

The Carbon Disclosure Project

Mega-Issue	Demanding Stakeholders	Business Risks
Climate Crisis	Financial Investors	Regulations ... Physical ... Litigation ... Competitiveness ... Reputation

	2003	2004	2005	2006
Institutional Investors	35	95	155	211
Value of Assets Held	\$4.5T	\$10T	\$21T	\$31T
Companies Surveyed	Financial Times 500			1,800
Response Rate	47%	59%	71%	72%

Plus ... 27 US institutional investors with \$1T in assets call on the SEC to require listed companies to disclose the risks that global warming poses to their financial performance (June 2006)

Big Business Takes Notice

Mega-Issue	Demanding Stakeholders	Business Risks
Climate Crisis & Energy Crunch	Big Buyers	Regulations ... Competitiveness ... Reputation ... Capital Costs

- Wal-Mart:** (#2 in Fortune 500; Oct. 2005 ann't by CEO Lee Scott)
 Reduce **GHGs** from stores by 20% by 2012;
 Invest \$500M annually in stores' **efficient energy**;
 Increase truck fleet **fuel efficiency** by 25% over 3yrs; 100% in 10 yrs;
 Ask 60,000 **suppliers** to reduce **packaging**
- GE:** (#7 in Fortune 500; May 2005 ann't CEO Jeffery Immelt)
 30% **GHG** intensity reduction by 2008;
 30% better **energy efficiency** by 2012 over 2004;
 2x **research investment in cleaner technologies**, from \$700M in 2004 to \$1.5B in 2010;
 Sell \$20B of 17 "**ecomagination**"-tagged products per year by 2010, up from \$10 billion in sales in 2004



Sustainability & The Paper Industry

ENGO Influence

- Growing Influence in Industry
 - Focused on many environmental issues
 - Global in scope
 - Realizing results
- Concerns:
 - Post-Consumer Fiber
 - Certified Forestry
 - Clean Production
 - Climate Change
 - Prefer FSC



GREENPEACE



SIERRA CLUB
FOUNDED 1892



DOMTAR EarthChoice®
High quality paper with a conscience



FSC Forest Certification

•Global Reach

- 215 million acres certified
- 22 million in US, 46 million in Canada
- Wood and Paper traded everywhere

•Social, Economic, Environmental Chambers

- Triple Bottom Line, multi-stakeholder
- All voices heard at the table

•Transparency at Every Stage

- Open for public review and comment

•No Conversion of Natural Forests

- Precludes practice of mono-culture plantations

FSC Forest Certification

•Protection of High Conservation Values

- HCVF – ensures biodiversity, sensitive aquatic habitats, unique species – plant and animal are protected

•Credibility

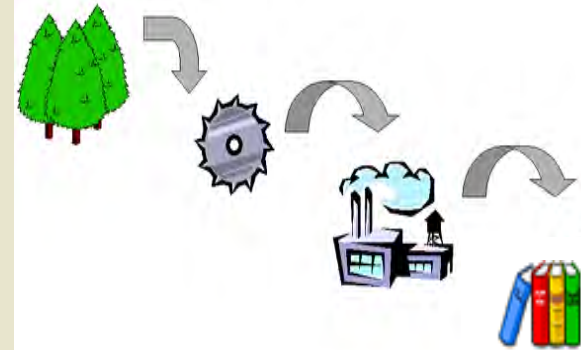
- Most rigorous chain of custody
- Promise to consumers

•ENGO support

- Over 80 well recognized environmental groups support FSC
- *Used by major brands to protect or enhance your own brands*
 - *DJSI*

•Performance vs. Intent

- Actual performance versus the standard – audited regularly



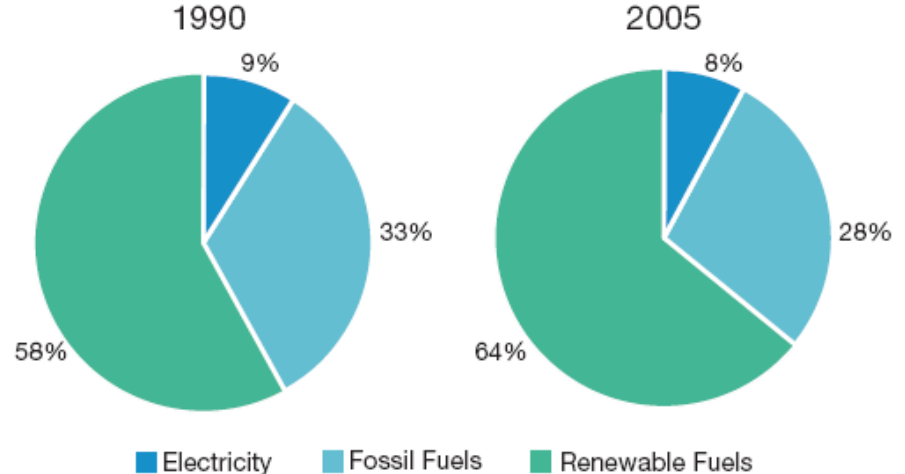


Sustainability & Domtar

Domtar & Sustainability

- FSC Certified 5.5 million hectares of managed forest land
- Sell more EarthChoice products every year
 - 22 Product Lines, 850 SKUs
- Increased use of renewable energy
- Reduced GHG emissions, total and intensity
- Reduced water usage
- Executive leadership to mitigate RISKS turned into an OPPORTUNITY

Pulp and paper mills
Energy Types



Sustainability:

Why you should act now

- It is not just “one of the topics” it is “THE topic”
 - End-Users are reducing their footprint
 - Embracing the triple bottom line
 - ◆ Now being used as a differentiator
- No longer on the margins
 - These companies have an effect on:
 - ◆ Suppliers, competitors, customers
....countries
- It makes good business sense
 - Turn RISKS into OPPORTUNITIES
 - It is a journey, not a destination



Thank You

