

**RIGHT PAPER.
RIGHT NOW.**

Forests continue to attract attention



Public perceptions around paper

- 1) Trees are cut down to make paper
- 2) Papermaking is a polluting industry
- 3) Avoiding paper consumption is good
- 4) More recycle content in paper is better
- 5) Fiber certification is good

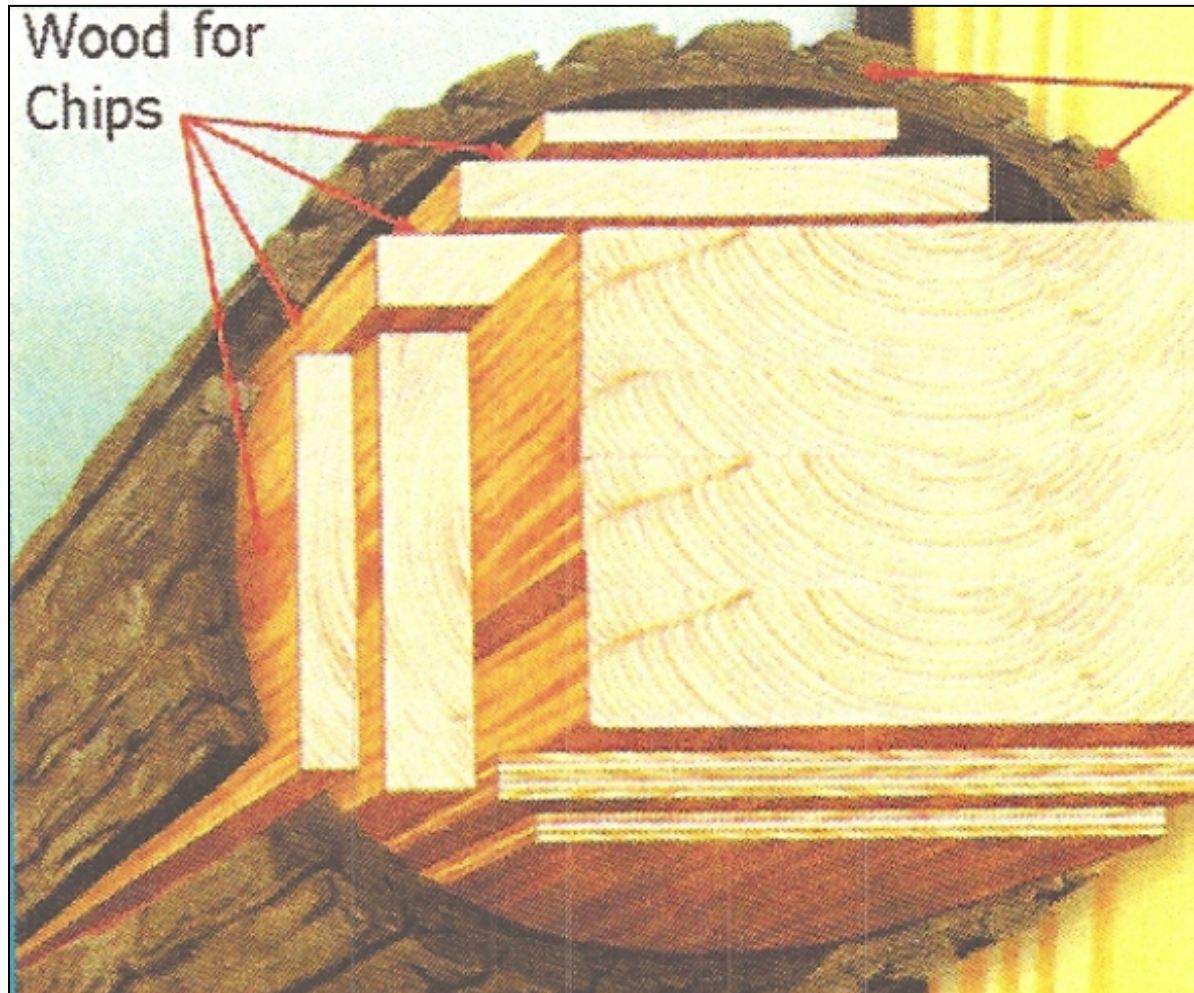


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Trees are cut down to make paper



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Papermaking is a polluting industry

resources

water	28.2 billion gallons
energy	40 million GJ
fiber	1.7 million tonnes

water emissions

BOD	1,200 tonnes
AOX	163 tonnes

solid waste

landfill	71,000 tonnes
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air emissions

GHGs	215,000 tonnes
SO ₂	2,800 tonnes
NO _x	1,875 tonnes
Particulate	464 tonnes

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Avoiding paper consumption is good



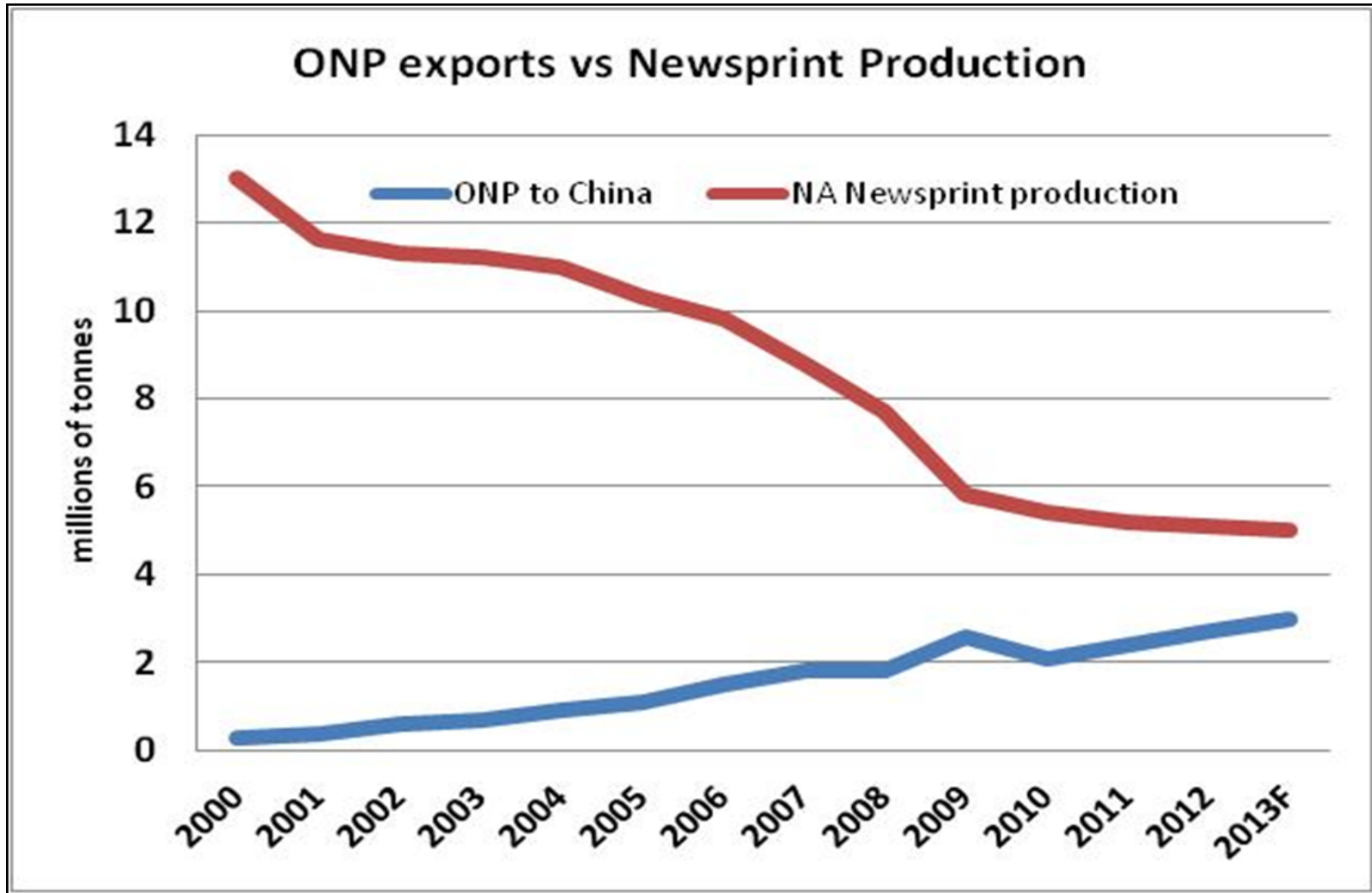
- Only if the alternative is better
- Renewability? Recyclability?
- Your iPhone likely uses more power than your refrigerator

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More Recycle is better

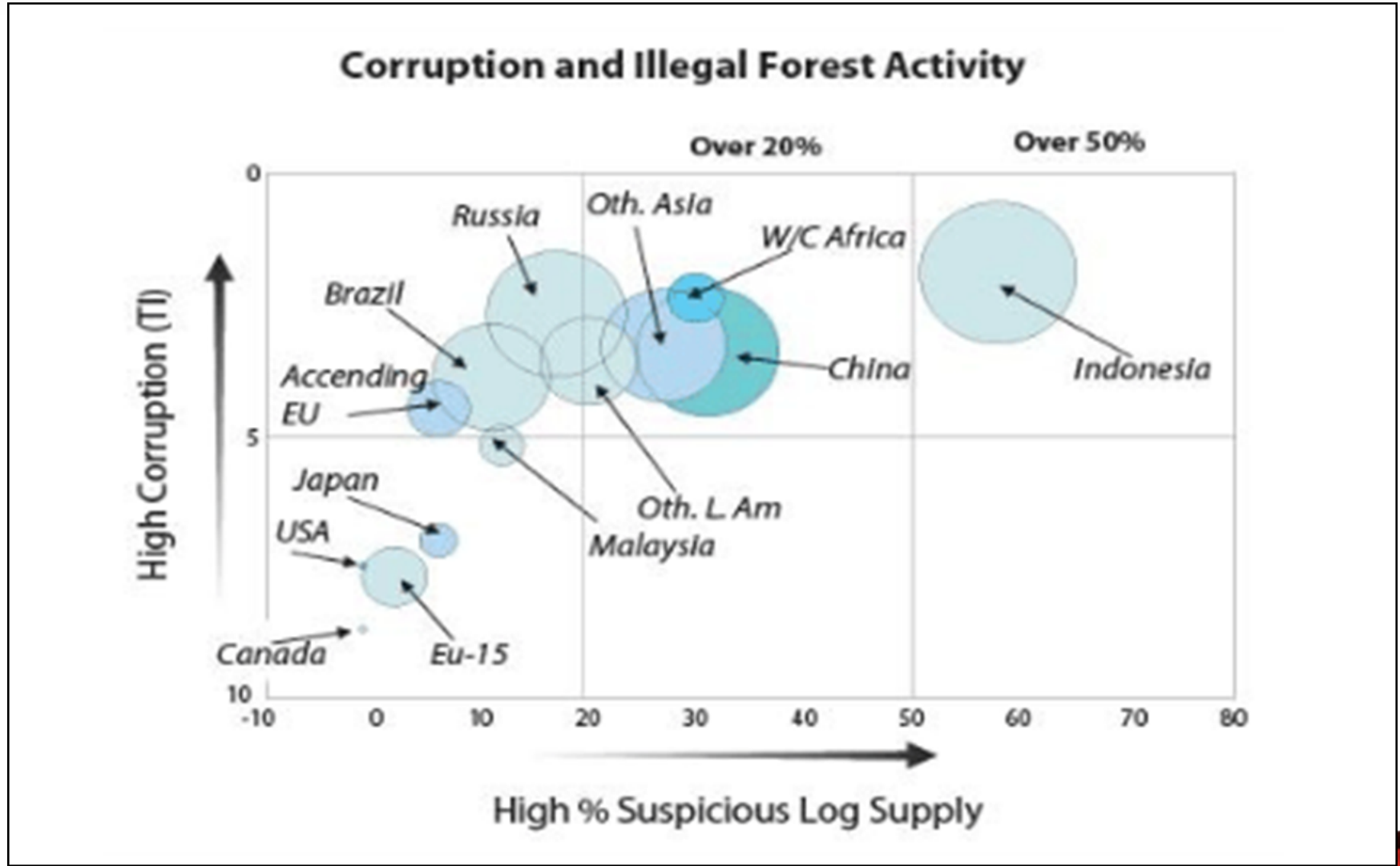


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Certification is good



Catalyst's Certification Experience

- FSC chain of custody and controlled wood
- PEFC chain of custody – Canada and EU
- SFI chain of custody - US
- 15 year participant in Great Bear Rainforest and co-holder of one of the few FSC certificates in BC

- Certification has moved in the past 5 years from a differentiator to a gate score
- Virtually all of our customers now “just want to tick the box”
- Only those with preference ask for FSC

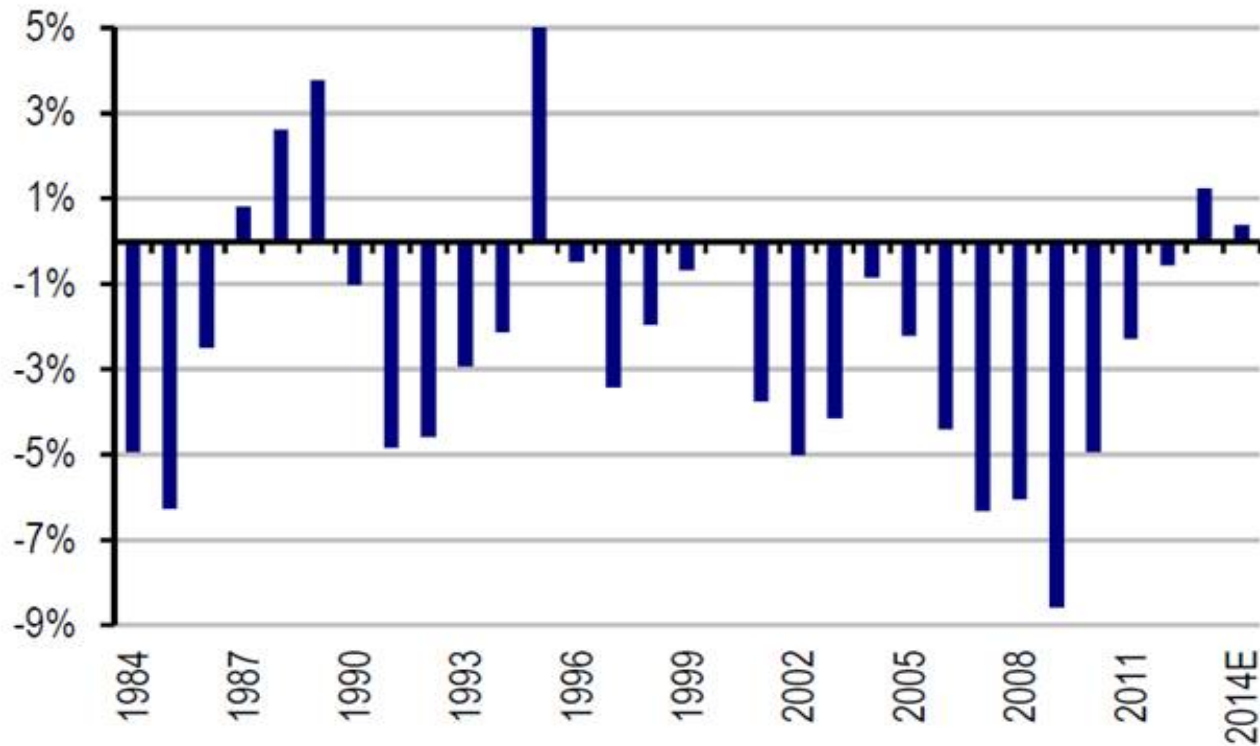


The mark of
responsible forestry



The business of paper

UBS US Paper & Forest Universe, Return on Capital-Cost of Capital



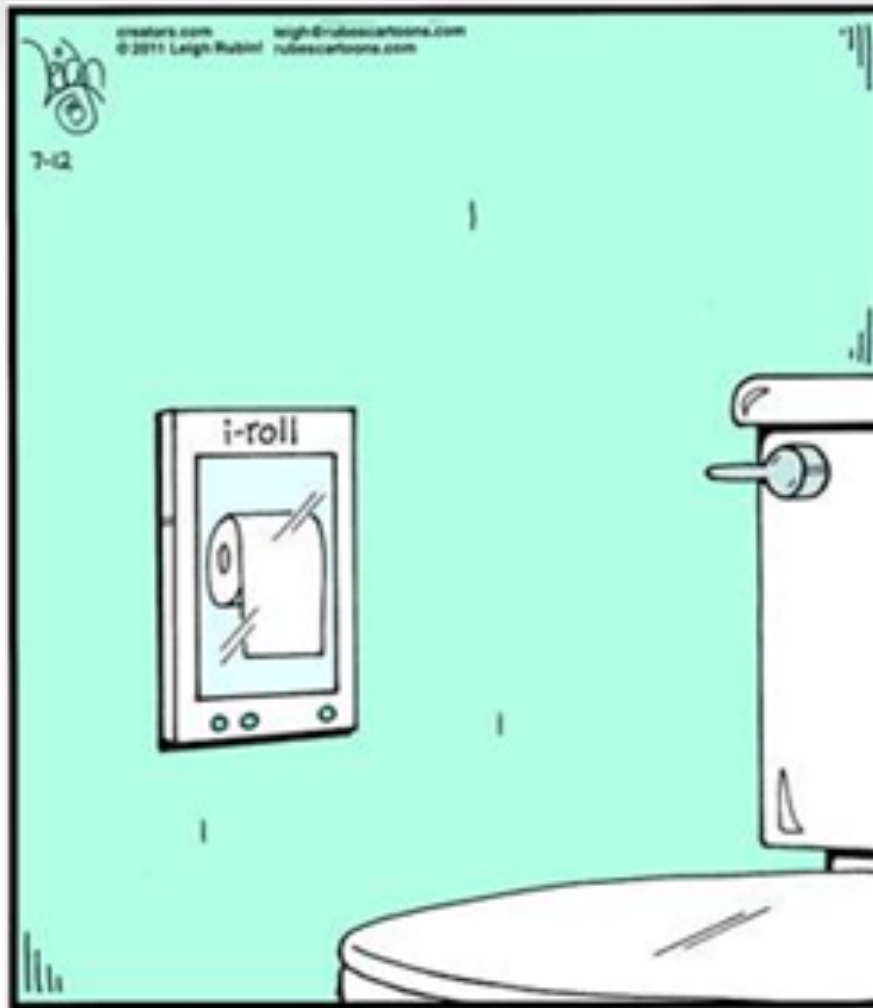
Source: Company reports and UBS estimates

The business of paper

- Commodity product – pricing set internationally
- 99% of purchase decision is price / attributes
- 1% of purchase decision is on other factors like fiber pedigree and environmental
- Producers can't pass on incremental local costs relating to certification
- Virtually no producers recoup the costs of their certification and chain of custody programs
- The market won't pay for certification yet demands it.
- Such a model is not sustainable long term

Improving certification & COC

- Goal - increase certification everywhere
- Stop the certification war and attacks
 - The prime business of certification should be to protect forests and people; not to build brands
- Make it affordable
 - Simplify and streamline standards (small landholders)
 - Reduce licensing & member fees – positive return
- Make it flexible
 - Create compatibility across standards
 - Create flexibility based on performance & need
 - auditing frequency and metrics based on local risk
- Make it happen in Asia, Africa, and South America where its really needed



**Why digital technology will never
entirely replace paper**

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