

Appendix C: Towards a Greener Forest Products Industry

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Time, Inc.

Time Warner Company Overview

6 Divisions

- America Online
- Networks
 - HBO
 - CNN
 - TBS
 - And More
- Time Warner Cable
- Filmed Entertainment
 - Warner Brothers
 - New Line Cinema
- Music
- Publishing
 - Time Inc.

Time, Inc.

- World's largest magazine publisher
 - 24% of all US magazine advertising revenue
 - 55 domestic titles including four weeklies – TIME, People, Sports Illustrated, Entertainment Weekly
- Largest publisher in UK, IPC
 - 21% market share
 - 80 titles and 18 weeklies
- Book Publisher: Warner Books & Little Brown

Paper Purchasing

- Purchase over 600k tons of paper supporting nearly 200 end users
 - Primary grade light-weight coated groundwood
- Global purchaser of paper
 - 52 mills, 25 in US
 - Will purchase 190k tons from European mills
 - >90% of domestic use manufactured in North America
 - Buyer of Maine Paper Products since the 1930's

Paper Purchasing Strategy

- Close partnering relationships with our paper suppliers based on trust
 - Long-term mutual commitments
 - Product development
 - IT development and integration
 - papiNet
 - Unique pricing agreements to reduce volatility
 - Environmental Issues

Where We Have Been

- Greenpeace Campaign: 1991-1997

- Environmental Defense Fund Paper Task Force “Purchasing and Using Environmentally Preferable Paper:” December 1995
 - Improvements in forestry practices
 - Chlorine Gas Eliminated
 - Product Reformulation
 - Source Reduction
 - Recycled Fiber
- Environmental performance incorporated into purchasing model
- As a major buyer of paper we DO have a responsibility to incorporate environmentalism and promote continuous improvement within our purchasing strategy

Challenges and Opportunities

- Forestry
 - Sustainable harvests
 - 3rd Party Certification
 - Endangered and Old Growth Forests
- Global Climate Change
 - Evidence is growing
 - Alaska +7° last 30 years
- Business and Government React
 - B.P. (Beyond Petroleum) % Shell focus on renewables and go public with new vision
 - Car makers increasing hybrid manufacturing
 - California, Maine, and other States support Greenhouse Gas reductions
- Resource Utilization
 - Number of unsold newsstand copies
 - Limited recycling of magazines delivered to the home
 - Use of recycled content
 - Use of non-renewable resources
 - Energy use/contribution to greenhouse gases
 - Direct mail
 - Design for recyclability
- Global Responsibility
 - Sustainable development
 - Social Justice
 - Fear of Globalization

Current Initiatives

- Six Major Initiatives
 1. Database of suppliers’ environmental performance and formalized environmental report card
 2. Magazine recycling initiative
 3. Global climate change initiative
 4. CSF – Certified Sustainable Forests
 5. WBCSD – World Business Council for Sustainable Development
 6. PWG – Paper Working Group

1. Environmental Performance Information

- Over 50 mills supplying Time Inc. paper
- Enables us to measure Environmental Performance
- Forestry:
 - Third Party Certification of Sustainable Forestry
 - Company Owned Lands
 - Pulp Suppliers Lands
 - Non-Industrial Lands
 - Types of Certification

- Sustainable Forestry Initiative (SFI)
- Canadian Standards Association (CSA)
- Forestry Stewardship Council (FSC)
- Pan-European Forestry Certification (PEFC)

- Findings:

- *Industry lands largely certified; non-industrial lands in U.S. and Canada remain a major challenge*

- Energy:

- Types and amount of energy used on site

- Types and amount of energy used from outside providers (purchased power)

- Findings

- *Heavy Fossil Fuel use in U.S. and Scotland*

- *Use of bio-mass – enhances profile of kraft pulp mills*

- Pulping & Bleaching:

- Types and amount of pulp, integrated and purchased

- Bleaching sequences

- Findings

- *Enhanced bleaching sequences are approximately 60% of total kraft pulp used.*

- *Goal is to increase use of pulp from mills with enhanced bleaching sequences*

Magazine Recycling Initiative with International Paper

- Determine recycling rates for magazines through newsstand and subscription
 - Unsold newsstand recovery rate: 95%
 - Copies from home recovery rate: 17%
- Develop model recycling program with Time Inc., International Paper and National Recycling Coalition
 - Select Boston and one other community to re-energize and expand current OMG (old magazine and catalog paper) recycling
 - Serve as model for other municipalities
- Promote recycling in magazines with public service ads

Global Climate Change Study

- Stora Enso, Canfor, Home Depot, Time Inc., World Resource Institute (advisor) and Heinze Center for Science, Economics, and Environment (advisor)
- Measure carbon footprint of entire harvesting, pulping, paper manufacturing, and magazine production and distribution process
- Areas of focus:
 - Energy source at manufacturing facilities
 - Transportation
 - Tree Harvesting
- Next Steps:
 - Publish Report
 - Communicate appropriate public response
 - Improve carbon footprint of magazine production

Certified Sustainable Forests (CSF)

- Setting the Scene
 - Users of paper products have reacted to market campaigns by ENGO's
 - Wood users have developed stringent procurement policies in reaction to attacks
 - Commitments made to ENGO's often not fully understood
 - One certification scheme chosen as preferable
 - Inability to meet promises leads to further market campaigns
 - Forest Products industry put in a reactive stance
 - Public is unaware of improved forestry practices

- Tension with customers
 - End-uses have not and will not defend forestry industry practices
- CSF: Strategic Imperatives
 - Sustainable Forestry
 - Third party certification with any credible scheme
 - Competition among standards is helpful
 - Avoid certification wards
 - A commitment to progress by all parties
 - Bold, not incremental solutions
 - Creative approach to NIPL third party certification on a large scale
 - A clear message to the public that is understandable and clearly indicates that substantial, measurable progress is taking place
 - Be pro-active, avoid reactive, defensive decision-making
- Goal
 - Fiber used in products purchased by TI Paperco will be from sustainable managed lands certified by a third party using a credible recognized performance standard according to the percentages and timetable attached.
 - Includes fiber from kraft pulp suppliers
 - Post-Consumer recycled content counts toward goal
 - This goal applies to all non-industrial lands of 10,000 acres or more
 - For NIPL of 100-10,000 acres various approaches to certification: to the land, group certification scheme or master logger (up to 500 acres) with management plan
 - For NIPL of less than 100 acres options include master logger certification with harvest plan, or other options noted above

Paper Working Group

- Effort organized by Nike to promote availability of environmentally preferable paper
- Other companies include:

| | | |
|-----------------|-----------|-----------------------|
| Hewlett-Packard | Kinko's | Norm Thompson Catalog |
| Starbucks | Time Inc. | Staples |
- Group likely to expand further with companies from other industries
- Group agreed on a set of principles to promote common goals and send a strong signal to the marketplace
- Vision of Environmental Preferred Paper includes:
 - More efficient use and conservation of raw materials
 - Minimization of waste
 - Conservation of natural systems
 - Clean production
 - Community and Human Well-being
 - Economic viability of environmentally preferable paper
 - Credible Verification

World Business Council on Sustainable Development

- Global organization of 160 leading companies
- Goal is to promote economic development in the context of social responsibility and sound environmental practices
- Time Warner member of WBCSD
- Focus on forestry and global climate change issues
- Companies in leadership roles are maturing from the environmental to sustainable development
 - Corporate Environmental Councils
 - VP of Sustainable Development
 - Major commitment of resources

Towards a Greener Forest Products Industry

- Key Requirements
 - Save Dollars
 - Boston Recycling Program
 - Develop new creative certification schemes
 - Master Logger
 - Group Certification
- Enhance Environmental Performance
 - Sustainable Forestry
 - Advanced Bleaching Sequences
 - Clean Energy
 - Sustainable Development
 - Economic & environmental win/wins do exist
 - Market forces encourage Environmental Preferable Paper
 - Leaders are rewarded
 - *Example: Maine Forestry Certification Initiative*

Maine

- Maine Forest Product Industry in 1990's:
 - Limited capital investment
 - Machine closures
 - Aging non-competitive assets/global competition
 - 31% of all jobs (high paying) lost
- Millinocket (Great Northern) announces closure
- Old Town (G.P.) announces closure
- The answer: sustainable development
 - Strong Environment = Strong Economics
- With leadership from numerous parties:
 - International Paper
 - SWOAM
 - Trust to Conserve Northeast Forestlands
 - Master Logger Certification Program
 - State SFI Implementation Committee
 - State of Maine
 - Governor Baldacci

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| July 2, 2003 – Maine Forestry Certification Initiative is announced: 6.5 million to 10 million acres of certified forests by 2007 |
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- Time Inc. strategy is to reward leaders
- In 2002 purchases from our Maine suppliers
 - IP - Bucksport/Androscoggin
 - Mead Westvaco - Rumford
 - Eastern Paper - Lincoln
- Total 90,000 tons purchased 2002
 - 12% of all purchases
- In 2003, Time Inc. purchased
 - 100,000 tons in Maine
 - 16% of all purchases
- A 33% increase on market share