

COMMITMENT TO SUSTAINABILITY
KRUGER PRODUCTS LIMITED
A LETTER TO THE INDUSTRY



Kruger Products is dedicated to being the leading provider of quality tissue products that embrace a commitment to sustainability for future generations. That's our vision. And through our industry-leading brands such as **Cashmere**[®], Canada's best-selling bathroom tissue, **Purex**[®], **SpongeTowels**[®], **Scotties**[®] and **White Swan**[®], as well as our Away From Home industrial and commercial products, we are particularly proud of our key role in the development of sustainable business practices in our trade.

As the premiere tissue manufacturer in Canada, Kruger Products has long been a steward in preserving the environment. From launching our first reforestation program in 1948 to implementing some of the paper industry's first recycling programs, Kruger Products has been at the forefront of managing and protecting Canada's precious natural resources. In the 1970s we introduced such innovations as wastewater treatment at our mills and the use of recycled fibre in our tissue products, which have helped protect the environment while still allowing us to deliver the highest level of product quality consumers are seeking.

And while Kruger Products is not new to responsible environmental practices, we continue to accelerate our efforts:

- We've added **Scotties**[®] **EnviroCare**[™] facial tissue to Canada's first line of premium quality 100% recycled paper products. The full **EnviroCare**[™] lineup also includes **Cashmere** and **Purex** bath tissue and **SpongeTowels** paper towels.
- Our leadership team is actively engaged in sustainability initiatives throughout our organization and we've recently created a new role on our team, hiring a dedicated resource to develop and implement our strategic sustainability initiatives.
- At our four manufacturing facilities located across Canada, we're exploring alternative energy sources including installation of our new biomass gasification system detailed on the following page.

Kruger Products continues to lead the way toward responsible practices in our industry. We remain committed to applying our resources, and the significant skills of our employees toward helping Canada, and the world, move forward in a sustainable way.



MARIO GOSSELIN
CHIEF OPERATING OFFICER



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OUR KEY INITIATIVES

ENVIROCARE[™]

- In response to consumer demand for quality, eco-friendly paper products, Kruger Products launched the **EnviroCare**[™] line of paper products with its **SpongeTowels**[®], **Cashmere**[®], **Purex**[®] and, most recently, **Scotties**[®] brands. **EnviroCare** is the first line of premium paper products made from 100% recycled fibre. All **EnviroCare** products are available in a larger roll format that uses less packaging per sheet versus smaller rolls and all components—paper, core and packaging—are recyclable.

ECOLOGO[™]

- In 2008 Kruger Products secured certification under Environment Canada's **EcoLogo**[™] Environmental Choice program. **EcoLogo** is North America's most widely recognized and respected acknowledgement of environmental leadership. The **EcoLogo** symbol on select Kruger Products' certified SKUs provides assurance that these items are manufactured according to the program's demanding environmental requirements. Kruger Products believes the value of the **EcoLogo** program is that it addresses all potential environmental issues that arise during the lifecycle of a product. The **EcoLogo** seal is featured on the **EnviroCare** and **White Swan**[®] products.



GREEN THINKING—ENVIRONMENTAL PROTECTION & SUSTAINABLE ENERGY

- **Green Processing Technology**—Implementation of a new biomass gasification system at its New Westminister, B.C., paper mill will convert locally sourced wood residue into clean burning "syngas" that will be fired directly into a boiler in place of natural gas, equivalent to heating 3,500 Canadian homes per year. Kruger Products will reduce its Greenhouse Gas (GHG) emissions by 22,000 tonnes of CO₂ annually—equivalent to planting three million trees each year or removing nearly 5,500 cars from Canadian roads. This first-in-Canada pulp and paper implementation is scheduled to begin later in 2009.
- **Focus on Packaging**—Kruger Products is focused on reducing its impact on the environment through reducing its packaging and increasing its use of 100% recycled and 100% recyclable materials. **Scotties** Facial Tissues, for example, are shipped in 100% recycled/recyclable cases and packaged in 100% recycled/recyclable containers. This year the poly of the box opening as well as the shrink wrap on multi-pack products will also be made of 100% recycled/recyclable materials.
- **Recycling Leadership**—As one of the leading recyclers in North America, Kruger Inc. recycles more than 700,000 tonnes of paper and paperboard annually. This is the equivalent of 137,000 garbage trucks diverted from landfills. Since 1989 the Kruger Products has produced more than 158 million cases of recycled finished paper products.
- **Wind Power Project**—In response to growing demand for clean, alternative sources of energy, Kruger Energy is developing a wind power farm that will use 88 high-tech wind turbines to transmit electricity back to the power grid, enough to power 30,000 households annually.
- **Farming Trees**—Since 1985 Kruger's forests have been managed under regulated, sustainable harvest plans. Its groundwood, for instance, is produced exclusively from fast growing cottonwood trees that are farmed on a sustainable basis. Kruger plants a minimum of one tree for every tree it harvests. The high yield of the groundwood process means fewer trees are harvested to supply Canadian paper requirements. And the natural brightness of the cottonwood means chlorine bleaching is avoided. In 2008, Kruger announced its intention to seek certification from Forest Stewardship Council and is preparing for an accredited audit of all regions where Kruger is present.
- **Continuous Improvements Realized**—Since 1990, Kruger has reduced its GHG emissions by 64% and its mill effluent flow of water by 42%. Suspended solids in water have been reduced by 83% while Biological Oxygen Demand has been improved by 94%. Kruger continues to focus on improving its key sustainability metrics while improving its impact on the environment.