DELIBERING RESULTS
2016 AF&PA Annual Report
118 members
88% capacity represented
900K people
$200B in products
AF&PA is committed to ensuring the long-term best representation of our industry, our members and our association.

In 2016, our board completed a comprehensive strategic review — the first in a decade — to ensure that the association is positioned to meet the future needs of our evolving industry.

We advanced our members’ sustainability and competitiveness by presenting a unified and informed voice on public and marketplace policy issues. Our research and data helped to inform company business decision-making and our policy advocacy. And we welcomed new members as well as grew and diversified our outreach.

We invite you to review this year's issue of Delivering Results for an overview of AF&PA's noteworthy 2016 achievements.

Donna Harman
AF&PA President & CEO

About AF&PA

The American Forest & Paper Association (AF&PA) is the national trade association of the pulp, paper, packaging, tissue and wood products manufacturing industry. Our members’ products are essential to daily life — facilitating communications, education, food preservation and storage, hygiene, product protection, and shelter and homes.

- We represent 118 companies and associations.
- Our membership encompasses nearly 88 percent of industry capacity.
- Our industry employs approximately 900,000 workers, manufactures over $200 billion in products annually and is among the top 10 manufacturing sector employers in 45 states.
- Our volunteer leadership and members are actively involved in all aspects of the association, maximizing their membership benefits.
MISSION: Public policy and marketplace advocacy

VISION 1: Engaging members and stakeholders

VISION 2: Research, industry data collection, analysis and reports

VISION 3: Speak on behalf of AF&PA members with unified voice

VISION 4: Staff excellence
Election 2016 and Regulatory Reform

We set out to raise the profile of the effects of regulatory overreach on our industry in the 2016 elections. Working separately and through other coalitions, we succeeded in laying the ground work for significant regulatory changes in 2017 in both Congress and the executive branch. We cultivated support for reform during candidate mill visits; performed direct outreach to candidates and the Presidential Transition team; and contributed to academic literature. We also hosted a meeting focused on regulatory reform with the Trump campaign.

- 15 regulations were identified as industry-specific priorities for reform or repeal and communicated to congressional leadership and the new administration’s transition team members.

- AF&PA suggestions for overarching administrative procedures reforms were identified and communicated to policymakers through think tanks and academic thought leaders.

Biomass Carbon Neutrality

Our industry had some unfinished business on biomass policy in 2016. Although favorable carbon neutrality language was included in House and Senate appropriations legislation and in the Senate energy bill, none of the legislation made it all the way across the finish line. On the regulatory front, we recommended the Environmental Protection Agency (EPA) exclude qualifying biomass from Clean Air Act permitting obligations, on which a final determination is pending. We are positioned for continued legislative and regulatory advocacy to clarify policy on our industry’s use of biomass in 2017.

In Maryland, we defeated anti-biomass Renewable Portfolio Standard bills for the third year in a row, preserving recognition of our renewable energy and $20 million or more in renewable energy credits.

AF&PA’s mission is to advance a sustainable U.S. pulp, paper, packaging, tissue and wood products manufacturing industry through fact-based public policy and marketplace advocacy.
Greenhouse Gas Regulations

Implementation of the Clean Power Plan was stayed by the United States Supreme Court at our request through a joint industry litigation coalition. This slowed state activity and provided a reprieve on further regulation while EPA’s authority to issue the regulation is being challenged in the courts. AF&PA also filed a separate lawsuit challenging EPA’s failure to recognize biomass carbon neutrality in the rule.

Other Environmental Regulations

The industry saved $75 million annually for fuel and disposal costs as a result of our advocacy on EPA’s Non-Hazardous Secondary Materials rule, which listed additional boiler fuels.

For the Pulp Risk and Technology Review proposal, we highlighted the potential for expensive equipment upgrades resulting in EPA’s decision to not require as much as $3.7 billion in new capital costs for older recovery furnaces. We also persuaded EPA that mercury risks are low at Kraft mills, avoiding another $50-100 million in potential controls. Forest product mills also were excluded from EPA’s air pollution transport rules.

Through a coalition, we were an active party in EPA’s settlement negotiations with environmental groups challenging EPA’s favorable Multi-Sector Stormwater Permit. The permit remains intact and our industry’s objectives were achieved.

After a disappointing Boiler Maximum Achievable Control Technology court decision, we developed a strategy to minimize its impacts on mill operations and worked with EPA to persuade the court to give EPA greater flexibility in addressing outstanding issues in a cost-effective manner.
Defending Our Products

During tax season, we proactively pushed for access to paper-based Internal Revenue Service (IRS) forms. The House passed a resolution urging the IRS to continue paper options for taxpayers and AF&PA was quoted in The Hill and POLITICO.

We secured language in House and Senate appropriations bills to prevent the Food and Drug Administration from eliminating paper-based printed prescription inserts.

Bloomberg and The Wall Street Journal reported on AF&PA advocacy asking the Securities and Exchange Commission to withdraw Proposed Rule 30e-3, which aims to eliminate the requirement for mutual fund companies to provide print information to their investors.

We represented our industry at the White House Council on Environmental Quality, preventing a potential increase in the EPA recycled-content mandate for printing paper that would negatively impact many product sectors. We reinforced our industry advocacy position by demonstrating that government policies mandating the utilization of recovered fiber in certain products will have the opposite of the intended effects by disrupting the flow of recovered fiber and creating negative economic and environmental consequences.

A Connecticut Extended Producer Responsibility (EPR) bill was favorably amended to require a study rather than a new program, and we stalled EPR efforts in Rhode Island.

Bag bans and fees continue to pop up around the country. In 2016, our efforts helped to defeat bag bills in Maryland, Rhode Island, New York State and Massachusetts, where we activated our grassroots network to submit over 140 letters to state legislators opposing a fee on paper bags.
International Trade and Competiveness

We worked with the U.S. Department of Commerce to facilitate **Chinese customs clearance** of U.S. kraft linerboard exports. We obtained from U.S. government trade agencies and provided member companies with up-to-date information on how to comply with China's **Zika infestation-related rules** for customs clearance of pulp and paper exports from the U.S.

AF&PA hosted a U.S. Trade Representative/Commerce Department webinar about the benefits of the **Trans-Pacific Partnership** to the forest products industry. Nearly 80 participants from member companies and allied industry associations joined us.

We coordinated the preparation of legal briefs and advocacy that resulted in a positive response from the U.S. Trade Representative's General Counsel regarding viability of a legal challenge at the World Trade Organization (WTO) against Turkey's **antidumping duties** on U.S. kraft linerboard.

AF&PA will continue to advocate for a WTO case with the new administration.

Through written comments to the European Commission, we advocated against market-distorting **biomass subsidies**. Our comments contributed to the Commission's proposed post-2020 renewable energy rules prohibiting subsidies for biomass use in energy plants not using combined heat and power.
Events

The \textit{Paper2016} event in New York City, co-hosted with the National Paper Trade Association, provided a platform for industry executives to meet with their customers. Our theme, Generation Paper, referred to the widespread benefits of paper and paper-based products and the ways to guarantee our industry’s future competitiveness, growth and innovation.

At \textbf{Presidents Forum}, our annual executive leadership event, in Cary, North Carolina, participants gained insights into how our industry can best navigate the new political landscape and worked together to set AF&PA’s 2017 agenda.

We engaged \textbf{members, strategic alliances and other stakeholders} to promote solutions that will advance the industry’s sustainability and competitiveness.

New Members

We welcomed \textbf{new company members} Procter & Gamble, Rolland Enterprises Inc. and Twin Rivers Paper Company. The Arkansas Forest & Paper Council and the Technical Association of the Pulp & Paper Industry (TAPPI) joined AF&PA as association members. Finally, Metsä Board Americas and Weissenrieder & Co AB are new associate members.

Donna Harman and senior staff highlight accomplishments at the AF&PA annual meeting, held at Presidents Forum.
80% of member companies engaged with AF&PA through meetings and conference calls to accomplish our mission. These included policy development and direct advocacy with federal, state and municipal policymakers.

**United Steelworkers** union joined AF&PA advocacy on the benefits of recognizing biomass energy in our facilities as carbon neutral.

291 elected officials and candidates visited member mills to discuss the need for regulatory reforms and other policies affecting the industry.

**500+** offices on Capitol Hill heard the industry’s message. Strategic allies, including the Pulp & Paperworkers’ Resource Council, helped with the outreach efforts.

**ENGOs** (environmental non-governmental organizations) joined in promoting the industry's sustainability accomplishments.
Grassroots Efforts

In the lead-up to the 2016 elections, the AF&PA PAC supported 76 candidates, hosted 15 industry-specific PAC events, and promoted 13 legislator spotlights on the AF&PA Grow the Vote website. We provided toolkits to members for use during facility visits over major congressional recesses and connected with 15 candidates for open seats in the House of Representatives.

We activated our grassroots network on six federal and state issues and sent four action alerts on the importance of voting. AF&PA created a Get Out the Vote toolkit for member companies to use with employees and stakeholders, and compiled legislator scorecards on priority legislation. With the National Association of Manufacturers, we released a co-branded video aimed at manufacturing voters. Over 800 letters were sent to legislators and we had almost 585,000 visitors to the Grow the Vote website.
We collected industry data and developed research, analysis and reports to support business and policy decision making.

**Papers, Reports, Analyses**

To support our advocacy efforts, AF&PA developed a variety of white papers and research reports:

- We provided our analysis and position on the startup, shutdown, and malfunction issue to over a dozen state environmental agencies.
- Two AF&PA-supported journal articles on particulate matter health effects research were presented to EPA, and we selected three university teams for further particulate matter health effects “causation” research.
- Through our leadership and work with allied coalitions, we persuaded EPA to improve several of its air permitting models, policies, and implementation tools to reduce regulatory barriers to mill improvement projects.
- We analyzed paper mill accident data to argue against further regulation of our facilities under EPA’s proposed Risk Management Plan rule.
- Our policy paper on the fish consumption issue was published in Bloomberg BNA’s Daily Environment Report.
- We authored a policy paper on executive branch regulatory reform to require cost-benefit analysis.
- We produced a white paper titled Alternative Fiber Use in Papermaking.
We announced a record **paper recovery rate** of 66.8 percent for 2015.

AF&PA distributed reports to members containing the data elements of the board-approved plan to promote increased recovery toward achieving the *Better Practices, Better Planet 2020* paper recovery goal:

- Projected U.S. & Global Recovered Fiber Demand by year (2015-2020)
- Annual Recovered Fiber Utilization Rate (2006-2015)
- Annual Capacity & Fiber Consumption Survey (2015-2016)
- Estimated composition of the U.S. recovered fiber stream
- Estimate of available fiber not being collected

AF&PA began publishing **monthly data sets** with five years of history, which allow members to easily incorporate AF&PA data into their own projects and presentations. As a result, the number of reports published in 2016 exceeds 500.

Members from 38 companies downloaded 61 unique reports, resulting in nearly 7,000 report downloads, and we responded to over 200 requests for data tailored to specific needs.

To further enhance the efficiency of AF&PA statistics, our work involved creating archives of historical data and implementing a new data entry system.
AF&PA’s 2016 Sustainability Report showed our members surpassed the Better Practices, Better Planet 2020 greenhouse gas reduction and workplace safety goals ahead of schedule.

Besides the physical report, we developed a microsite, a video of highlights and a toolkit of materials available to all AF&PA members.

In the five-day period post launch, the sustainability microsite received over 30,000 sessions — 16 times the usual traffic to afandpa.org and more than three times the traffic for the 2014 Sustainability Report release.

We leveraged traditional and social media to reach new audiences. More than 142 outlets picked up our press release, reaching a potential audience of nearly 11 million.

Post performance on our social media channels surpassed previous campaign efforts, producing some of our most successful results to date with 549,739 total impressions.

Through digital ads on TheHill.com and RollCall.com, we geotargeted audiences at Capitol Hill, EPA and the U.S. Department of Agriculture, achieving over 450,000 impressions. In addition, four members of Congress delivered speeches or submitted statements for the record highlighting our report.

The full report, video of highlights and other materials are available at http://sustainability.afandpa.org.
We spoke on behalf of AF&PA members to a wide range of audiences and helped the industry project a unified and informed voice on public policy.

Partnering with American Wood Council, Forest Resources Association and National Alliance of Forest Owners (NAFO), our Biomass101 counter-adversarial communications initiative corrected the record on anti-biomass coverage by publications including The New York Times and The Washington Post. We also launched three fact-based videos: Biomass and the “Dirty” Word, The 100 Year Fallacy and Legislating Science.

We partnered with NAFO to generate positive op-eds and editorials about the industry’s use and the carbon benefits of biomass energy in our facilities to support key congressional allies in seven states and Washington, D.C.

Social Media Campaigns

In 2016, AF&PA conducted more social media campaigns than any year to date. These campaigns promoted our websites and social media channels (Twitter, Facebook and LinkedIn) and targeted key audiences. The efforts enabled us to expand our online audience and get our messages in front of legislators and policymakers.

Our Twitter following increased by 30 percent and our Facebook likes increased by 200 percent. The growth of our social media engagement with congressional offices was notable.
1,196 earned media placements

1,383 social media posts

During National Forest Products Week, we focused our resources to reach policymakers in the states. We used LinkedIn and Google ads to geotarget key congressional members and their staff and leveraged ads on Facebook and Twitter to promote our National Forest Products Week content and increase our online audience. We had over two million impressions on Twitter over the week, as well as increased participation from our strategic allies over last year. By pushing messages to leverage our content, our videos on the value of our products and industry were viewed over 65,000 times.
AF&PA staff gained new skills to better represent the industry.

Staff Excellence
All AF&PA staff participated in a variety of training sessions on methods and media to improve teamwork and communication, and enhance their personal development. They also received training focused on organizational alignment and compliance matters.

2017 AF&PA Leadership
Linda Massman *Chair*
President & Chief Executive Officer
Clearwater Paper Corporation

John Rooney *First Vice Chair*
President & Chief Executive Officer
Evergreen Packaging, Inc.

Peter Watson *Second Vice Chair*
President & Chief Executive Officer
Greif Inc.

Mark Kowlzan *Immediate Past Chair*
Chairman & Chief Executive Officer
Packaging Corporation of America

Donna Harman
President & Chief Executive Officer
American Forest & Paper Association
AF&PA Sustainability Awards

The annual AF&PA Sustainability Awards recognize AF&PA members’ exemplary sustainability programs and initiatives. The 2016 awards were presented at AF&PA’s Annual Meeting.

LEADERSHIP IN SUSTAINABILITY

Paper Recovery for Recycling
Dart Container
Dart Container Employee Recycling Center

Energy Efficiency / Greenhouse Gas Reduction
Sappi North America
Hood Heat Recovery Project at Somerset

Safety
WestRock Company
Safety First, Safety Always

Water
Procter & Gamble
Water Conservation Response

INNOVATION IN SUSTAINABILITY

Georgia-Pacific LLC
Protecting Endangered Forests and Special Areas