

## Sustainability Commitment

**On behalf of all Buckeye employees worldwide, I welcome you to our 2012 Sustainability Report, which is based on performance for calendar year 2011. Buckeye has embarked on a sustainability strategy that embraces the importance of protecting the environment and resources for future generations and leverages long-term business and shareholder value. Buckeye is implementing sustainable business practices throughout our business operations that will build on our history as a good corporate citizen, a good employer, and a good environmental steward in the communities in which we operate.**

Calendar year 2011 represented a period of preparation with much of the year devoted to executing key improvement projects that will drive future results. These improvements will ensure the achievement of our 2015 sustainability goals, established in 2009.

The company now meets almost 80% of its total energy needs through the use of renewable fuels – an achievement that places us among the highest users of renewable fuels in the pulp and paper industry.

Buckeye is a certified practitioner in the practice of sustainable forest management, which contributes to the renewability of the forest resource and the continued balance of the carbon cycle. For example, the vast forests dedicated to supplying our major facility in Florida sequester carbon dioxide (CO<sub>2</sub>), keeping significant quantities out of the atmosphere.

Sustainability initiatives at our individual facilities are making a significant difference, for instance:

- We began implementing a company-wide, employee-led, safety process that has already delivered significant positive impacts with a 29% improvement in Total Incidence Rate (TIR) last year.
- Our Lumberton facility completed more than 4 years of safe operations without a recordable incident.
- Our Foley plant near Perry, Florida deployed a new 25 MW steam condensing turbine generator resulting in a 43% reduction of purchased electricity last year.
- Our Foley plant also completed one biomass boiler modernization and began modernizing a second on to = improve heat recovery, increase steam generation, and significantly reduce air emissions. Energy from renewable biomass (wood waste, bark and other wood-derived fuels) currently supplies 85% of the site's total energy requirements.
- Our forestry and wood procurement organization at Foley completed a rigorous year-long process of developing documents, manuals and procedures to guide fiber procurement and track fiber chain of custody. These processes assure our customers that our products are derived only from legally harvested and sustainably managed fiber.
- Our Gaston plant completed the roll out of AIRSPUN® FLUSHABLE, an innovative airlaid nonwoven substrate for use in moist toilet tissue or baby wipe applications. This product provides customers with the most environmentally sound disposal method and the assurance that no harm will be done to their septic or waste treatment facilities.
- Our Steinfurt plant now produces products under the FSC (Forest Stewardship Council) and PEFC (Programme for Endorsement of Forest Certification) Chain of Custody Certification.
- Our Steinfurt plant has systems in place to apply for certification of their energy management system per the ISO 50001 standards.
- Since 2007, we have reduced our reported air emissions by 11% and reduced total wastes by 30%.

Our sustainability efforts have earned national recognition. In fact, in 2011, we were named among the top 10% in the second annual Southeastern Corporate Sustainability Rankings. These rankings were compiled by CRD Analytics utilizing their proprietary SmartView™ 360 Platform, a proven methodology that also powers several global sustainability indexes, rankings and investment portfolios such as the NASDAQ OMX CRD Global Sustainability Index (QCRD) and the Global 1000 Sustainable Performance Leaders. Read more about our sustainability goals and our progress on page 5 of this report.

Again, thank you for your time and your interest in Buckeye's progress towards its sustainability goals. Please do not hesitate to contact us if you have any questions or need further information.



John B. Crowe, Chairman and CEO  
Buckeye Technologies Inc.

## Sustainability Objectives

Buckeye's vision is to be the leading supplier of renewable fiber solutions to our customers in the markets we serve worldwide. Our mission is to create value for our stakeholders by providing unique fiber solutions that make everyday life better. To succeed, we know sustainability must be at the core of our economic, environmental and social objectives. Our goal is to achieve this by:

- Ensuring all Buckeye employees are fully aware of our sustainability commitments, recognizing their critical role in achieving success, and actively engaging them in the process.
- Increasing our energy efficiency, leveraging our use of carbon-neutral biomass to supply our internal energy needs, and selling "green" energy to the public grid, wherever possible.
- Continuing to develop and implement manufacturing process changes and other improvements that reduce water consumption, ensure the efficient use of chemicals, and minimize our emissions and discharges to the environment.
- Managing our regulatory obligations through the use of a progressive environmental, health and safety management system which establishes compliance as a starting point, not the end game.
- Ensuring we are a highly valued asset in the communities in which we operate.
- Incorporating environmental and social implications in our decision-making processes.

## Sustainability Goals

In the spring of 2009, we officially announced the following Sustainability Goals for the corporation:

By the year 2015, we intend to:

- Reduce our fossil fuel usage by 10%
- Reduce our use of purchased electricity by 25%
- Reduce our greenhouse gas emissions from fossil fuels and purchased electricity by 15%
- Reduce water usage by 5%

All of these reductions are calculated on the base year of 2007, which represents the baseline for our inaugural sustainability report. Performance against all energy-related goals is measured on a unit or "per metric ton" basis. The fossil fuel and purchased electricity targets are particularly challenging because nearly 80% of our total energy already is generated by carbon neutral biomass. Even so, we are confident in our ability to meet these goals.

John Crowe, Chairman and CEO, in announcing the sustainability goals for the company said, "We are establishing measurable, longer term performance goals to further support our commitment to continual improvement of the conservation of natural resources and reducing our environmental footprint. Buckeye's employees understand that sustainability is at the core of everything we do, and we see this significant commitment as a natural next step for us."

We are proud of the societal value provided by the products we produce and the way we produce them. Our products, based largely on renewable resources, demonstrate our dedication to stewardship and the sustainability of our business. On our way to achieving the Sustainability Goals, we expect to make a positive difference in the communities in which we work, both environmentally and economically. We exemplify responsible stewardship through the natural resources which we rely on, ensuring they are available to future generations as they are to us today.

(In the graphical representations included in this report, these 2015 Goals are shown, along with our progress towards them.)

## Overview of Buckeye Technologies

Buckeye is a global manufacturer and marketer of renewable specialty fibers and nonwoven materials, headquartered in Memphis, Tennessee. We sell our products worldwide to the makers of consumer and industrial goods. We are the only company in the world offering cellulose-based specialty products made from both wood and cotton and utilizing wetlaid and airlaid technologies.

Our operations are subject to extensive general and industry-specific environmental laws and regulations worldwide. We expect these requirements will become increasingly stringent with time and will continue to demand significant resources.

We are aware that the communities in which we work depend upon us not only for good jobs and fair wages, but also to behave in a way that will improve the quality of life, ensuring success for future generations.

We have built an outstanding reputation, and we understand the critical importance of continuously earning the trust of employees, customers, shareholders and the communities we serve. Even though the challenges on the horizon seem great, we have committed to a sustainability strategy that embraces the change necessary to protect the environment, ensure resources for future generations, and enhance long-term business and shareholder value.

## Introduction

Buckeye is a global manufacturer and marketer of renewable specialty fibers and nonwoven materials, headquartered in Memphis, Tennessee. We sell our products worldwide to the makers of consumer and

industrial goods. We are the only company in the world offering cellulose-based specialty products made from both wood and cotton and utilizing wetlaid and airlaid technologies.

Our operations are subject to extensive general and industry-specific environmental laws and regulations worldwide. We expect these requirements will become increasingly stringent with time and will continue to demand significant resources.

We are aware that the communities in which we work depend upon us not only for good jobs and fair wages, but also to behave in a way that will improve the quality of life, ensuring success for future generations.

We have built an outstanding reputation, and we understand the critical importance of continuously earning the trust of employees, customers, shareholders and the communities we serve. Even though the challenges on the horizon seem great, we have committed to a sustainability strategy that embraces the change necessary to protect the environment, ensure resources for future generations, and enhance long-term business and shareholder value.

## Products and Facilities

The building block of Buckeye's products is one of the most abundant materials on earth – cellulose fiber. We obtain our cellulose from wood and cotton, both naturally renewable resources.

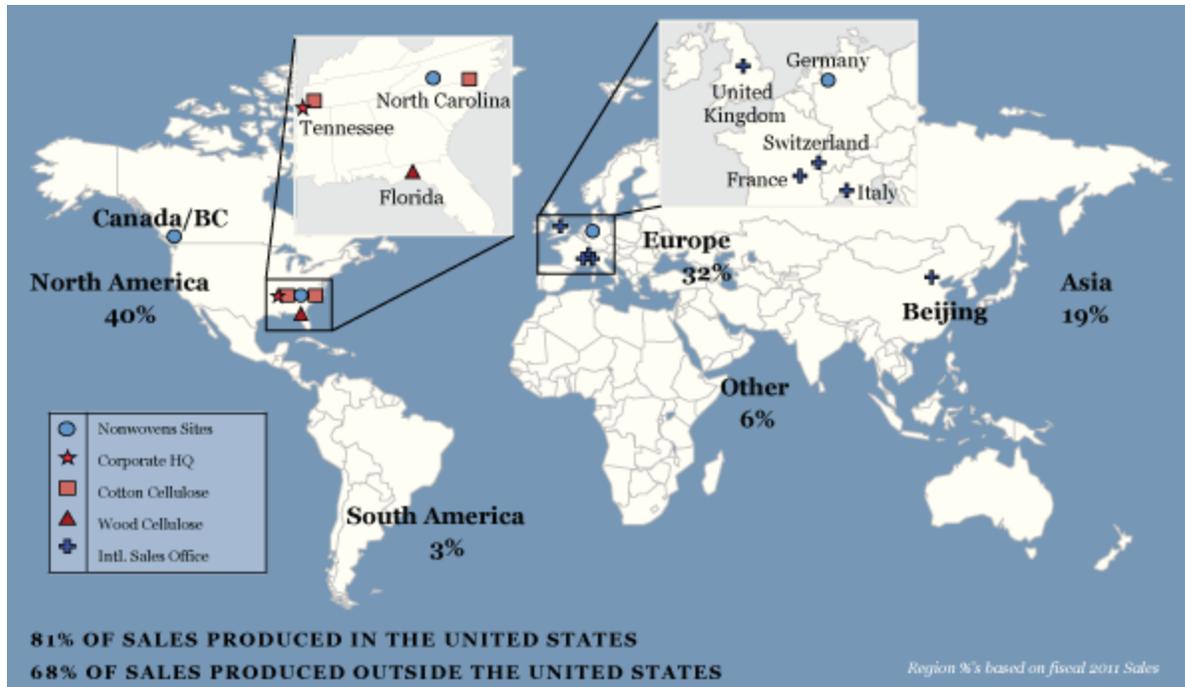
We develop and engineer our cellulose-based specialty products to optimize performance in highly specialized ways. This involves creating new products, enhancing existing ones and discovering new end-use applications to satisfy ever expanding demands for products that perform at their best.

Some of these popular consumer and commercial product innovations include:

- Thin films produced with our specialty cellulose add clarity and uniformity to liquid-crystal displays used in televisions and computers.
- Customized fibers optimize durability and permeability in automotive, laboratory and industrial filters.
- Specialty cellulose that formulates thicker and more luxuriant textured household products, such as dishwashing liquid, shampoo and toothpaste.
- Specialty cellulose-based thickeners that add extra creaminess and smoothness to low-fat dairy products.
- Nonwoven materials that improve the strength and absorbency of wipes, disposable diapers and feminine hygiene products.
- Customized fibers that reduce concrete cracking.

## Locations

Buckeye operates seven manufacturing facilities and one converting plant. We manufacture products in the United States, Canada, Germany and Brazil. We sell these products worldwide (sales percentages shown below).



## Environmental Footprint

Buckeye recognizes the global environmental challenges we face. Of greatest significance to us are energy independence and its potential relationship to climate change, the availability of water resources, and the overall health of our ecosystems. The following is a status of our progress toward addressing these challenges. Where appropriate, we compare our progress in each impact area against our 2015 goals.

### Energy Use

Climate change, and society's response to it, is one of the most significant global environmental concerns we face today. In addition, energy independence is becoming a security priority globally. Buckeye is addressing both of these areas by increasing the use of renewable energy sources, which do not contribute to the build-up of greenhouse gases in the atmosphere, while focusing on reducing our overall energy consumption.

As greenhouse gases relate directly to climate change concerns, they are an important air emission parameter targeted by regulatory control agencies. In fact, in 2011, the U.S. Environmental Protection Agency (EPA) began requiring the annual reporting of greenhouse gas emissions. The EPA will begin to limit emissions of greenhouse gases as facilities install new emission sources or modify existing sources.

### Fossil Fuels

The American pulp and paper industry has a track record of generating most of its energy from renewable biomass. In fact, the industry sourced only 34% of its direct energy needs from fossil fuels according to a 2008 survey of American Forest and Paper Association (AF&PA) members.

Buckeye, in contrast, secures only 19% of our energy needs from fossil fuels.

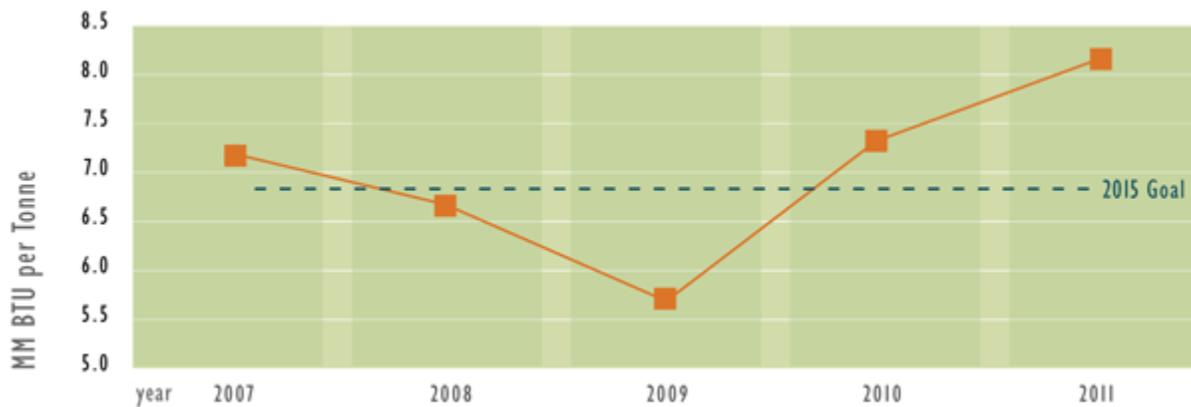
Energy conservation continued to be a major focus for Buckeye in 2011.

The Energy Independence Project (announced in 2007) included extensive modernization of two of our Florida site's three recovery boilers. We completed our first boiler upgrade in 2010 followed by a second in early 2012.

The primary objective with this initiative was to generate more steam from biomass fuel. Phase 1, completed in 2010, exceeded our expectations, generating in excess of 74,000 #/hour of steam; this is 26% higher than the projected gain of 58,500 #/hour.

However, the contribution of this project to our fossil fuel reduction was partially offset by downtime of the recovery boilers to allow for the modifications. With reduced natural gas prices in 2011, we made the decision to burn natural gas to produce steam to operate our turbine generators to avoid purchasing premium priced electricity during peak power periods. The net result is our fossil fuel usage increased in 2011.

With extensive modernizations to two biomass boilers, our commitment to increasing our reliance on renewable fuels remains firmly in place. We are confident we will reach or exceed our long-term fossil fuel goal in accordance with the original time line.



## Electricity

Buckeye continued its commitment to increase renewable electricity production with the startup of its fifth turbine generator at our site in Perry, Florida, in January 2011. This 25 MW biomass-based unit is the centerpiece of our Energy Independence Project and has resulted in \$6.7 million USD in annualized savings.

With the additional power generated from the Energy Independence Project, electricity usage is down more than 20% from last year and we are confident we will achieve our 2015 goal for electricity usage.

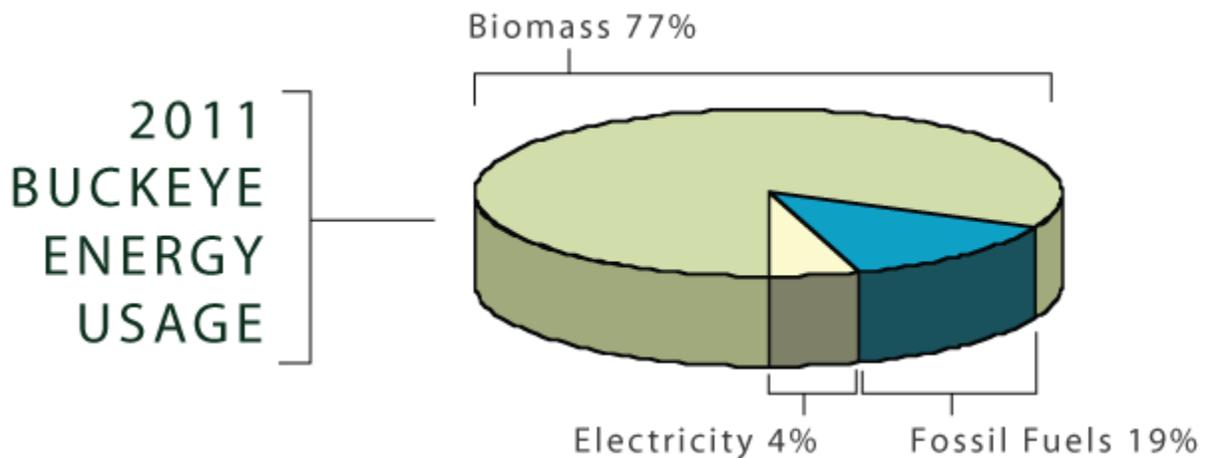


## Biomass Based Fuels

Biomass is a renewable fuel and is considered carbon neutral (greenhouse gas neutral) because it is terrestrial carbon. Unlike the trapped carbon in fossil fuels, terrestrial carbon is in continuous exchange with living sources, such as forests.

In 2011, greenhouse gas neutral biomass provided 77% of Buckeye's total energy needs. This represents a leadership position in the American pulp and paper industry, which supplies, on average, 66% of its energy needs from carbon neutral biomass (AF&PA 2008 survey of member companies).

You can learn more about the forest biomass and the carbon cycle by viewing a series of videos/slide presentations produced by NCASI (National Council of Air and Stream Improvement). View them on our corporate website at [www.bkitech.com/sustainability](http://www.bkitech.com/sustainability) or click the following links:



- [NCASI Biomass Part 1](#)
- [NCASI Biomass Part 2](#)
- [NCASI Biomass Part 3](#)

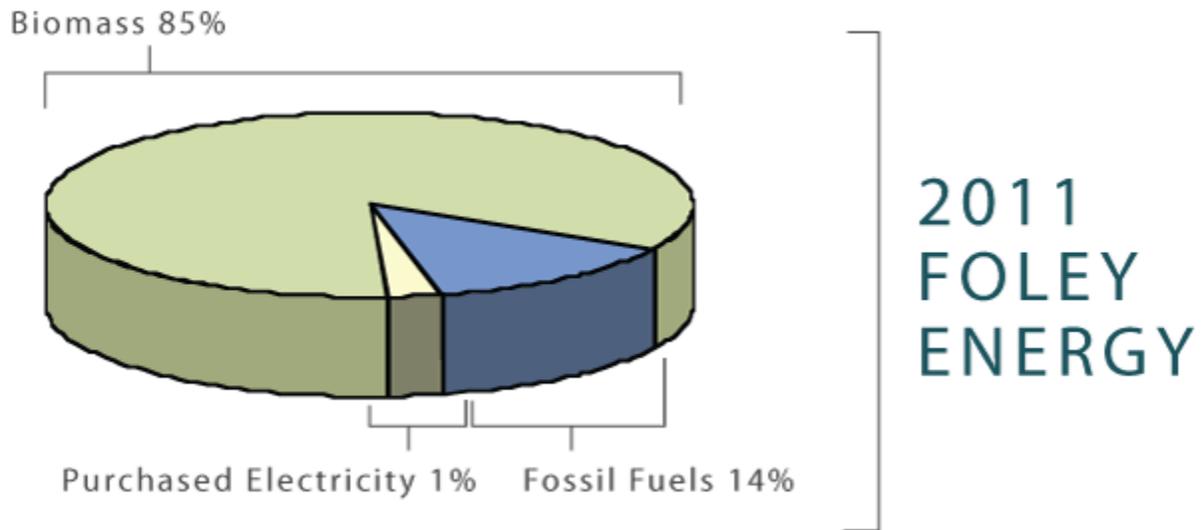
## Spotlight on Perry, Florida – Energy Self Sufficiency

Our largest and most energy intensive facility is the Foley plant located near Perry, Florida. It primarily uses renewable biomass (wood waste, bark and other wood-derived fuels) to satisfy energy needs. In 2011, these renewable fuels supplied 85% of the energy requirements for the entire site.

Our goal at this facility is to minimize and eventually eliminate the need for any energy derived from fossil fuels by establishing an entirely biomass-based, carbon neutral energy program. This program will supply our internal energy needs, reduce greenhouse gas emissions, and provide the potential to sell “green” energy to the public.

As the first step, we are implementing the Energy Independence Project at Foley. This \$49 million investment includes the conversion of two of our biofuels boilers to improve their energy efficiency and the addition of a condensing turbine generator with the capacity for 12MW of additional electricity generation at the site. This project will ultimately increase the site’s production of renewable energy from biomass to 95%, saving the equivalent of 200,000 barrels of oil per year. These improvements will reduce the site’s greenhouse gas emissions by 87,500 MT of CO<sub>2</sub>e.

Construction began in 2009, thanks in part to a State of Florida incentive and also support from the Taylor County Development Authority (TCDA). Initial start-up of the project proceeded on schedule during 2010, with full project completion scheduled for early 2012.



## Spotlight on Perry, Florida – Developing Biomass for the future

Buckeye's partnership with the University of Florida to test *Eucalyptus amplifolia* for its freeze tolerance and growth rate in north Florida entered its third year of field trials during 2011. The purpose of the research is to

gain more experience in producing fast-growing biomass crops potentially suitable for green energy to replace petroleum usage.

At this 87-acre research site, believed to be the largest planting of this species in North America, researchers will evaluate the large-scale impacts of various silvicultural practices.

**Our *Eucalyptus amplifolia* (pictured right) has grown to 15 feet in the two years since its planting.**



Eucalyptus amplifolia at 2 years



Eastern Cottonwood at 2 1/2 years

Additionally, Buckeye expanded its field trials of Eastern Cottonwood, a fast growing poplar that is found naturally in many parts of the United States. We planted 12,000 additional cuttings on eight and one-half acres. The small cuttings are expected to grow to a height of three feet within the first year and eventually produce biomass at the rate of 10 to 15 green tons per acre per year.

## Spotlight on Perry, Florida - DOE Energy Efficiency & Renewable Energy

In June of 2010, the Foley site joined the Department of Energy's (DOE's) Save Energy Now LEADER program, making a voluntary commitment to reduce purchased energy by 25% over the next ten years.

In 2011, the DOE transitioned all previous LEADER Companies into the Better Buildings – Better Plants Program. The new Better Plants Program builds on the success of LEADER while offering new opportunities for companies at the leading edge of industrial energy efficiency.



Presentation of Save Energy  
Now LEADER Pledge Bob Cate  
(Foley Technology Manager),  
John Crowe (Chairman and CEO)

Upon pledging to reduce our energy consumption by 25% or more over the next ten years, Buckeye joins an elite group of 110 companies that are raising the bar for all manufacturing facilities by establishing and achieving ambitious energy efficiency goals. These companies include Dow Chemical Company, PepsiCo, 3M and General Motors. As part of the program, Buckeye partners with DOE experts in various fields to audit our processes, identify reduction opportunities, and implement them. The Foley site has hosted two of these audits, one for compressed air and the other for steam.

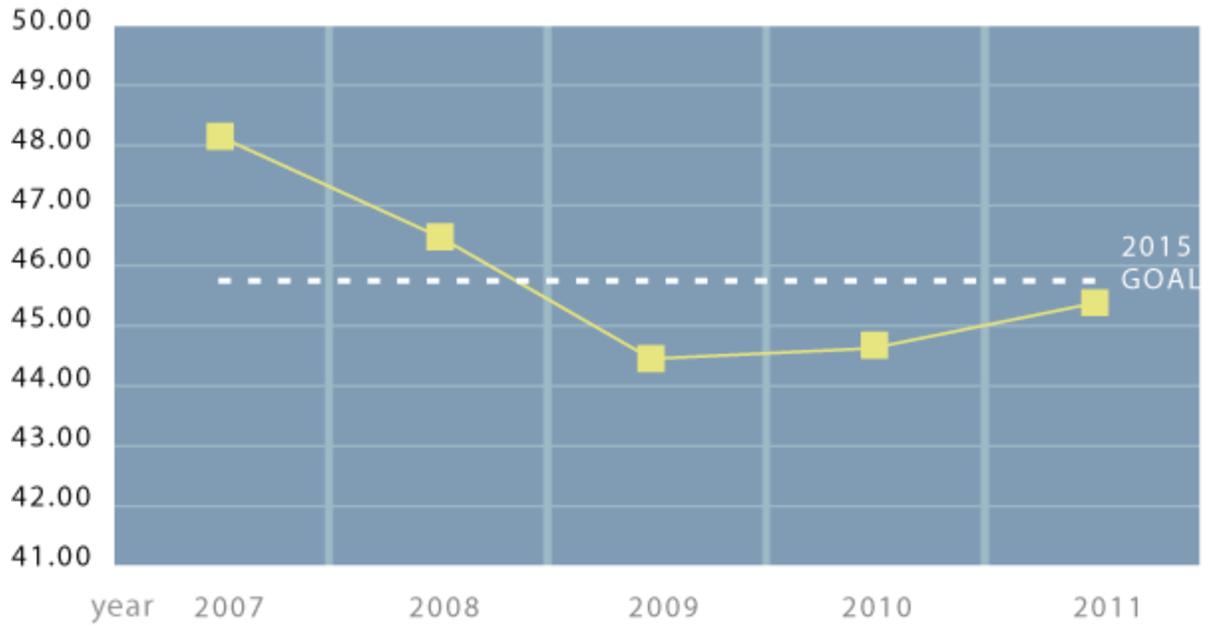
We have established an Energy Team whose members are responsible for ensuring we achieve our energy goals. We have also been recognized by the DOE for our efforts. For more information please visit us at [www.bkitech.com/sustainability](http://www.bkitech.com/sustainability) or click on the link below.

[Click here to read more in the DOE's brochure](#)

## Water Use

Increasing demand for water, coupled with a reduced availability of water, has heightened the importance of this historically inexpensive natural resource. Purified cellulose products require significant volumes of water in their manufacture. Our ability to continue to do business depends on the availability of, and our access to, this natural resource. With that in mind, efficient water usage has been our focus for a long time. We have been an industry leader in developing innovative solutions to minimize water usage.

In fact, Buckeye has achieved a significant reduction in total water used daily during the past five years, and we are proud of this positive overall trend.



Water minimization, reuse and manufacturing process improvements will remain a key focus for each of the Buckeye sites.

### Spotlight on Perry, Florida – Water Usage

The City of Perry and Buckeye signed an agreement in 2010 to begin implementing a water reuse project to provide Buckeye with treated municipal water (known as gray water) to cool the new condensing turbine and other equipment – a first for the city and Buckeye.

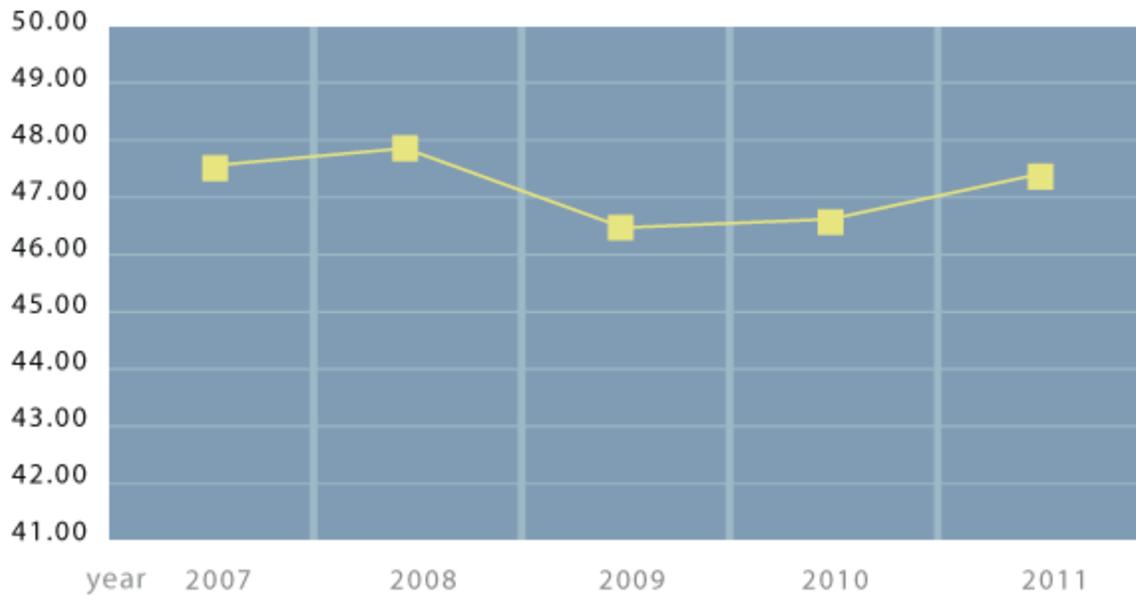


When completed in 2012, the project will provide one million gallons of gray water per day for cooling purposes, reducing Buckeye's groundwater withdrawals by that same amount. The city expects to reduce electricity costs for water pumping by \$50,000 per year and to eliminate the long-term need to purchase additional spray field acreage, saving another \$4 million.

## Discharges, Emissions and Wastes

### **Water Discharge**

Buckeye recognizes the importance of improving and maintaining water quality in the streams receiving our treated effluent. We are addressing both aspects of water discharge – discharge quantity and discharge quality.



## Discharge Quantity

Through a variety of initiatives, including manufacturing process improvements, Buckeye has achieved moderate reductions in the quantity of effluent discharged from our facilities since 2007. However, several innovative projects have been in the planning and funding stages and will begin delivering step change reductions in effluent quantity from our Foley site in 2013.

## Discharge Quality

All Buckeye facilities, with the exception of the Foley and Americana Brazil plants, discharge to publicly owned wastewater treatment facilities. We have discharge permits with these public treatment facilities that define the levels of various water quality constituents allowed in our discharges. Buckeye complies with all permit requirements, and we continuously look for opportunities to further improve the quality of our discharges.

The Foley and Americana sites utilize extensive on-site effluent treatment systems to reduce wastewater constituent levels before we discharge to respective receiving waters. Buckeye has diligently addressed surface water quality issues that existed at both of these facilities prior to our acquisition.

When Buckeye acquired the Foley plant from Procter & Gamble in 1993, we pledged our commitment to eliminate the industrial use classification (State of Florida Class V designation) that had been assigned to the facility's receiving water body – the Fenholloway River – since 1947. Buckeye helped the State of Florida accomplish this milestone in 1997, when the Fenholloway River was re-designated as a Class III or fishable and swimmable stream.

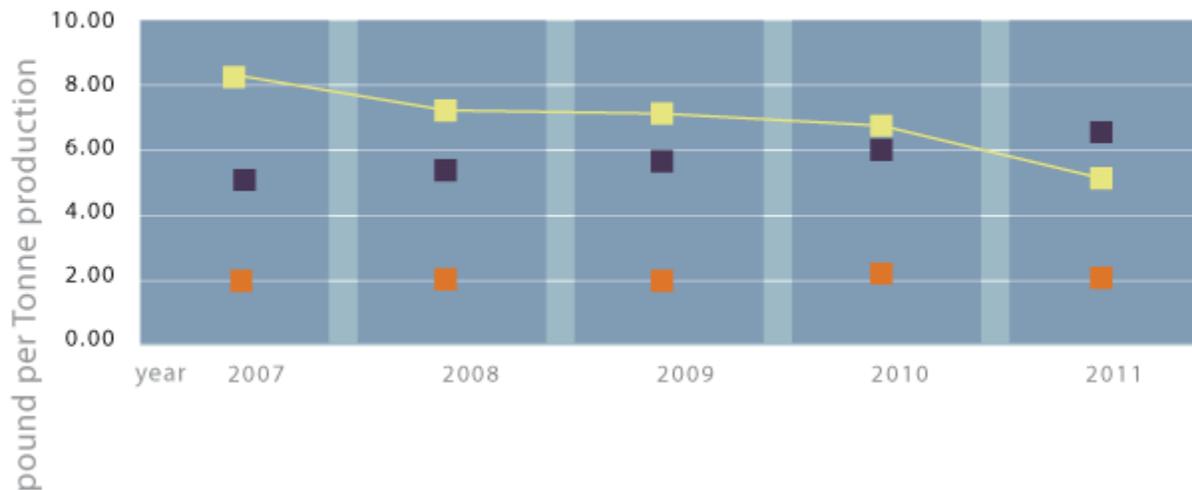
With successful reclassification, Buckeye is committed to attaining the new standards that apply to Class III streams. Buckeye has made significant progress towards that goal. The remaining improvements will be completed as part of the next treated effluent discharge permit issued by the Florida Department of Environmental Protection.

The Fenholloway River Project represents one of the most ambitious and important environmental restoration projects in Florida and will ultimately involve Buckeye's commitment of more than \$156 million. To learn more about the Fenholloway River Project visit our website at [www.bkitech.com/sustainability](http://www.bkitech.com/sustainability) or click on the link below.

[Click here to watch the Fenholloway River Project video.](#)

## Air Emissions

Buckeye's policy establishes compliance with applicable air emissions laws and regulations as a starting point, not the end game. Since 2007, Buckeye has reduced our air emissions by 11% across its global footprint. Although ambient air quality has improved, Buckeye continues to identify opportunities to reduce air emissions.



As previously discussed, in 2009, our Foley plant initiated a \$49 million Energy Independence Project to eliminate any energy derived from fossil fuels and reduce greenhouse gas emissions. The first phase was completed in January 2011 with the startup of the condensing turbine generator adding 12MW of biomass-based electricity generation capacity to the site. Final phases of the project include the conversion of direct contact evaporators to non-direct contact units on the #2 recovery boiler which was completed in 2010 and conversion of the #3 boiler that will be completed in early 2012. This project has contributed to the reduction of air emission constituents included in this report.

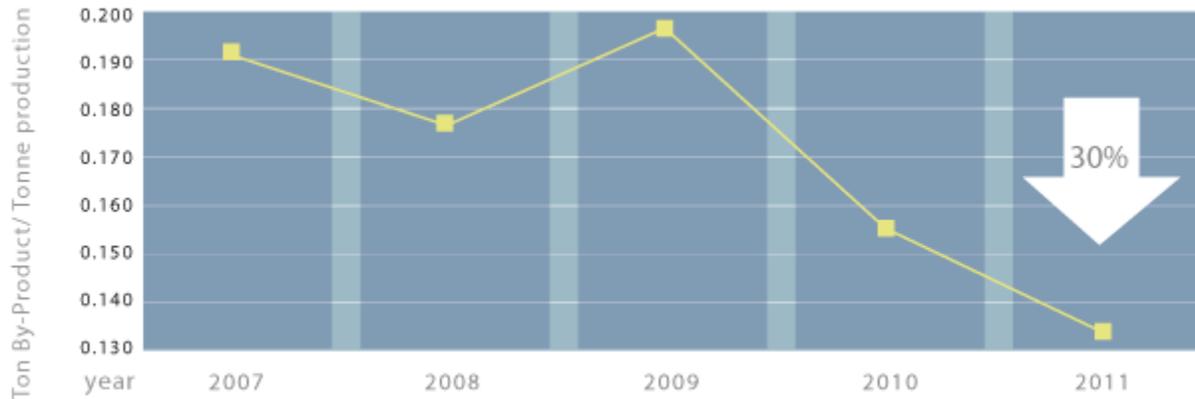
Moreover, this project is expected to significantly reduce the emissions of other constituents:

- 44% reduction in Total Reduced Sulfurs (TRS)
- 47% reduction in Hazardous Air Pollutants (HAPS)
- 37% reduction in Volatile Organic Compounds (VOCs)
- 13% reduction in Methanol

## Wastes

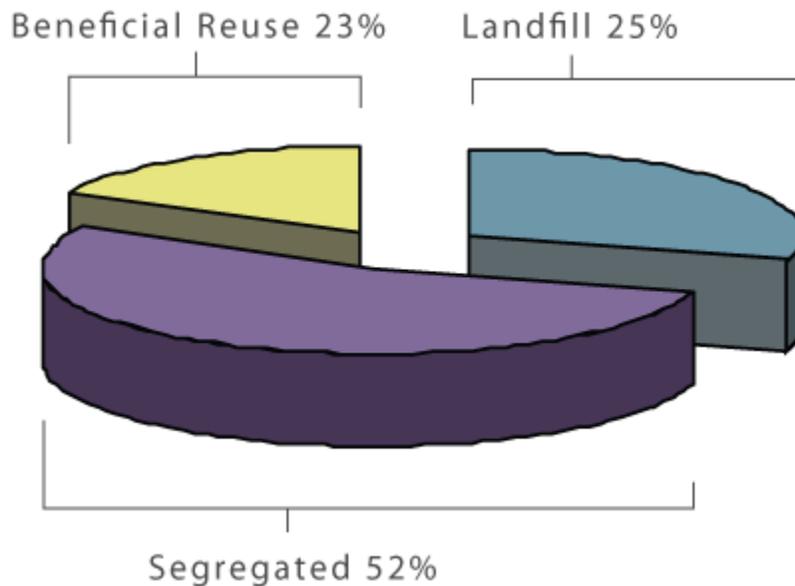
The manufacture of Buckeye's products generates several waste by-products. These include industrial by-products, municipal solid wastes, and hazardous wastes. All of these materials can be reused, recycled or safely disposed of in properly permitted disposal facilities.

Buckeye's objective is to minimize and, where possible, eliminate the generation of waste by-products. Between 2007 and 2011 Buckeye reduced total waste by-products by 30% on a per tonne basis.



## 2011 Waste Distribution

In addition to waste reduction efforts, we segregate waste streams which have the potential for beneficial reuse or recycling. In 2011, we beneficially reused or recycled 23% of waste and segregated and retained 52% on-site for future beneficial reuse opportunities. During that year, we disposed of only 25% of our total waste by-product stream in landfills.

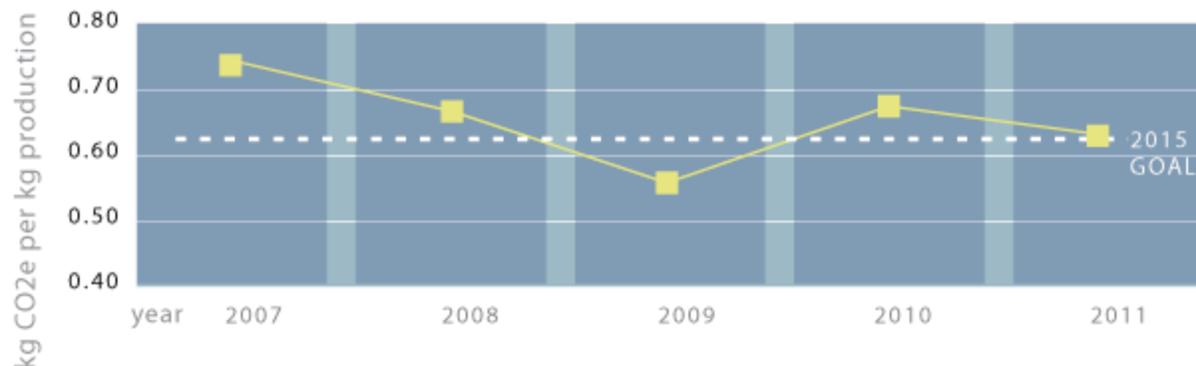


Greenhouse Gas Emissions

On a worldwide basis, total greenhouse gas (GHG) emissions have risen substantially over the last 20 years. This trend is projected to continue as the world's economy grows and fuel consumption increases. The process of generating electricity is the single largest source of GHG emissions in the United States.

Buckeye has committed to significantly reducing its contribution to the GHG emissions problem. That commitment includes implementing the \$49 million Energy Independence Project at Foley where most of our electricity is consumed. The project includes the modernization of one biomass boiler in 2010 followed by the startup of a 25 MW condensing steam turbine generator in January 2011. The modernization of a second biomass boiler commenced this year and will start up in early 2012.

Due to construction activities associated with modernization of the biomass boilers, GHG emissions increased in 2010 and then decreased in 2011 as the modernization work neared completion. We remain confident the Energy Independence Project, when fully implemented, will allow us to achieve our GHG reduction goal within the original timeline.



## Corporate-wide Endeavors/Recognitions

### **Southeastern Corporate Sustainability Rankings**

The second annual Southeastern Corporate Sustainability Rankings were announced in May of 2011 by GreenBusiness Works and its partners. The rankings included 339 companies that are:

- Publicly traded on a global exchange
- Have a minimum market capitalization of \$100 million USD
- Headquartered in the Southeast (AL, FL, GA, NC, SC or TN)

These companies were rated according to publically available environmental, social and governance (ESG) factors and policies. Buckeye was named among the top 10%, the upper decile. These rankings were compiled by CRD Analytics, the leading provider of independent sustainability investment analytics.

John Crowe, Chairman and CEO, expressed appreciation for this recognition: "In April of 2009, we published our inaugural Sustainability Report, emphasizing sustainable business practices throughout our operations worldwide and detailing our focus on reducing fossil fuels, water, solid waste, and air emissions. Our fourth report will be issued this fall, and we are proud of the measurable progress we have so rapidly made. It is rewarding to receive the acknowledgement of our efforts by the top decile placement in these rankings."



## AF&PA "Better Practices, Better Planet"

Buckeye is a long-standing member of the American Forest and Paper Association (AF&PA), the national trade association of the forest products industry. The AF&PA works to promote a strong and sustainable U.S. forest products industry in the global marketplace. Buckeye participated in AF&PA's establishment of the most extensive set of quantifiable sustainability goals for a major U.S. manufacturing industry. These were accompanied by a commitment to transparently report progress towards achieving those goals.

This new initiative called "Better Practices, Better Planet 2020: Continuing AF&PA's Commitment to Sustainability" is the next phase in the forest products industry's efforts to build on its legacy as a leader in sustainability.

Better Practices, Better Planet 2020 establishes specific and challenging goals for increasing recovery of paper for recycling, increasing energy efficiency, reducing GHG emissions and promoting sustainable forestry practices, while continuing to strive for the safest workplaces possible.

Buckeye is committed to holding ourselves accountable for achieving these goals by transparently reporting on our progress through AF&PA's biennial Sustainability Report.

Setting these sustainability goals focuses Buckeye and the industry on sustainability efforts that create value in society and for our companies; preserve and grow the economic contributions of the industry and its businesses; and foster the well-being of our employees and the communities where we live and work.

[AF&PA Sustainability Program](#)

[Visit AF&PA Website](#)

[Additional Sustainability Information](#)



Stewardship Initiatives

At Buckeye, stewardship is a part of our culture. From the way we manage our operations and the products we offer our customers, to the activities we support in the communities in which we operate, we realize we play an important role in society. Here are some examples of our most significant stewardship initiatives.

We are committed to ensuring our customers can depend on Buckeye products for superior performance, quality and safety. It is the policy of Buckeye that its products shall be safe for humans and the environment when used as intended. In this pursuit, we have developed and implemented a Product Safety policy which applies to all sites and is focused on four principles including assessment, design, execution and labeling. For details regarding the Product Safety principles, please visit [www.bkitech.com/sustainability](http://www.bkitech.com/sustainability) or click this [LINK](#) to Product Safety Principles



Sue Sykes, Buckeye Memphis Research Assistant

Buckeye's Global Product Safety and Regulatory Affairs (PS&RA) department maintains current knowledge to ensure product compliance with pertinent regulatory systems in the United States [Food & Drug Administration (FDA), Toxic Substances Control Act (TSCA), Occupational Safety & Health Administration (OSHA), Environmental Protection Agency (EPA)], Canada [Domestic Substances List (DSL), Health Canada] and Europe [Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), European Chemicals Agency (ECHA), Classification, Labeling and Packaging (CLP)].

The global PS&RA group constantly monitors global regulation developments that could affect Buckeye's products or their distribution. The group routinely reviews our product portfolio to determine the potential impact of any emerging issues. This involves regular interactions between our PS&RA group and each of the sites.

Among the most important Product Safety issues recently:

## **REACH**

This European Community regulation of chemicals and their safe use (EC 1907/2006) deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances. The aim of REACH is to ensure the protection of human health and the environment from exposure to chemicals while enhancing the competitiveness and innovative capability of the European Union (EU) chemicals industry.

The REACH Regulation places greater responsibility on industry to manage the risks from chemicals and to provide the public with safety information on regulated substances. Manufacturers and importers are required to gather information on the properties of their chemical substances and to register the information in a central database run by the European Chemicals Agency (ECHA) in Helsinki.

Buckeye is committed to complying with our obligations with respect to REACH, and to date, we have met all requirements pertaining to our products. Furthermore, we are committed to only using suppliers who are in full compliance with this regulation.



Colbi Locklear  
Buckeye Lumberton  
Quality Analyst

## **PHARMACOPOEIA**

Our Lumberton plant provides hygienic and cosmetic purified cotton to customers and in doing so must meet the US, European and Japanese Pharmacopoeia's standards for these products. These Pharmacopoeias are scientific organizations which set standards of identity, quality, purity and strength for medicines, dietary supplements and food ingredients. Recognized and used in many countries, these standards help manufacturers ensure the production of consistent quality ingredients and finished products. The Pharmacopoeias collaborate with industry, regulators and other experts to create written standards. Lumberton routinely evaluates their products against these standards to ensure compliance with all characteristics.

## **Environmental Stewardship**

### **Environmental Management System**

A foundation of our sustainability strategy involves the wise and efficient use of natural resources and the continual improvement of our environmental performance. These important aspects of our business are incorporated into each and every individual's responsibilities. As a result, everyone plays a crucial role in the success of our environmental results and our sustainability commitments.

Buckeye's commitment to our employees and the public's health and safety and our environmental stewardship is absolute and is reflected in our environmental policy. To support this commitment and policy, Buckeye established a comprehensive set of expectations, standards, and systems, which comprise the Environmental Management System (EMS). Currently being implemented at all our sites, Buckeye's EMS was developed prior to the emergence of international management system standards, such as ISO 14000. However, Buckeye's Environmental Management System includes the same basic objectives embodied by these. The EMS has historically played a key role in the achievement of excellent environmental results and has enabled Buckeye to be among the best environmental performers in its industry.

For more information on Buckeye's EMS, please visit [www.bkitech.com/sustainability](http://www.bkitech.com/sustainability) or merely click the link below:

[Please click this link for more information on Buckeye's EMS.](#)

## Environmental Certification

Our Steinfurt site was re-certified for 2011 as an ECOPROFIT® Company confirming the plant's continued commitment to being a highly valued member within their community. Certification in this program demonstrates the site's adherence to integrated environmental technologies that strengthen the business economically while simultaneously improving the local environment.

Certification as an ECOPROFIT® Company requires the following aspects in sustainable and eco-efficient management to be in place:

- Strategic Environmental Management
- Resource Management
- Waste Management
- Energy Management
- Water and Waste Water Management
- Mobility Management
- Legislative and Financial Environment



## Seagrass Research

Buckeye has been involved in seagrass research and restoration since 1992. The Big Bend area of Florida contains the largest seagrass beds in the eastern Gulf of Mexico. These seagrass beds are considered the leading indicator of water quality and aquatic health for the area.

As part of the 1994 Fenholloway River Use Attainability Analysis, Buckeye sponsored scientific research that developed a water color target for Apalachee Bay at the mouth of the Fenholloway River to support the restoration of historic seagrass beds.

After achieving effluent color reductions, Buckeye continued its seagrass research in 2005 with Barry Vittor & Associates (BVA). Working with the EPA to set nutrient limits for the Fenholloway River, BVA identified a chlorophyll-a level that is protective of seagrass in the Apalachee Bay. This chlorophyll-a level was subsequently used to model the allowable nutrient levels for protection of seagrass for the area.

This research also documented improvements at the mouth of the Fenholloway River as a result of Buckeye's process improvements. Seagrass abundance and diversity today is significantly improved compared to 1992.

## Product Stewardship

Product stewardship is a product-centered approach to environmental management which calls on those in the product life cycle—manufacturers, retailers, users, and disposers—to share responsibility for reducing the environmental impacts of products.

As consumer preferences evolve to include elements of product origin and 'supply chain', Buckeye has become more engaged in providing products and services which meet these expectations. Here are a few examples:

## Chain of Custody Certification

Our nonwovens plant in Steinfurt, Germany, achieved a milestone in 2011 ensuring that 100% of its products contain only wood that has been certified by either FSC (Forest Stewardship Council) or PEFC (Programme for Endorsement of Forest Certification). These certifications allow Steinfurt's products to be labeled as either FSC- or PEFC-certified or controlled wood fiber according to our Chain of Custody and Controlled Wood Certification. For customers, this means that the wood is harvested legally in a manner that does not violate traditional or civil rights. It assures that our products do not contain wood that is harvested from forests with high conservation values, from forests planted with genetically modified trees, or from forests being converted to plantations or non-forest use.



To see more information on the requirements of controlled wood fiber, please visit our [www.bkitech.com/sustainability](http://www.bkitech.com/sustainability) or merely click the link below:

[Click here to read the requirements of controlled wood fiber.](#)

## Sustainable Product Innovation

Disposable wipe products are relatively inexpensive, sanitary, quick and easy to use, imparting great consumer convenience. Disposing of these products creates a dilemma for consumers as nearly all existing products cannot be flushed away without causing problems for the receiving sanitary treatment system.

In response to this dilemma, Buckeye launched AIRSPUN® FLUSHABLE, a new airlaid nonwoven substrate for use in moist toilet tissue applications. AIRSPUN® FLUSHABLE is a proprietary product produced through a unique process (Buckeye has applied for patents) at our Mount Holly plant located in Gaston, North Carolina.

AIRSPUN® FLUSHABLE was designed to meet the performance criteria of our customers and also meet the flushability guidelines set forth by the nonwovens industries associations in North America and Europe. Buckeye showcased AIRSPUN® FLUSHABLE at the Index 11 Exhibition in April of 2011 in Geneva, Switzerland (Index is the world's leading nonwoven industry exhibition). The converted wipe (based on the AIRSPUN® FLUSHABLE substrate) is commercially available in the U.S. under a variety of private label brands. This innovative product provides strength and softness to the consumer and promotes sustainable, sanitary disposal after its use.



## Sustainable Forest Management

Buckeye made a strategic purchase of more than 8,100 acres of forestland adjacent to its Perry, Florida, plant site last year. This land is suitable for further expansion of our biomass crop production efforts and can provide a secure source for the slash pine we use for our specialty pulps. With this acquisition, Buckeye is expanding its sustainable forest certification from fiber procurement to include forest management and Chain of Custody certification.



Buckeye has been a long-time advocate and practitioner of sustainable forestry and has supported state and national organizations that sponsored the American Tree Farm System, an early industry program to promote and certify well-managed forests. In addition, we now have in place all of the documents, manuals and procedures to guide fiber procurement and track fiber chain of custody. Upon a successful audit of these

systems scheduled for early 2012, Buckeye fully expects to receive certification from three of the largest, internationally-recognized sustainable forestry organizations. The non-profit organizations are: Sustainable Forestry Initiative (SFI), Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC).

Although the emphasis and regulations of the three certification organizations are different, all share the sustainable forestry goal which means, simply stated: managing forests to meet the needs of today without compromising the ability of future generations to meet their own needs.

John Crowe, Chairman and CEO, was elected to the Sustainable Forestry Initiative's independent Board of Directors in April, 2011. His election supports Buckeye's commitment to provide unique fiber solutions that make everyday life better for consumers worldwide, and to do this in a way that protects the environment and resources for future generations.



## Regulatory Management

Our industry is highly regulated and our facilities are subject to thousands of environmental regulatory requirements. It is Buckeye's policy to fully comply with all applicable laws and regulatory requirements. Our sustained efforts in this category have earned dividends. There were no monetary penalties assessed at any Buckeye sites in the last three years.

Violations Resulting in Monetary Fines					
FACILITY	2007	2008	2009	2010	2011
Gaston	3	0	0	0	0
Memphis	0	0	0	0	0
Foley	1	1	0	0	0
TOTAL	4	1	0	0	0

## Remaining a Highly Valued Community Asset

This Sustainability Report details our comprehensive progress toward important environmental and social objectives, affirming our leadership position in an industry rooted in sustaining and renewing its natural resources.

We are proud of our record of achievement and eager to harness our creativity to reach the next level.

Our achievements encourage and inspire us to reach higher, to work harder, and to always consider the environmental and social aspects of our decisions.

By so doing, we'll continue to meet and exceed Buckeye's sustainability goals of employee awareness and engagement, energy efficiency, compliance and conservation of natural resources.

This commitment transforms us from an employer to a valued asset in the communities where we operate.

We invite you – our interested observers, customers, colleagues, regulators, critics, fellow citizens – to share your ideas, suggestions, and comments with us.

[www.bkitech.com](http://www.bkitech.com)

## Where We Work

### Safety Initiatives

In 2010, Buckeye renewed our corporate-wide commitment to safety and implemented a variety of strategic initiatives. The process started with a "Safety Day" initiative in which Kris Matula, our President and COO, traveled to each of the sites to share his expectations regarding safety.

During this "Day of Safety", Kris met with employees to hear their concerns and express his desire and support to improve safety. Kris's message was clear: "We need to strive for an injury free workplace, and we must all get engaged in safety to turn the results around."

In previous years, Buckeye's Total Incident Rate (TIR) was in the bottom quartile of the industry at 3.5 to 4.6. Our goal is to move to the top quartile of the industry which requires a TIR of about 1.0.

Extensive training and involvement of all employees is required to meet this aggressive goal. Buckeye engaged Milliken Performance Solutions™ strategic consultants to help guide our development of an employee-led safety process, changing the way we manage safety.

Milliken is a textile company that has developed an extremely successful safety process. It relies on employees taking the lead, while management assumes a more supportive, coaching role.

Implementation of this new safety process, which began at our Foley site in the fall of 2010, was extended to our Gaston and Memphis sites during 2011.

All sites will adopt this approach in the coming years.

The BSST (Buckeye Safety Stewardship Team) initiative which began in 2010 increased its effectiveness during 2011. This committee, with representatives from each site, convenes monthly to discuss site safety concerns and initiatives. BSST thoroughly investigates each reported incident and implements changes to insure similar incidents do not occur at other locations.

We are pleased that these efforts resulted in improvements to our 2011 TIR, reducing it to 2.0. This places us 21st out of 41 companies in the recent American Forest and Paper Association (AF&PA) year-end benchmarking.

Buckeye's Safety Record					
UNITS	2006	2007	2008	2009	2010
TIR*	4.7	3.2	3.7	3.5	2.5

**\*Total Incidence Rate**

We believe the employee-led safety initiatives we have implemented are working, and we expect to reach our goal of a TIR of 1.0. This will position us among the top safety performing companies in our industry.

In addition to these excellent corporate results in 2011, several of our individual sites achieved award-winning safety results in specific focus areas.

Our Lumberton, North Carolina, site continues to set the standard for safety, operating more than 4 years with no recordable incidents. The North Carolina Department of Labor presented the plant with a Certificate of Safety Achievement - Fourth Consecutive Year Gold in recognition of the outstanding safety and health efforts of Buckeye Technologies. In addition, the Pulp and Paper Safety Association presented the plant with a plaque in recognition of no OSHA recordables during 2011.



Our Gaston, North Carolina, site was awarded the PPSA (Pulp & Paper Safety Association) Best Record for Paper Mills 1 (less than 1 million hours worked annually) after completing the 2011 year with no recordable incidents.



Jeff Walker (Gaston Plant)  
Rico Rendleman (Gaston Plant)  
Graeme Rodden (PPI Magazine)  
Tom Townson (Gaston Plant)  
Eric Bolin (Gaston Plant)

## Where We Live

Buckeye is dedicated to enhancing the quality of life in the communities in which we live and work. As a conscientious and concerned corporate citizen, we recognize we have responsibilities in terms of the safety, health and the well-being of our communities.

At each of our facilities, we work closely with our suppliers to ensure the safe handling and delivery of all goods. Once on our site, Buckeye's chemical management program, which includes appropriate chemical management training, ensures our employees are prepared to properly manage emergencies to minimize any impact from a spill or a release of a chemical.

## Spotlight on Memphis, Tennessee – Emergency Planning

The establishment of the Memphis and Shelby County Local Emergency Planning Committee (MSCLEPC) was mandated by the EPA in Title III of the Superfund Amendments and Reauthorization Act of 1986. The

primary duty and responsibility of the MSCLEPC is to prepare, distribute and maintain an emergency response plan for hazardous chemical releases. These releases may result from process upsets, power failures, transportation accidents, or natural disasters such as tornados or earthquakes.

Since 1998, Butch Pennington, Risk Manager for the Memphis plant, has been a volunteer leader on the executive committee of MSCLEPC. He has served as secretary, co-chairman and chairman. In these roles, he has led county-wide annual emergency response drills and written Hazardous Materials Emergency Preparedness Grants. He is Shelby County's lead authorizer for access to chemical inventories for all companies that are required to submit annual Tier II Chemical Inventory Reports. He has twice co-authored the Memphis/Shelby County Hazardous Materials Plan.

His strong and tireless leadership has not only allowed the MSCLEPC to achieve its mission, but it has also contributed to a better quality of life for the entire community.



Butch Pennington, Risk Manager Buckeye Memphis and Phillip H. Boruszewski, MSCLEPC Emergency Response Drill Coordinator

## **Encouraging Minority Businesses and**

We provide significant support to the local economies by sourcing our goods and services from local/regional suppliers whenever possible. This is not only good for the communities in which we operate, but also it reduces required freight and the corresponding GHGs.

The Buckeye purchasing groups at our Memphis, Perry and Gaston sites participate in a Minority Spending Program and are committed to include at least one minority supplier in bid processes where a minority supplier is available. We developed minority vendor outreach programs for each site in 2011 in order to identify opportunities to diversify our spending base. As a result, we are actively involved in the Memphis based Mid-South Minority Business Council, Florida Minority Supplier Development Council and the Carolinas Minority Supplier Development Council.

## Supporting Community and Civic Organizations

We employ nearly 1,400 people around the world, many representing generations of Buckeye employees, providing a good income, attractive benefits and pleasant working environment. We actively support, both corporately and as individual employees, a wide variety of civic organizations and community outreach activities. These include philanthropic support of community programs, actively participating in the education of our youth and assisting those most in need in our communities.

### Spotlight on North America – United Way

Buckeye has a long-standing heritage of providing remarkable support for United Way chapters at all our sites in the United States. John Crowe, Buckeye Chairman and CEO, served as General Campaign Chairman for United Way of the Mid-South in 2011-12.



During Buckeye's kickoff meeting for this year's campaign, John expressed strong agreement with United Way's mission to improve lives across our community through mobilizing local resources: "The way you live your life does impact people, whether you believe it or not."

"Everyone of you is a role model to somebody," said Crowe. "And that is one of the great things about America...you can be anybody you want. Somebody's always watching you and the way you live your life has an impact on others."

At the Memphis site, proceeds from employee-organized fundraising activities, including dessert auction, BBQ Pork Loin sale, biscuit sales and car washes, augmented employee and corporate contributions. In addition, more than 40 employees served the community at local nonprofit agencies during United Way's Day of Caring in September.

Jim Parsons and Marion Robinson participated with other Buckeye employees during the United Way's Day of Caring



In Taylor County, Florida, where our Foley plant is located, the 2011 Buckeye campaign set a new fundraising record with a 6% increase over the previous year's record contributions. As a result, Foley's United Way Team was recognized as having the "Outstanding Neighboring County Campaign" by the United Way of the Big Bend, a seven county region in North Florida.

Foley employees raised money for United Way with a dessert auction



Buckeye contributions to United Way campaigns exceeded \$500,000 in 2011, with active participation by a majority of employees.

## Spotlight on Perry, Florida – Community Involvement

Members of Buckeye's Emergency Response Team participated with other first responder organizations in a community hazardous material exercise last fall. The mock event featured a simulated railcar accident and resulting chemical leak with injuries to motorists passing near the train. Although Buckeye's Emergency Response Teams train year-round, this event was designed to evaluate the ability of the entire community to respond to a transportation emergency involving a hazardous materials release.



Members of the Boys and Girls Club of North Central Florida inaugurated a new swing set and playground equipment at Buckeye Park. Club members enjoyed a picnic lunch and tested the fun factor of the slides, rock climbers, vertical ladder and crawl tube during the field trip. Buckeye Park is located near the manufacturing plant and is open to the public daily during daylight hours.

Boys and Girls Club members  
enjoying the new equipment  
at Buckeye Park

