Glatfelter Ohio Operations

THE CORPORATE CASE FOR ENERGY EFFICIENCY

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The Corporate Case for Energy Efficiency

- **Who** - Glatfelter
- **Why** - Energy Efficiency
- **What** - The Results
- **How** - The Journey
Glatfelter products are marketed in over 90 countries around the world
LEADING POSITIONS IN NICHE MARKETS

Specialty Papers
- Trade Book Publishing #1
- Carbonless Products #1
- Postal Applications #1
- Playing Cards #1
- Greeting Cards #2

Composite Fibers
- Tea Bags/Coffee Filters #1
- Nonwoven Wallcovering #1
- Composite Laminates #1
- Battery Pasting Papers #1
- Metallized Products #2

Advanced Airlaid Materials
- Feminine Hygiene #1
- Adult Incontinence #1
- Specialty Wipes/Towels #2
CORPORATE OVERVIEW

- Founded in 1864
- Annual sales of ~ $1.7 billion
- Employees worldwide: ~ 4,300
- Manufacturing Facilities:
  - U.S., Germany, United Kingdom, Canada, France, Philippines
- Sales / Representative Offices:
  - U.S., Germany, France, United Kingdom, China, Russia
- Publicly traded on the NYSE under the symbol GLT
- Web site: www.glatfelter.com
Glatfelter spends millions of dollars a year on goods and services purchased from suppliers in our communities around the world -- promoting the sustainability of local economies and businesses.
CHILLICOTHE FACILITY

4 Paper Machines
1 Coater
Finishing & Converting
Pulp Mill

Power Plant
1.2 million lb/hr of steam
70 MW electrical demand
28 million gal/day water
Employee information:

Number of employees: 1,265
Hourly: 959
Salaried: 306
Male: 1,029
Female: 236

Top 10 counties where our employees and their families reside:

- Ross: 865
- Pike: 82
- Jackson: 45
- Vinton: 41
- Sandusky: 39
- Fairfield: 37
- Pickaway: 26
- Scioto: 21
- Hocking: 13
- Franklin: 10

Average annual salary for our workforce: $73,500
Average annual salary for Ross County resident: $44,577
Total annual payroll (excluding benefits): $100 million

Economic information:

Our Ohio Operation pays over $113.3 million dollars each year to a variety of suppliers throughout Ohio.

There are over 2,059 suppliers we do business with and the top categories by dollars spent include:

- $54.7 million to Ohio wood suppliers, including loggers, land owners and sawmills,
- $16.2 million to coal suppliers,
- $9.5 million for natural gas ($3.2 million) and electric suppliers ($6.3 million).

For every paper industry job, there are approximately 2.3 jobs created outside our industry.

Approximate taxes paid to the state of Ohio in 2012:

- Real Estate and Property: $0.6 million
- Sales & Use: $0.8 million
- Unemployment: $0.2 million

State income taxes withheld from our employees: $4.8 million

Production and sales in 2012:

- Annual paper production: 439,900 tons
- Average daily production: 1,202 tons
- Annual pulp production
  - Softwood: 39,394 tons
  - Hardwood: 323,522 tons
- Annual shipments of finished product: 34,794 shipments

(Source: Chillicothe-Ross Chamber of Commerce, American Forest & Products Association, Economic Policy Institute, Ohio Labor Market Information)
Why - The Corporate Case for Energy Efficiency
The Corporate Case for Energy Efficiency

This effort will improve Specialty Papers’ **profitability** and reduce the **environmental impact** of our operations while minimizing the cost of **regulatory compliance**.

This aligns with Glatfelter’s corporate vision and core values of Financial Discipline and Environmental Responsibility.
WHEN FIRMS PUBLICIZE ENERGY MANAGEMENT PROJECTS THEIR STOCK PRICES GO UP!

Why – Because Only the Efficient Survive

“Learning is not compulsory, neither is survival.”
- W. Edwards Deming
Why - Sustainability Value

Reducing Steam Demand is equivalent to:

- Eliminating 120,000 tons of carbon annually
- Planting over 80,000 acres of trees
- Removing 24,000 cars from the road
The Bottom Line

~ $7 million/year savings in spend
What -The Results at Glatfelter’s Ohio Operations
Glatfelter Ohio Results

Energy Intensity MMBTU/Ton

19% Reduction in Energy Intensity
Glatfelter Ohio Results

Purchased Energy $/Ton

23% Reduction in Energy $/Ton
Glatfelter Ohio Results

Annual SO2 Emissions

36% Reduction in SO₂ Emissions
How - The Journey
How – 7 Habits of Energy Efficient Companies*

1. Efficiency is a core strategy.
2. Leadership and organizational support is real and sustained.
3. Company has SMART energy goals.
4. Strategy relies on a robust tracking and measurement system.
5. Company puts substantial resources into energy efficiency.
7. Effectively communicate results.

*Pew Center on Global Climate Change
How: Efficiency is a Core Strategy

The Glatfelter Compass

Our Vision is to become the global supplier of choice in specialty papers and engineered products.

Core Values
- Integrity
- Financial Discipline
- Mutual Respect
- Customer Focus
- Environmental Responsibility
- Social Responsibility

Our Safety Mission – Injury Free Every Day!
How: Efficiency is a Core Strategy

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How: Real and Sustained Leadership & Organizational Support

• Energy Efficiency Manager position created

• Reporting structure through Business Unit VP/GM

• Support of Division VPs & Mill Managers

The greatest leader is not necessarily the one who does the greatest things. He is the one that gets the people to do the greatest things.

- Ronald Reagan
How: SMART Energy Goals

- Developed aggressive but realistic, time-constrained goals for each plant
- Budgeted improvement into ops plan
- Track improvement and present results
How: Robust Tracking & Measurement System

“If you can not measure it, you can not improve it.”
- Lord Kelvin-Engineer/Natural Philosopher

• Real time energy usage
• Daily summary
• Ties to finance & accounting
How: Resources for Energy Efficiency

• PEOPLE, Process, Projects

• Cross Functional Energy Team
  – Representative from each operating area
  – Maintenance, engineering, process controls support
  – Driver of both process improvement and capital projects

• Modular Process Control - EMS & process improvement

• Capital Projects

Do what you can with what you have, where you are.

- Teddy Roosevelt, 26th President of US
How: Energy Efficiency Strategy Shows Results

- Purchased Energy $/Ton
- Energy Intensity MMBTU/Ton
- Annual SO2 Emissions
How: Communicate Results

- Annual Employee Magazine
- Weekly Updates
- Monthly Business Meetings
- Periodic articles
A Final Thought

Energy-efficiency is one of the highest-return and lowest-risk investments in the entire economy, no matter how low energy prices might go.

Amory Lovins-Chairman and Chief Scientist, Rocky Mountain Institute
Thank you!

Merci

Danke

Grazie

Takk

Tack

Kiitos