

resolute

Forest Products



OUR VIEW OF SUSTAINABILITY

ANNUAL SUSTAINABILITY REPORT
FOR 2011 PERFORMANCE

The inside pages of this report are printed on **Ecopaque Offset** 50 lb (74 g/m²) paper, part of Resolute's Align portfolio of environmentally-conscious papers. This paper was manufactured at our Alma (Québec) mill.

Ecopaque is a high-opacity grade suitable for applications where traditional offset paper would be used, such as statements, invoices, direct mail, manuals, inserts, books, and reports.

Among its environmental benefits, Ecopaque:

- > uses 50% less wood fiber than traditional offset paper;
- > is manufactured totally chlorine-free;
- > is made from bio-residuals (wood chips left over from sawmill waste);
- > qualifies for FSC and SFI on-product labelling

Certification at Alma:

- > FSC and PEFC chain of custody certified fiber tracking system.
- > ISO 14001 certified environmental management system.
- > ISO 9001 certified quality management system.

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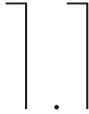
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COMPANY PROFILE

Resolute Forest Products is a global leader in the forest products industry with a diverse range of products, including newsprint, commercial printing papers, market pulp and wood products. The Company owns or operates 22 pulp and paper mills¹ and 22 wood products facilities in the United States, Canada and South Korea. Marketing its products in over 90 countries, Resolute managed approximately 14.7 million hectares (36.4 million acres) of forestland in North America as at September 30, 2012, and has third-party certified 100% of its managed woodlands to sustainable forest management standards.

Resolute and other member companies of the Forest Products Association of Canada (www.fpac.ca), as well as a number of environmental organizations, are partners in the Canadian Boreal Forest Agreement (www.canadianborealforestagreement.com). The group works to identify solutions to conservation issues that meet the goal of balancing equally the three pillars of sustainability linked to human activities: environmental, social and economic.

The Company is also a member of the World Wildlife Fund's (WWF) Climate Savers program, in which businesses establish ambitious targets to voluntarily reduce greenhouse gas emissions and work aggressively toward achieving them (www.panda.org/climatesavers).

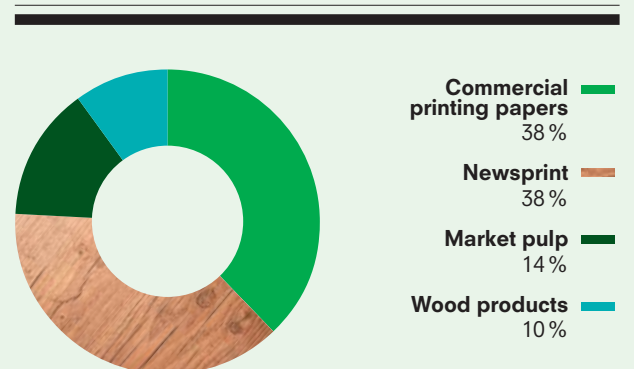
The shares of Resolute trade under the stock symbol RFP on both the New York Stock Exchange and the Toronto Stock Exchange.

For more information, please visit www.resolutefp.com.

FIG. 1.1 A PRODUCTION CAPACITY As at December 31, 2011

Newsprint	3.1 million metric tons
Uncoated papers	1.4 million metric tons
Coated papers	0.6 million metric tons
Market pulp	1.1 million metric tons
Total pulp and paper	6.2 million metric tons
Wood products	2.7 billion board feet

FIG. 1.1 B DISTRIBUTION OF SALES BY REVENUE As at December 31, 2011



NOTE

¹ Including three former Fibrek Inc. mills acquired and the restart of operations at the Dolbeau-Mistassini (Quebec) paper mill in 2012.

1.2

REPORT
HIGHLIGHTSFIG. 1.2
REPORT HIGHLIGHTS

ENVIRONMENTAL²	2011	2010	2009
Class 1 environmental incidents	3	3	3
Fuel energy used, GJ	97,664,948	97,562,767	97,019,820
Electricity used—purchased, GWh	12,636	12,904	12,674
Electricity used—self-generated or owned, GWh	2,394 ³	2,684 ⁴	4,201
Effluent discharged ⁵ , m ³	385,161,896	406,564,681	405,141,140
Greenhouse gas (GHG) emissions, mt CO ₂ e	4,445,422	4,705,645	N.A. ⁶
Sulfur dioxide (SO ₂), mt	8,590	10,293	10,896
Nitrogen oxides (NO _x), mt	7,495	7,994	9,048
Total particulate matter (TPM), mt	2,402	2,368	2,716
Biochemical oxygen demand (BOD ₅), mt	7,871	8,656	8,466
Total suspended solids (TSS), mt	11,967	11,691	12,106
Solid waste to landfill, mt	390,686	518,392	514,512
Hazardous waste, % of total waste	<1	<1	<1
SOCIAL	2011	2010	2009
Employees	10,572	10,470	12,144
Occupational Safety and Health Administration (OSHA) incidents, rate per 100 employees	1.43	1.51	1.51
Employee turnover, %	9.94	8.06	9.24
Employee wages and benefits, \$ M	901	895	979
Philanthropy, \$ M	0.6	0.6	0.6
ECONOMIC	2011	2010	2009
Total sales, \$ M	4,756	4,746	4,366
Net income (loss), \$ M	41	2,614 ⁷	(1,553) ⁸
Total operating costs ⁹ , \$ M	4,515	4,925	4,630
Total operating income, \$ M	198	160	375
Capital expenditures, \$ M	97	81	101
Return on equity (ROE) ¹⁰ , %	4.6 ¹¹	-22.4	N.A.

1.2

REPORT
HIGHLIGHTS**FORWARD-LOOKING STATEMENTS**

Statements in the 2011 Sustainability Report that are not reported financial results or other historical information of Resolute Forest Products are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. They include, for example, statements relating to our: efforts to continue to reduce costs and increase revenues and profitability, including our cost-reduction initiatives regarding selling, general and administrative expenses; business outlook; assessment of market conditions; liquidity outlook, prospects, growth strategies and the industry in which we operate; and strategies for achieving our business or sustainability goals generally. Forward-looking statements may be identified by the use of forward-looking terminology such as the words “should,” “would,” “could,” “will,” “may,” “expect,” “believe,” “anticipate,” “attempt,” “project” and other terms with similar meaning indicating possible future events or potential impact on our business or Resolute’s shareholders.

The reader is cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance. These statements are based on management’s current assumptions, beliefs and expectations, all of which involve a number of business risks and uncertainties that could cause actual results to differ materially. The potential risks and uncertainties that could cause our actual future financial condition, results of operations and performance to differ materially from those expressed or implied in the 2011 Sustainability Report include those set forth under the heading “Risk Factors” in Part I, Item 1A in our annual report on Form 10-K for the year ended December 31, 2011, filed with the U.S. Securities and Exchange Commission on February 29, 2012.

All forward-looking statements in the 2011 Sustainability Report are expressly qualified by the cautionary statements contained or referred to in this section and in our filings with the Securities and Exchange Commission and the Canadian securities regulatory authorities. We disclaim any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

NOTES

- 121** Environmental data is for pulp and paper mills only, except for environmental incidents, which are shown for all operations. Although all of our mills track the same key performance indicators (KPIs), some historical data is not available for closed sites. The data presented in this report excludes the following: NO_x – 2009: Bridgewater (U.K.), SO₂ – 2009: Bridgewater (U.K.), TPM – 2009: Bridgewater (U.K.), Waste – 2009: Dolbeau (Quebec).
- 131** The difference in self-generated electricity usage between 2010 and 2011 is due to the sale of our interest in ACH Limited Partnership in May 2011.
- 141** The difference in self-generated electricity usage between 2009 and 2010 is primarily due to the sale of our interest in the Manicouagan Power Company hydro plant and the closure of our Gatineau mill in May 2010.
- 151** Resolute returns more than 90% of the water it withdraws. The balance remains within the product or is converted to steam in the manufacturing process.
- 161** In order to comply with the GHG Protocol, we have modified our emission factors associated with electricity consumption for 2011, 2010 and 2000 only. Calculations for 2009 have not been revised.
- 171** In 2010, a credit of \$1,901 million of reorganization items, net was recorded (which included a net gain of \$3,553 million resulting from the implementation of the Plans of Reorganization and a net expense of \$362 million resulting from the application of fresh start accounting). Additionally in 2010, we recorded an income tax benefit of \$1,606 million, which was primarily due to the reversal of our valuation allowances in connection with the implementation of the Plans of Reorganization and interest expense of \$483 million. For additional information, see Note 3, “Creditor Protection Proceedings,” Note 16, “Liquidity and Debt,” and Note 19, “Income Taxes,” to our 2011 Consolidated Financial Statements included in Item 8 of our annual report on Form 10-K, filed with the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities on February 29, 2012.
- 181** In 2009, we recorded reorganization-related expenses of \$639 million for certain expenses, provisions for losses and other charges and credits directly associated with or resulting from the reorganization and restructuring of the business that were realized or incurred in the creditor protection proceedings. Additionally, closure costs, impairment and other related charges of \$202 million and interest expense of \$597 million were recorded. For additional information, see Note 3, “Creditor Protection Proceedings,” Note 5, “Closure costs, Impairment and Other Related Charges,” and Note 16, “Liquidity and Debt,” to our 2011 Consolidated Financial Statements included in Item 8 of our annual report on Form 10-K, filed with the U.S. Securities and Exchange Commission and the Canadian securities regulatory authorities on February 29, 2012.
- 191** Includes: cost of sales; depreciation, amortization and cost of timber harvested; distribution costs; selling and administrative expenses and other related charges.
- 1101** We calculate return on equity (ROE) using net income, divided by average shareholders’ equity, adjusted for special items. This is a non-GAAP measure. Refer to pages 79-80 for a reconciliation of our net income (loss) and shareholders’ equity reported under generally accepted accounting principles (GAAP) to our use of non-GAAP measures of net income (loss), shareholders’ equity and return on equity, in each case adjusted for special items.
- 1111** The improvement in the ROE in 2011 is attributable primarily to lower costs for labor and benefits, lower depreciation, amortization and cost of timber harvested, and lower interest expense as a result of actions taken during and upon the Company’s emergence from creditor protection as well as the application of fresh start accounting.



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LETTER TO STAKE- HOLDERS

**RICHARD
GARNEAU**President and
Chief Executive Officer

OUR VIEW OF SUSTAINABILITY

At Resolute, we believe that sustainability directly contributes to building and enhancing our Company's competitive position. In the past year, we have worked diligently to refine our sustainability approach so that our strategy could be better communicated and executed. This strategy, presented in detail in this report, aims to support environmental stewardship, ensure social responsibility and create long-term economic value by:

- > Reinforcing our environmental credentials and taking appropriate steps to responsibly manage our environmental footprint;
- > Positioning Resolute as a competitive employer, attracting and retaining employees based on opportunities to quickly learn and grow within a dynamic organization; and
- > Building solid community relations in our operating locations, recognizing that economically viable and civically involved companies support long-term regional prosperity.

SUSTAINABILITY COMMITMENTS

This is our second sustainability report prepared in accordance with Global Reporting Initiative (GRI) guidelines, and our first since establishing the Company's Corporate Sustainability Committee. The Committee has been tasked by Resolute's Executive Team to recommend sustainability goals, track and measure progress, and ensure continuous improvement in the Company's sustainability efforts and initiatives.

Key commitments to enhance our sustainability performance currently include:

Forestry and fiber

Increasing Forest Stewardship Council® (FSC) certification of managed woodlands from 18% in 2010 to 80% by 2015.

Climate change

Achieving a 65% absolute reduction in scope 1 and 2 greenhouse gas emissions by 2015 over the 2000 base year.

Environment

Reducing environmental incidents by 20% in 2012 compared to the 2011 baseline, with a long-term goal of zero incidents.

Employees

Implementing new human resource practices through 2015 to support workforce renewal and retention; engaging employees in the Company's vision and values; and ensuring current and future staffing requirements.

Health and safety

Achieving an Occupational Safety and Health Administration (OSHA) incident rate of 1.2 or below in 2012, with a long-term goal of zero incidents, zero injuries.

Stakeholder engagement

Establishing information-sharing Community Groups by the end of 2013 at Company operations to further enhance community relations efforts.

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**LETTER TO
STAKEHOLDERS****ACHIEVEMENTS AND PROGRESS**

Last year, we made significant progress on initiatives which support sustainability. For instance, a major undertaking was our decision to join the WWF's prestigious Climate Savers program, which helps companies set and achieve ambitious emission reduction targets. In 2011, our GHG emissions fell 6% from 2010 levels and were reduced by 62% below 2000 levels.

Resolute also stepped up its efforts to certify more Company-managed woodlands operations through the Forest Stewardship Council® (FSC) Sustainable Forest Management standard. As a result, on June 13, 2012, Resolute became the largest manager of FSC-certified forests in the world. As at press time for this report, we have reached 51% FSC certification and are continuing to progress in line with our commitment to reach 80% by 2015. We also completed a major life-cycle assessment of our eco-friendly papers, which we launched in 2012 under the Align™ brand name.

Last year, we fell short of our targets in a few areas. In particular, we missed our goal of achieving a 15% year-over-year reduction in environmental incidents by 1%. Also, while our OSHA rate for the year was 6% lower than in 2010, it was still higher than our target rate of 1.0. Details on these gaps are provided later in this report. In 2012, we have taken corrective measures to improve our performance in these areas.

LOOKING AHEAD

There is no doubt that sustainable development has a major influence on how Resolute does business. Our sustainability efforts will continue to focus on tackling climate change across Resolute's value chain through reduced energy consumption and carbon emission initiatives, as well as product and process innovation. Our sustainability priorities are also influenced by the need to ensure the next generation of workers. Approximately 25% of Resolute's workforce is set to retire within the next two to three years, which means that to stay competitive, the Company must be able to recruit and retain talented employees.

In last year's report, Resolute set out aggressive sustainability targets. I am proud of how everyone in the Company has mobilized—across operations and functions—to deliver on our objectives. I am also pleased to observe the growing understanding among our people that our sustainability efforts are directly linked to our overall business success.

We must always strive for continuous improvement in our sustainability performance, reshaping the organization to respond to the needs of today and tomorrow.

Sincerely,



**RICHARD
GARNEAU**

President and
Chief Executive Officer
Resolute Forest Products

1.4

ABOUT THIS REPORT

Resolute Forest Products' Sustainability Report for 2011 Performance is our third such annual publication, and the second prepared in accordance with Global Reporting Initiative (GRI) guidelines. It introduces Resolute's newly defined sustainability strategy and reports on the Company's 2011 performance on key environmental, social and economic sustainability issues.

Resolute is reporting at the B level, as defined by GRI guidelines. The reporting application level was reviewed and confirmed by GRI (refer to page 91). A GRI Content Index at the back of this report (refer to page 83) provides a cross-reference to the indicators included in this document. More information on the GRI and the application levels can be found at www.globalreporting.org.

Performance data was collected for the 2011 calendar year and covers all of Resolute's operations where we have a controlling interest.¹² Deviations from this boundary are clearly identified and stated in the report. Performance data is collected in accordance with relevant laws and regulations or accepted voluntary standards. Where appropriate, we report performance normalized to metric tons of production for a given year. All dollar values are expressed in U.S. currency, unless otherwise indicated.

RESOLUTE'S IMPACT ON SUSTAINABILITY: FROM CHALLENGES TO OPPORTUNITIES

Resolute operates in compliance with all laws, including those governing labor, health and safety, and environment, in all jurisdictions in which we operate. As a company managing the care of natural resources, we recognize our operations have a direct and material impact on the environment, biodiversity, economy and social fabric of the communities in which we operate.

Sustainability trends at both the macro and micro levels—including population growth, rising living standards, pressure on resource use, and climate change—are rapidly impacting the business landscape. While addressing these challenges poses business risks for Resolute, it also offers opportunities for product innovation and growth. The organization has the opportunity to develop an innovative business model that safeguards the environment, builds strong links with operating communities and generates economic wealth.

RISKS AND ASSOCIATED OPPORTUNITIES

- 1) Increased pressure on water demand coupled with greater social awareness of the need to preserve this resource creates the opportunity to reduce the Company's water consumption and improve effluent quality at its operations.
- 2) In Canada, the majority of First Nations communities live in forested areas. This results in a considerable degree of involvement on their part in all aspects of Canadian forestry, including management of forestlands and employment. Maintaining strong working partnerships with these communities provides an opportunity for the Company to generate—and for First Nations communities to gain—economic benefits. It also contributes to Resolute's commitment to responsible corporate citizenship.

NOTE

121 For a complete list of operations, see the Company's Form 10-K for the year ended December 31, 2011, filed with the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities on February 29, 2012.

1.4

ABOUT
THIS REPORT

3) According to the United Nations Intergovernmental Panel on Climate Change, between 50% to 80% reductions in global CO₂ emissions by 2050 will be required to limit the global temperature rise at 2.0–2.4°C from pre-industrial levels.¹³ To achieve reductions of this order, a decrease in energy consumption and the use of low-carbon energy technologies will play a vital role. The Company has an opportunity to lower its GHG emissions through energy efficiency initiatives and low-carbon or renewable fuel-switching.

4) As the general public becomes increasingly environmentally and socially conscious, customers in the forest products industry have furthered their commitment to environmental protection and responsible procurement practices. This presents a tangible opportunity for

Resolute to remain aligned with or ahead of customer expectations in terms of sustainable forest management, innovation, product stewardship and social responsibility.

DETERMINING REPORT CONTENT**Stakeholder perspectives**

Engaging and building productive working partnerships with our stakeholders is a core part of our commitment to being a responsible and responsive company. We view stakeholders as individuals and groups that are impacted by Resolute or that have the ability to affect Resolute's business. The Company engages with stakeholders in a variety of ways, described throughout this report and on our website, in order to understand their interests and concerns.

FIG.
1.4 A**TYPES OF STAKEHOLDER
OUTREACH**

Operating our business requires regular collaboration with a broad range of stakeholder groups. Examples of the kind of engagement that occurs each year include:

STAKEHOLDER GROUP	TYPES OF ENGAGEMENT	STAKEHOLDER GROUP	TYPES OF ENGAGEMENT
Customers	<ul style="list-style-type: none"> • One-on-one meetings • Customer surveys 	Government	<ul style="list-style-type: none"> • One-on-one meetings • Lobbying and political involvement • Public input process for forest management plans and land tenure • Membership in various industry associations
Employees/Unions	<ul style="list-style-type: none"> • One-on-one meetings • Employee focus groups • Performance conversations • Training and orientation programs • Negotiations and ongoing dialogue with Unions 	NGOs/ Certification Bodies	<ul style="list-style-type: none"> • Partnerships (WWF, CBFA, Dogwood Alliance, etc.) • One-on-one meetings • Industry/NGO coalitions • Sustainable forest management and product certification auditing processes
Investors	<ul style="list-style-type: none"> • One-on-one meetings • Investor conferences • Quarterly telephone and web conferences • Annual shareholder meeting 	Suppliers/ Partners	<ul style="list-style-type: none"> • One-on-one meetings • Industry association meetings/conferences • Supplier evaluation and auditing • Joint ventures
Civil Society/ Local Communities	<ul style="list-style-type: none"> • Corporate and local outreach (various mill-level communication activities) through information-sharing Community Groups at each operation • Public input process for forest management plans • Executive regional visits 		

NOTE

[13] IPCC. Renewable Energy Sources and Climate Change Mitigation. United Kingdom and New York: Cambridge University Press, Cambridge, 2011.

1.4

ABOUT THIS REPORT

MATERIALITY ANALYSIS PROCESS

In 2011, Resolute completed a comprehensive materiality analysis in the preparation of its 2010 Sustainability Report. As part of the process, Resolute conducted targeted stakeholder outreach to better understand the sustainability issues of material¹⁴ importance to the Company and how stakeholders perceive we managed these issues.

Stakeholder expectations were identified and prioritized through a series of confidential, one-on-one, in-depth interviews with individuals representing the research community, industry, government, customers, ENGOs, organized labor and investors. The interviews were conducted by a third party to ensure unbiased discussions, and only aggregate, unattributed responses were shared with Resolute.

Stakeholder interview results were combined with a detailed industry scan of sustainability issues and a benchmarking of North American and international peer company reports. Using this research as a foundation, Resolute's Sustainability Report Working Group (SRWG) added its own insight to create a list of issues of material importance to the Company.

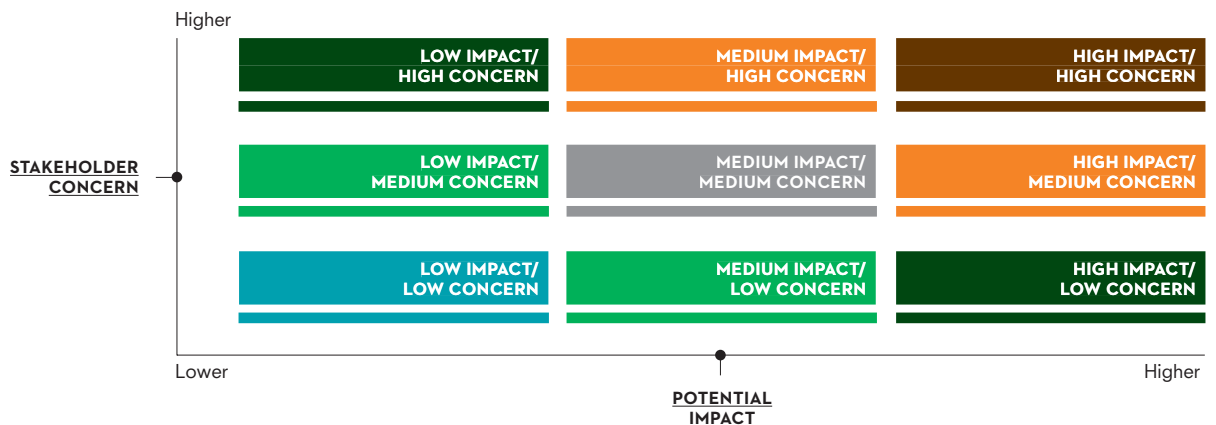
MATERIALITY ANALYSIS UPDATE

For the 2011 report, we evaluated the need to update our materiality analysis by surveying over 120 managers and issue experts across the Company, as well as by conducting external stakeholder polling in key operating areas. The feedback received validated the results of the materiality analysis of our 2010 report, confirming we had no significant changes in our material issues.

MATERIALITY ANALYSIS RESULTS

Through its materiality analysis, Resolute identified the issues that warrant focus in order to meet stakeholder expectations of sustainability performance. These issues are outlined in the matrix below. Results from 2011 illustrate that environmental compliance, biodiversity and climate-altering issues such as energy use and emissions, as well as employee relations and workforce turnover, are considered highly material. Significant materiality was also attached to environmentally conscious product development and corporate economic viability, among other issues.

FIG. 1.4 B MATERIALITY GRID



NOTE

14 We consider material issues to: 1) be of high concern to internal and external stakeholders, and 2) have an ability to impact our business financially. Identifying an issue as having a lower level of materiality does not mean it is unimportant or that we will not monitor Company performance in that area. Rather, a lower level of materiality simply indicates the topic is of lower immediate concern to our operations or stakeholders compared to other issues.

1.4

ABOUT THIS REPORT

This report and Resolute’s sustainability strategy focus on the issues deemed to be of high or moderate materiality. The management and transparent disclosure of these issues is a core objective of our Sustainability Committee, as discussed in the governance section on page 15.

We are working to understand how, and to what degree, additional issues can be included in future reports. For a complete index of the GRI indicators contained in this report, please refer to the GRI Content Index on page 83.

FIG. 1.4 C MATERIALITY ISSUES



ENVIRONMENTAL

- Environmental regulatory compliance
- Energy consumption
- Environmental incidents
- Lower environmental impact products
- Biodiversity
- Raw material supply chain (especially fiber)
- GHG emissions
- Water consumption and protection of water resources
- Sustainable forest management (to third-party certification standards)

SOCIAL

- Community and stakeholder engagement
- Employee health and safety
- Labor relations
- Impact of entering or exiting operating communities
- Pension obligations
- Workforce turnover and recruitment needs

ECONOMIC AND GOVERNANCE

- Corporate economic viability
- Code of conduct and business ethics

ENVIRONMENTAL

- Green, responsible procurement/ investment policies
- Non-GHG emissions, effluent and waste
- Renewable energy (biofuels)
- Environmental impacts of transportation

SOCIAL

- Economic contribution through wages, taxes, etc.
- Employee benefits and programs
- Non-discrimination and diversity
- First Nations relations
- Grievance mechanisms
- Workforce training and education

ECONOMIC AND GOVERNANCE

- Economic risks associated with climate change
- Involvement in public policy
- Policies on bribery and corruption

SOCIAL

- Child labor, forced or compulsory labor
- Philanthropy
- Customer health and safety
- Customer privacy
- Responsible marketing

ECONOMIC AND GOVERNANCE

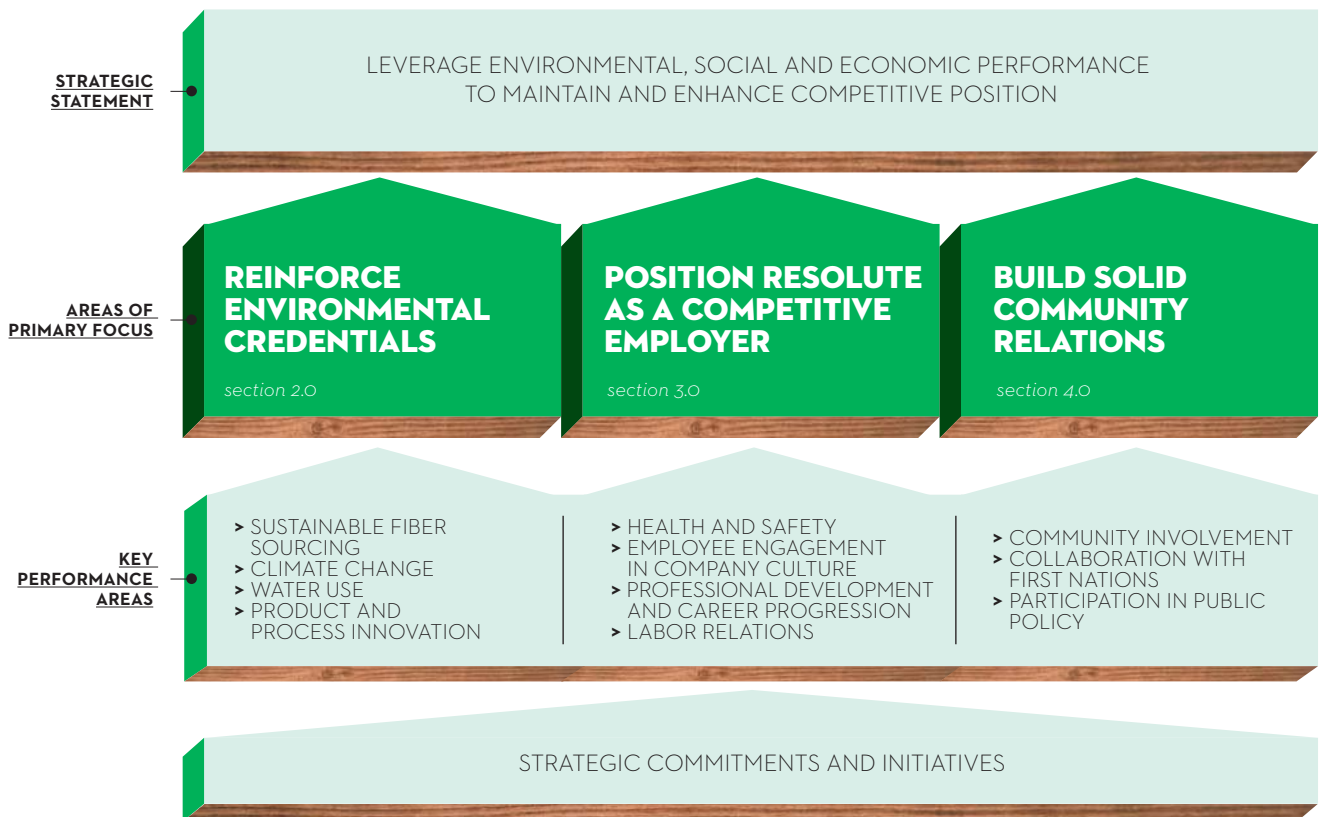
- Anti-competitive behavior
- Compliance with laws and regulations (non-environmental)

1.5

STRATEGY AND COMMITMENTS

In our 2010 Sustainability Report, Resolute committed to developing a sustainability strategy to align our efforts in environmental stewardship and social responsibility with our business objectives. In 2011, we established a Sustainability Committee composed of senior managers and issue experts tasked with developing this strategy, among other efforts. The new sustainability strategy has been approved by Resolute’s Executive Team and is provided in its entirety below.

FIG. 1.5 A | **SUSTAINABILITY STRATEGY**



1.5

STRATEGY AND
COMMITMENTS**RESOLUTE'S SUSTAINABILITY STRATEGY**

Resolute Forest Products is committed to operating in accordance with the three pillars of sustainable development—environmental, social and economic. This commitment to sustainability is underscored in our Company's vision, our corporate values and, most importantly, the way we do business every day.

Resolute's sustainability strategy leverages our environmental, social and economic performance in order to maintain and enhance our competitive position. The Company's sustainability strategy has three areas of primary focus:

- > **Reinforce our environmental credentials, taking appropriate steps to responsibly manage our environmental footprint;**
- > **Position Resolute as a competitive employer, attracting and retaining employees based on opportunities to quickly learn and grow within a dynamic organization; and**
- > **Build solid community relations, recognizing that economically viable and civically involved companies support long-term regional prosperity.**

These three areas of primary focus are supported by commitments made in a number of key performance areas as outlined below.

Success in our sustainability efforts will be measured by the ability of our organization to meet commitments made to support the Company's three areas of primary focus and the corresponding key performance areas. We believe that in delivering on our sustainability objectives, we will create value for our shareholders and other Company stakeholders. Progress will be achieved through the implementation of policies, management systems, programs and targets, and by further embedding sustainability within Resolute's corporate culture.

REINFORCE OUR ENVIRONMENTAL CREDENTIALS

As supply chain management becomes increasingly important, market expectations of forest products companies are growing, and we intend to meet or exceed current and future market needs.

Resolute will position itself as an environmental supplier of choice in a number of ways. Through sustainable forest management and by minimizing the environmental impacts of our products, the Company will, in turn, support customer efforts to be more sustainable. In addition, by optimizing the use of natural resources through better waste and material management, the Company will enhance our competitive position as a lower-cost producer. Resolute will also continue to be highly responsive to requests for environmental information from our customers.

Resolute will move beyond regulatory compliance and environmental incident management. The Company will differentiate itself through efforts in a number of key performance areas, including sustainable fiber sourcing, climate change, and water use and recovery as well as product and process innovation.

Resolute measures its performance on a regular basis and reports progress in our annual sustainability report. In addition, Resolute will benchmark our environmental performance against that of other forest products companies.

POSITION RESOLUTE AS A COMPETITIVE EMPLOYER

As environmental and social considerations gain prominence, it is increasingly important for companies to demonstrate good corporate citizenship in order to attract and retain the best talent.

In addition to providing competitive wages and benefits and ensuring a safe work environment, Resolute will continue to demonstrate our commitment to socially and environmentally responsible business practices. By promoting our corporate values and effectively engaging our employees, we will grow a stronger corporate culture, attract our future workforce, and build employee loyalty throughout the organization.

In order to be a competitive employer, Resolute will manage performance in a number of key areas, including health and safety, employee engagement in our Company culture, professional development and career progression, and labor relations.

Resolute measures its performance on a regular basis and reports progress in our annual sustainability report. In addition, Resolute will measure progress by assessing our track record in recruiting and retaining the right people.

1.5

STRATEGY AND COMMITMENTS

BUILD SOLID COMMUNITY RELATIONS

The forest products sector is an essential economic driver in many rural communities and a significant contributor to the overall economy. Resolute's role in its operating locations extends beyond the jobs created, taxes paid and charitable support provided. Working together and demonstrating a truly collaborative spirit is in the best interest of environmental conservation, community prosperity and our own financial long-term viability.

Positive community relations require transparency and information-sharing, as well as active involvement in local organizations and community projects. Our Company works to build reciprocal business relationships, community grassroots support and positive government relations.

In our ongoing effort to build stronger community relations, Resolute will manage performance in a number of key areas, including community involvement, collaboration with First Nations and participation in public policy.

Resolute measures its performance in these areas on a regular basis and reports progress in our annual sustainability report. In addition, Resolute will utilize focus groups, bi-annual reputation surveys in select local communities and/or other means to assess progress.

OUR COMMITMENTS

It is the responsibility of the Sustainability Committee to recommend SMART (specific, measurable, attainable, relevant and timely) targets to the Executive Team for approval, ensuring continuous improvement across the

FIG. 1.5 B | OUR COMMITMENTS

ISSUE	COMMITMENT	FURTHER DETAILS
Fiber Sourcing	Increase Forest Stewardship Council® (FSC) forest certification of managed forests from 18% in 2010 to 80% by 2015	See pages 21-25
Water	Improve our understanding of our water footprint and voluntarily report to the Carbon Disclosure Project's Water Disclosure program ¹⁵	See pages 30-35
Environmental Compliance	Reduce environmental incidents by 20% in 2012 compared to 2011 baseline, with a long-term goal of zero incidents	See pages 30-33
Carbon Management	Achieve a 65% absolute reduction of scope 1 and 2 GHG emissions by 2015 over the 2000 base year Implement standard scope 3 accounting and begin full scope 3 reporting by 2015	See pages 26-29
Stakeholder Engagement	By the end of 2013, establish information-sharing Community Groups at Company operations to further enhance community relation efforts	See pages 55-57
Human Resources	Through 2015, implement new human resource practices to: support workforce renewal and retention; engage employees in Company's sustainability-focused vision and values; and ensure current and future staffing requirements	See pages 43-46
Health and Safety	Achieve an Occupational Safety and Health Administration (OSHA) incident rate of 1.2 or below in 2012, with a long-term goal of zero incidents, zero injuries	See pages 50-52
First Nations	Draft a formal Company policy on First Nations relations in 2012	See pages 55-56

NOTE

1151 We have changed our 2012 deadline to complete this commitment and are evaluating a new timeframe to report to the CDP on water. The Company continues to have a strong interest in advancing the understanding of our water footprint.

1.5

**STRATEGY AND
COMMITMENTS**

organization. The Company's sustainability commitments outlined in this report are built upon those discussed in last year's report. Establishing commitments and following up on results are a key part of Resolute's sustainability program. The commitments highlighted in Fig 1.5 B are reviewed and explained in greater detail throughout this report.

COMMITMENTS COMPLETED IN 2011-2012

A number of the commitments we made in our 2010 Sustainability Report were achieved during the course of 2011. These are summarized below.

FIG. 1.5 C
**COMMITMENTS COMPLETED
IN 2011-2012**

ISSUE	COMMITMENT	FURTHER DETAILS
Fiber Sourcing	Obtain chain of custody certification, either to FSC, Programme for the Endorsement of Forest Certification (PEFC) or Sustainable Forestry Initiative® (SFI), by 2012 at all North American pulp and paper mills and wood products facilities under Company management	See pages 21-25
Product Stewardship	Launch a marketing strategy in 2012 to promote Align™ eco-efficient products that provide more value with less environmental impact Offer products that help our customers reduce their carbon emissions	See pages 38-40
Stakeholder Engagement	Conduct external polling in key operating regions and a survey of employees regarding sustainability issues for our 2011 Sustainability Report Develop a systematic stakeholder engagement strategy	See pages 8-10 and 55
Sustainability Governance	Develop a formal mandate and short- and long-term objectives for the Sustainability Committee by 2012 Refine our list of key sustainability metrics and establish SMART targets for material issues	See pages 11-15
Human Resources	Develop a long-term strategy in 2012 to ensure workforce renewal as well as train and develop Company leadership	See pages 43-46

UNREALIZED COMMITMENTS IN 2011

During the course of 2011, two commitments made in our sustainability report were unrealized and are listed below. More details concerning these targets are explained

on pages 30-32 and 50-52. Following the examination of our performance, corrective measures were put in place in order to close future performance gaps.

FIG. 1.5 D
**UNREALIZED COMMITMENTS
IN 2011**

ISSUE	COMMITMENT	PROGRESS TO DATE
Environmental Compliance	Reduce environmental incidents by 15% in 2011 compared to 2010 baseline, with a long-term view of zero incidents	Achieved a 14% reduction in 2011 in comparison to 2010, 1% below our target (see pages 31-32)
Health and Safety	Achieve an OSHA incident rate of 1.0 or below, with an objective of achieving zero incidents, zero injuries	OSHA incident rate was 1.43 in 2011 (see pages 50-52) in comparison to 1.51 in 2010

1.6

GOVERNANCE AND MANAGEMENT SYSTEMS

At Resolute Forest Products, we are one team with one vision where profitability and sustainability drive our future. Resolute's corporate governance is designed to ensure that all aspects of our business are conducted with integrity, transparency and in full compliance with the laws and regulations of the jurisdictions in which we operate.

Resolute has adopted corporate governance principles related to certain key areas such as director qualifications and responsibilities, the responsibilities of the Board committees, and director compensation. We have also adopted a Board of Directors Code of Conduct and Ethics and a Code of Business Conduct for directors, officers and employees. These codes are available on our website at www.resolutefp.com/About_Us/Corporate_Governance. The Company's Board is currently composed of eight men, and no visible minority groups are represented.

Resolute subscribes to several external environmental, social and economic charters. Most notably, we are a member of the Canadian Boreal Forest Agreement (CBFA) (see page 24). In addition, the Company is publicly listed on the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX) and follows all respective listing requirements. We are involved with a number of other initiatives that promote sustainable development, including membership in the World Wildlife Fund's (WWF) Climate Savers program (see page 26), certification to internationally recognized sustainable forest management (SFM) standards (see pages 21-22), adherence to the ISO 14001 standard, and use of the Environmental Paper Assessment Tool (EPAT) (see page 39).

Resolute is a member of several industry associations and research institutions, including FPInnovations, American Forest and Paper Association (AF&PA), Forest Products Association of Canada (FPAC), Ontario Forest Industries Association (OFIA), National Council for Air and Stream Improvement (NCASI), and Conseil de l'industrie forestière du Québec (CIFQ). In addition to providing funding to these organizations, members of Resolute's management as well as internal issue experts participate in board meetings, chair committees and play various supportive roles.

SUSTAINABILITY GOVERNANCE

Resolute's President and Chief Executive Officer bears overall responsibility for the Company's sustainability performance. To ensure that Resolute delivers on key commitments and strategies, a Sustainability Committee was established in 2011. The Committee is composed of managers and issue experts from across the organization, and is chaired by the Vice President, Corporate Communications, Sustainability and Government Affairs. The Committee's mandate is to recommend strategies, set goals and measure results, oversee reporting and communications, ensure continuous improvement, and assess stakeholder expectations and sustainability trends. The Committee is also charged with providing project oversight on the Company's key sustainability commitments.

1.6

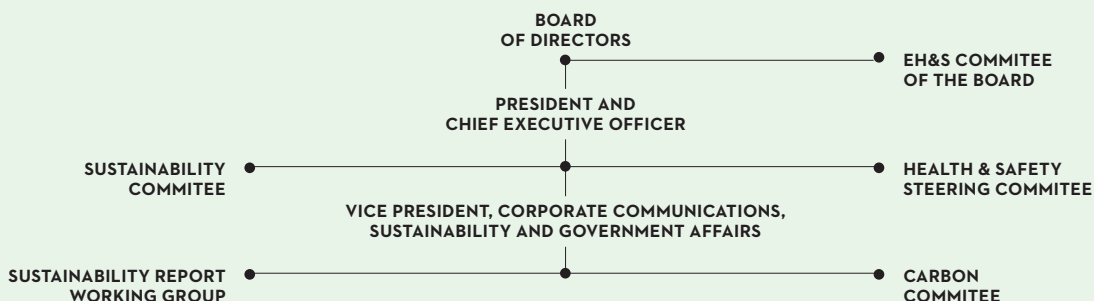
**GOVERNANCE AND
MANAGEMENT SYSTEMS**

The Company's Board of Directors undertakes an annual self-assessment of its oversight performance. It examines Board deliberations and decision-making as well as the charters for the Board and its committees. As with its other committees, the full Board reviews the Environmental, Health and Safety Committee's mandate and provides oversight of the Company's overall performance. The Environmental, Health and Safety Committee meets a minimum of three times annually and conducts a thorough review of established key performance indicators (KPIs), incidents, audits, liabilities, stakeholder relations, public policy issues and other developments. A monthly report is also provided to the Executive Team and senior management summarizing KPIs, including those related to GHGs. The Resolute Corporate Carbon Committee serves as a training and information mechanism on various climate change issues.

The Energy Network, an ad hoc committee of energy specialists across the Company, meets via conference call every second month to discuss items such as best practices, training, and performance against objectives. At the mill level, the development and implementation of a state-of-the-art EMIS (Energy Management and Information System) has greatly contributed to the proper management of energy.

The Company has put in place an ethics reporting program, which allows employees to raise issues of concern. When a concern is raised, a designated case manager performs a review and provides feedback to the employee. The case manager then formulates recommendations, which are reviewed by the Case Management Committee for implementation.

FIG. 1.6 A
**SUSTAINABILITY
GOVERNANCE STRUCTURE**



1.6

**GOVERNANCE AND
MANAGEMENT SYSTEMS**



- 1 Dominic Leroux, Manager, Health and Safety
- 2 Isabel Pouliot, Director, Corporate Compensation and Services
- 3 Rémi Lalonde, V.P., Investor Relations and Senior Legal Counsel, Securities
- 4 Martin Sénéchal, Senior Manager, Strategic Sourcing
- 5 Alice Minville, Senior Legal Counsel
- 6 François Dumoulin, Director, Forestry
- 7 Charles Neilson, Director, Sales (Canada)
- 8 Pascale Lagacé, Director, Environment and Climate Change
- 9 Xavier Van Chau, Director, Communications and Corporate Social Responsibility

1.6 SUSTAINABILITY COMMITTEE

EMPLOYEE PERSPECTIVE

SETH KURSMAN

Vice President, Corporate Communications, Sustainability and Government Affairs; Chair, Sustainability Committee



HOW HAS THE NOTION OF SUSTAINABILITY EVOLVED AT RESOLUTE?

There has been a major change in the role sustainability plays at Resolute over the past two years. That's not to say we weren't doing the right things before. We were reducing our greenhouse gas emissions, putting sustainable forest management certification in place, working collaboratively with environmental groups and governments, and taking other steps in support of environmental stewardship and sustainable development. But, there was no formal structure embedded in our corporate governance to support these efforts and to drive continuous improvement. Through the creation of Resolute's Sustainability Committee, we now have a vehicle to propel our efforts throughout the organization.

WHAT IS THE ROLE OF THE SUSTAINABILITY COMMITTEE?

The Executive Team and the Board of Directors recognized that we needed a mechanism to guide Company sustainability priorities and progress. The result is the Sustainability Committee. We're a cross-functional group—from Sales and Human Resources to Purchasing, Engineering and Environment, among others—that ensures we track, measure and meet our sustainability commitments. We're an organizing instrument—the collection point, and a catalyst for cultural change.

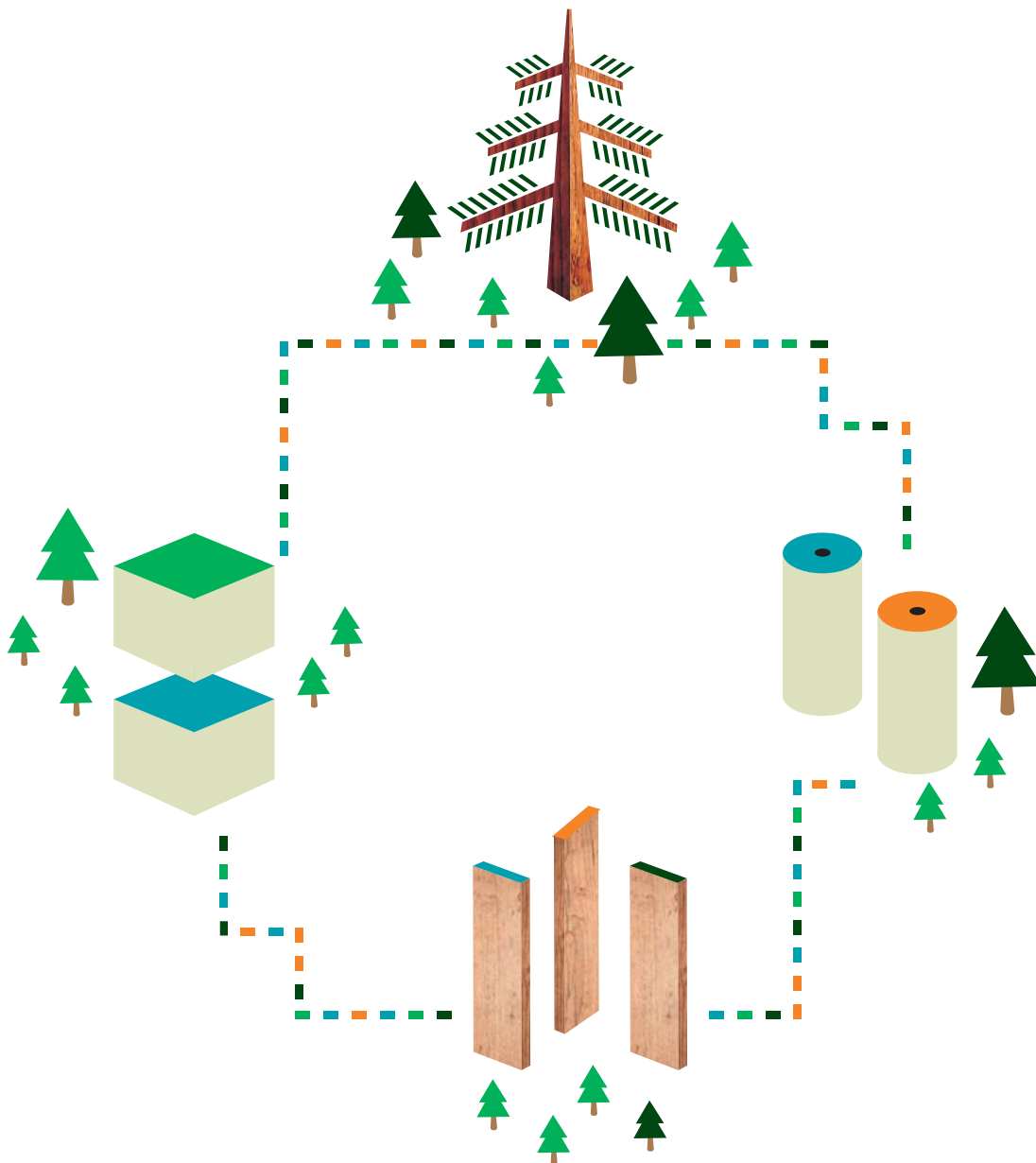
The Committee works to ensure that sustainability is integrated into everything we do. Since his arrival, our President and CEO has consistently spoken about the need to support the three pillars of sustainability—environmental, social and economic. It's the Committee's job to ensure that the Company does what's necessary to back this up. This focus on sustainability is an important shift in Resolute's way of working and in our strategy for value creation and growth—which has started at the very top—and the Committee has a key role in making this happen.

HOW DOES THE COMMITTEE DRIVE THE COMPANY'S SUSTAINABILITY GOALS?

This is the team that establishes the Company's sustainability strategy in collaboration with the Executive Team. Our objectives are to reinforce our environmental credentials by responsibly managing our environmental footprint and to ensure that we're a competitive employer and attractive to the next generation of our workforce. We must also build on our relationships with the communities where we live and work because we recognize that economically viable and civically minded companies underpin long-term regional prosperity. Strong sustainability performance comes when the plans driving our environmental, economic and social objectives are working in sync. It's about delivering value for our shareholders, our customers and our other stakeholders.

2.0 REINFORCE OUR ENVIRONMENTAL CREDENTIALS

Over the past decade, environmental considerations in supply chain management have grown in importance along with consumer expectations of corporate environmental stewardship. We are working hard to differentiate ourselves within our industry as an environmental supplier of choice by minimizing our environmental footprint, by carefully managing the way we use forest, energy and water resources, and by working with customers to support their efforts to be more sustainable.



2.1

FIBER AND FORESTRY

Resolute Forest Products is committed to protecting the forest for future generations by responsibly managing the woodlands entrusted to our care, by carefully tracking the sources of our fiber supply, and by efficiently using the virgin and recycled fiber necessary to make our products.

SUSTAINABLE FOREST MANAGEMENT

At the end of 2011, Resolute owned or managed over 14.5 million hectares (35.8 million acres) of forestland in Canada and the United States.¹⁶ 100% of Resolute's forests are managed using at least one of three internationally recognized sustainable forest management (SFM) certification standards, of which the precautionary approach¹⁷ constitutes an important element:

- > Forest Stewardship Council® (FSC)
www.fsc.org
- > Sustainable Forestry Initiative® (SFI)
www.sfiprogram.org
- > Canadian Standards Association (CSA)
www.csa.ca

A portion of our externally sourced fiber is also certified to one of these standards, or to the American Tree Farm System (ATFS) standard (www.treefarmssystem.org).

Resolute is one of the world's largest SFM certificate holders and supports all four of these certifications, which provide independent assurance that our forests are responsibly managed according to rigorous standards developed specifically for local forest conditions, beyond regulatory requirements.

In 2011, Resolute made a commitment to increase FSC certification of our managed forests from 18% to 80% by 2015. Throughout 2011, we made substantial progress on this commitment, and as at June 13, 2012, 51% of the woodlands we owned or managed was FSC-certified. For more details on forest certification, visit our website at www.resolutefp.com/certificates.

FIG. 2.1 A | **FIBER AND FORESTRY COMMITMENTS**

<u>COMMITMENT</u>	<u>DEADLINE</u>	<u>PROGRESS</u>	<u>UPDATE</u>
Increase Forest Stewardship Council® (FSC) forest certification of managed forests from 18% in 2010 to 80% by 2015	2015	In Progress	51% FSC-certified as of June 2012
Obtain chain of custody (CoC) certification either to FSC, Programme for the Endorsement of Forest Certification (PEFC), or Sustainable Forestry Initiative® (SFI) by 2012 at all North American pulp and paper mills and wood products facilities under Company management	2012	Achieved	Obtained CoC certification at all North American pulp and paper mills and wood products facilities

NOTES

1161 99% of the forestlands Resolute owns or manages are in Canada.

1171 See Glossary for definition of the precautionary approach.

2.1

FIBER AND
FORESTRY**RESPONSIBLE SOURCING**

All of the wood and virgin fiber consumed by Resolute originates mostly from North America. In Canada, which has rigorous forestry laws and regulations, fiber used in our products is sourced primarily from public land managed by Resolute, located mainly in the boreal forest.¹⁸ By law, these woodlands must be promptly regenerated after harvesting. In 2011, Resolute planted approximately 60 million seedlings. We also use various harvesting techniques to further ensure forest regeneration.

At our operations in the United States, the majority of the fiber used is sourced externally from small, private landowners, most of whom have been unable to achieve third-party certification for their holdings due to the prohibitive cost of such an initiative being implemented on a small parcel of land. Resolute is working with these fiber suppliers and SFM certification organizations in an effort to make certification possible for smaller landowners through information sessions on the best practices in sustainable forest management source-water protection.

CHAIN OF CUSTODY

All of Resolute's pulp and paper mills and wood products facilities in Canada and the United States have chain of custody (CoC) fiber-tracking systems in place. Pursuant to the Lacey Act, these systems allow us to identify the source of the fiber or wood used in our operations—from the forest through the supply chain to the end user—to ensure that none of it originates from controversial sources, for example, from illegal logging operations or areas where traditional or civil rights are violated. Our commitment to responsible sourcing is detailed in our Wood and Fiber Procurement Policy, available for download at www.resolutefp.com/Sustainability/Forestry_and_Fiber_Sourcing.

100% of the fiber used by the Company is tracked using Resolute's own internal fiber tracking system. All of our North American pulp and paper mills and wood products facilities are also third-party certified according to one or more of three internationally recognized CoC standards: FSC, SFI and PEFC. All of the wood and fiber procured

FIG.
2.1 B**WOODLANDS OWNED
OR MANAGED BY RESOLUTE**

As at December 31, 2011

REGION	SIZE ²⁰		CERTIFICATION		
	HECTARES	ACRES	FSC	CSA	SFI
Abitibi (Quebec)	1,516,929	3,746,814			X
Charlevoix (Quebec)	214,640	530,161		X	
Côte-Nord (Quebec)	1,987,358	4,908,775		X	
Lac-Saint-Jean (Quebec)	4,267,311	10,540,258	X	X	
Maritimes (Nova Scotia)	233,548	576,864	X		X
Mauricie (Quebec)	256,511	633,581	X		
Ontario	4,462,733	11,022,951	X		X
Outaouais (Quebec)	708,692	1,750,469		X	
Saguenay (Quebec)	839,052	2,072,457		X	
United States	21,265	52,524			X

NOTES

[18] www.fpac.ca/index.php/en/environmental-progress.

[19] Please refer to the Glossary for controlled wood requirements.

[20] Despite the fact that all of our woodlands are certified according to one or more of the SFM standards presented above, some of these standards apply only to a portion of a woodland's area.

2.1

FIBER AND FORESTRY

for these operations meets either the FSC Controlled Wood standard or the SFI Fiber Sourcing requirements and in some cases, both.¹⁹

Further details on the specific CoC certifications in place at each facility can be found at www.resolutefp.com/certificates.

FIBER

In 2011, Resolute used a total of 7,768,514 oven-dry metric tons (odmt) of virgin and recovered fiber from a variety of sources, including roundwood, sawmill chips and recovered papers. Resolute is committed to increasing the third-party SFM-certified virgin fiber we use in our operations. In 2011, 41% of the virgin fiber we used was certified to one or more SFM standards primarily originating from the forests we directly manage in Canada. Most of the remaining fiber came from external suppliers, primarily in the U.S., most of which are small, private landowners.

While Resolute encourages external suppliers to obtain third-party SFM certification for their forest holdings, the process can be cost-prohibitive for some private landowners due to the smaller size of their holdings. To help suppliers overcome this hurdle, we have made a multi-year financial contribution to the efforts of the American Tree Farm System (ATFS) and the Sustainable Forestry Initiative® (SFI) to increase certification to these standards. Through outreach, training and the coordination of management plans, ATFS and SFI are making it possible for smaller landowners to pool their resources and benefit from economies of scale. Many of our foresters participate in trade association committees and other working groups that promote certification in the United States.

- > 100% of Resolute-owned or managed woodlands are SFM-certified
- > 100% of wood and virgin fiber inputs originate from North American operations
- > 100% of North American manufacturing facilities have certified chain of custody tracking systems
- > 87% of wood for sawmills and 41% of virgin fiber inputs for pulp and paper mills are SFM-certified
- > 31% of total fiber inputs for pulp and paper mills are sourced from sawmill chips
- > 9% of total fiber inputs for pulp and paper mills are sourced from recovered paper

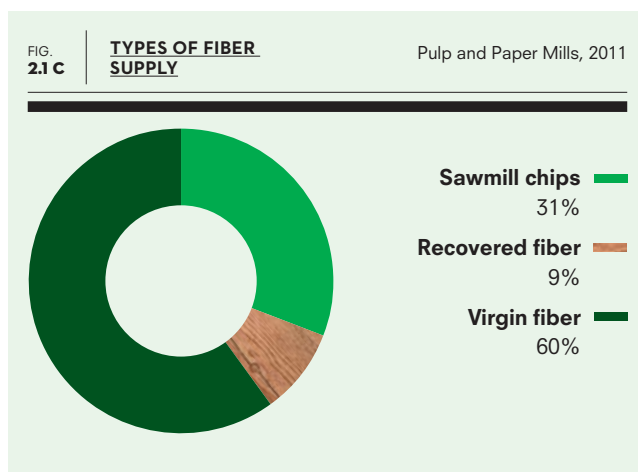
ROUNDWOOD

In 2011, Resolute consumed 8,448,774 cubic meters (m³) of wood to manufacture lumber and value-added wood products. 100% of this wood originated from forests in Canada. Approximately 16% of our wood is purchased from external suppliers. In total, approximately 87% of our wood is certified.

BIODIVERSITY

All of the woodlands owned or managed by Resolute are located within or near areas that play a role in maintaining biodiversity. Some of these woodlands are also located near or include areas protected by conservation legislation. The woodlands managed by the Company provide habitat for approximately 90 plant and animal species that currently appear on state, provincial, national or international species-at-risk or threatened and endangered lists.

Providing protection for forest biodiversity is an important part of all SFM standards, and plays a vital role in the creation of the 25-year forest management plans developed in association with government and the public. These plans ensure that specific objectives and monitoring processes are prepared and in place for all locations. Forest certification audit reports for each of our woodlands operations are available on our website at www.resolutefp.com/Operations/Woodlands.



2.1

FIBER AND
FORESTRY

Strategies to protect biodiversity and forest habitat include the identification of protected areas, caribou conservation strategies, natural and planted forest regeneration, and the application of ecosystem-based management techniques. In the Canadian provinces where Resolute has tenures, monitoring of biodiversity is usually carried out by provincial agencies responsible for wildlife policies and wildlife management.

The outstanding biodiversity, ecological and cultural value of the Catawba River, located in proximity to our Catawba operation in South Carolina, led it to be designated as a State Scenic River in 2008. Resolute is a member of the Catawba Scenic River Advisory Council, a multi-stakeholder council representing local landowners, river users, community interests and the state government. The first responsibility of the advisory council is to hold a series of monthly, open community meetings where local citizens can share their visions, goals and concerns for the 30-mile stretch of river. This community-based process will result in the development of a river management plan that will guide the priorities and actions of the advisory council.

CANADIAN BOREAL FOREST AGREEMENT

On May 18, 2010, 21 member companies of the Forest Products Association of Canada (FPAC), including Resolute Forest Products, jointly announced, along with key environmental organizations, the signing of the Canadian Boreal Forest Agreement (CBFA). The CBFA is a landmark agreement that supports conservation of and forest management in Canada's boreal forest.

The CBFA is working to achieve a series of key goals that include:

- 1) World-leading "on-the-ground" sustainable forest management practices based on the principles of ecosystem-based management, active adaptive management and third-party verification;
- 2) The completion of a network of protected areas that, taken as a whole, represents the diversity of ecosystems within the boreal region and serves to provide ecological benchmarks;
- 3) The recovery of species at risk within the boreal forest, including species such as the woodland caribou;
- 4) Reducing greenhouse gas emissions along the full life cycle, from the forest to end of product life;

FIG. 2.1 D | 2011 CONSUMPTION OF VIRGIN FIBER (PULP AND PAPER MILLS)

	<u>TOTAL CONSUMED (ODMT)</u>	<u>% SOURCED EXTERNALLY</u>	<u>% OF TOTAL CONSUMED FIBER CERTIFIED</u>
Canada	3,435,916	35.6%	71.8%
United States	3,641,472	97.7%	12.3%

FIG. 2.1 E | 2011 CONSUMPTION OF WOOD (SAWMILLS)

	<u>TOTAL CONSUMED (m³)</u>	<u>% SOURCED EXTERNALLY</u>	<u>% OF TOTAL CONSUMED FIBER CERTIFIED</u>
Canada	8,448,774	15.6%	86.9%

2.1

FIBER AND FORESTRY

- 5) Improved prosperity of the Canadian forest sector and the communities that depend on it; and
- 6) Recognition by the marketplace (e.g., customers, investors, consumers) of the CBFA and its implementation in ways that demonstrably benefit FPAC members and their products from the boreal.

The agreement covers 76 million hectares (188 million acres) of public forests licensed to FPAC member companies. Under it, FPAC members, who manage two-thirds of all certified forestlands in Canada, commit to the highest environmental standards of forest management within an area twice the size of Germany, and conservation groups commit to global recognition and support for FPAC member efforts.

Since the launch of the agreement, a substantial organizational structure has been put in place, including planning and reporting processes, a secretariat to oversee project management and logistics, and a steering committee comprised of equal numbers of ENGO and industry representatives. In September 2011, noted environmentalist Monte Hummel was named Chairman and Andrew Bevan became the first full-time Executive Director of the CBFA secretariat. Resolute participates in several CBFA mechanisms, including the steering committee, six out of seven of the national working groups, and the Ontario and Quebec regional working groups.

2.2

CLIMATE
AND ENERGY

Growing public concern about greenhouse gas (GHG) emissions and their effect on the world's climate is leading more customers to ask for information on Resolute's GHG emissions. In 2011, the Company joined the WWF's Climate Savers program and put in place industry-leading greenhouse gas reduction targets. We are committed to reducing GHG emissions across our operations by identifying opportunities to reduce energy use and improve efficiency as well as through sustainable forest management.

FIG.
2.2 ACLIMATE AND ENERGY
COMMITMENTS

COMMITMENT	DEADLINE	PROGRESS	UPDATE
Achieve a 65% absolute reduction of scope 1 and 2 GHG emissions by 2015 over the 2000 base year ²¹	2015	In progress	Recorded a 6% reduction in GHG emissions in 2011 vs. 2010, for a total 62% reduction compared to 2000
Implement standard scope 3 accounting and begin full scope 3 reporting by 2015 ²²	2015	Not started	Focused on closing the gaps in our scope 1 and 2 inventory in 2011; will focus on developing a scope 3 inventory in 2012-2015



碳减排先锋
Defensores do Clima
クライメート・セイバーズ
Climate Savers

As part of our membership in the WWF's Climate Savers program, Resolute made several additional commitments to help the Company achieve a reduction in absolute GHG emissions of 65% below 2000 levels by 2015, including the development of innovative and value-added products with lower GHG footprints. More information on these commitments can be found on our website at www.resolutefp.com/WWF-Climate-Savers.

NOTES

211 For definitions of scope 1 and 2 GHG emissions, see Glossary, page 94.

221 For a definition of scope 3 GHG emissions, see Glossary, page 94.

2.2

CLIMATE AND ENERGY

ENERGY SOURCES AND CONSUMPTION

Energy use accounts for approximately 22% of Resolute's total manufacturing costs. We purchase fuel, electricity and steam from external suppliers and generate electricity at our hydroelectric facilities and through cogeneration. Our energy conservation programs focus on our pulp and paper mills, as these facilities account for approximately 99% of our total energy consumption and GHG emissions.

Fuel energy

In 2011, we consumed, 94,664,948 GJ of fuel energy at our pulp and paper mill operations, 78% of which came from biomass. As well, 0.8% of our fuel energy was sourced from other alternative energy fuels, primarily used tires, waste plastics and landfill gas. Using old tires and waste plastics diverts these materials from landfills and recovers the energy value.

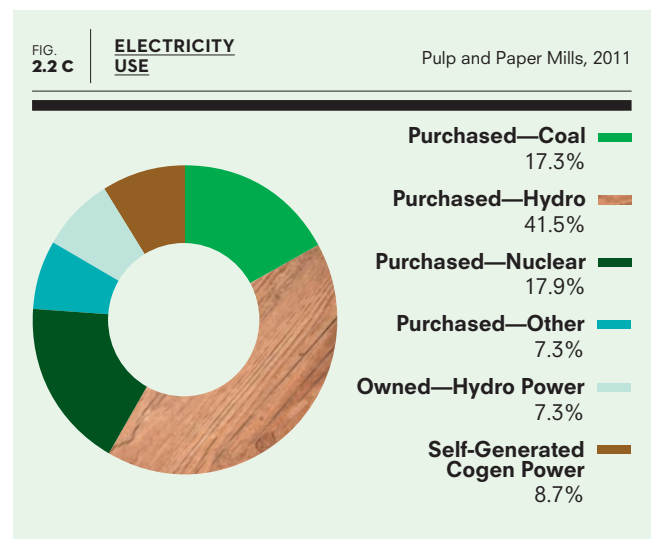
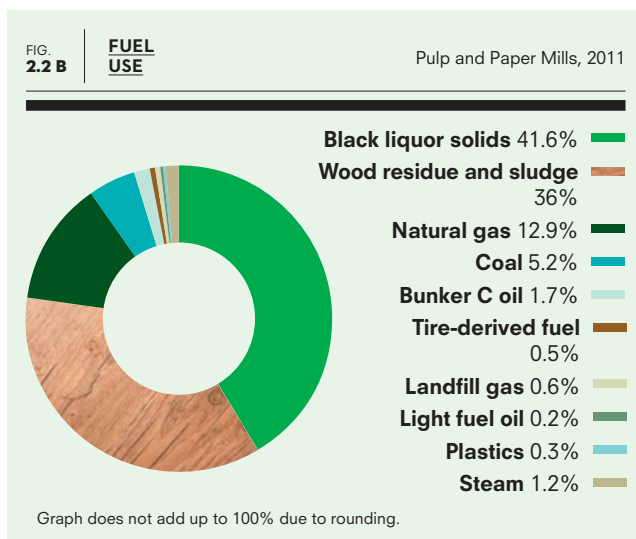
Electricity

In 2011, we consumed 15,029,781 MWh of electricity (purchased and self-generated) at our pulp and paper mills, most of which was purchased from electric utilities, with the remainder coming from our own production. GHG emissions from electricity depend on the energy mix of local utilities, which varies significantly from region to region.

CLIMATE CHANGE AND GHG EMISSIONS

The potential implications of climate change to the forest products industry are complex. Wood is a renewable resource, and forest products can be recycled or used as energy. Forests are also carbon sinks in that they remove CO₂ from the atmosphere and store it in trees, root systems, soil and ultimately, in forest products. Forests and their carbon sequestration potential are impacted by management practices, climate and the rise in atmospheric CO₂.

Resolute aims to optimize the role of the forest in mitigating climate change by applying sustainable forest management techniques. However, there is no widely accepted methodology to measure and account for carbon in forests, and the way forest management affects it is not fully understood. One of our objectives in joining the WWF's Climate Savers initiative is to learn more about the role forests play in the carbon cycle and how to measure it effectively.



2.2

CLIMATE AND ENERGY

CARBON FOOTPRINT

Resolute has been tracking and monitoring GHG emissions from our pulp and paper mills since before 2000. Our GHG accounting is based on the GHG Protocol (www.ghgprotocol.org) and follows local regulatory requirements of each mill. We report on emissions classified as scope 1 (direct emissions from fuel combustion) and scope 2 (indirect emissions from purchased electricity and steam). In 2011, scope 2 emissions accounted for 70% of our carbon footprint, compared to 30% for scope 1 emissions.

The Company plans to have a preliminary accounting of scope 3 emissions by 2013 and a complete inventory by 2015. As part of our WWF Climate Savers commitment, we have been working intensively to close the minor gaps in scope 1 and 2 emissions identified in our inventory, including the tracking of sawmill emissions, emissions from landfills owned by the Company, and the treatment of scope 2 emissions from owned cogeneration facilities according to contractual agreements. Ensuring a robust emission inventory is essential to identifying opportunities to reduce our carbon footprint.

GHG EMISSIONS

Resolute's total GHG emissions have been reduced by 62% since 2000. In 2011, our total GHG emissions amounted to 4,445,422 metric tons of CO₂, a decrease of 6% from 2010. The decrease from 2010 can largely be accounted for by the shutdown of a newsprint production line at our Coosa Pines (Alabama) mill and improvements to the biomass boiler at our Fort Frances (Ontario) mill, which allowed for the reduction of natural gas as a secondary fuel. These reductions were partially offset by an increase in emissions at our Calhoun (Tennessee) mill due to a three-week downtime of the bark boiler in 2011, which required an increased use of fossil fuel. It should be noted that in order to comply with the GHG Protocol, we modified our emission factors associated with electricity consumption for 2011, 2010 and 2000. This modification, combined with operational efficiency gains, explains why we have attained such a high reduction in our emission inventory.

Pursuant to our commitment to WWF's Climate Savers program, we retained Stantec Inc. to perform an external verification of our scope 1 and 2 greenhouse gas emission data for 2011. Stantec's verification concluded with a limited level of assurance that Resolute's GHG emission calculations included material misstatements. The main discrepancy leading to this statement is related to the fact that GHG emissions associated to the operation of Company-owned landfill sites were not previously included in our scope 1 (direct emissions) inventory. At the time of the review, Resolute's Environment Team had already started implementing a comprehensive action plan to account for these emissions. Adjusted

FIG. 2.2 D GREENHOUSE GAS EMISSIONS Pulp and Paper Mills, 2000-2011

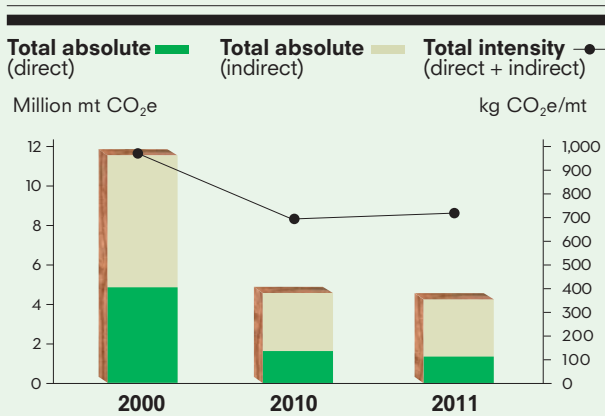
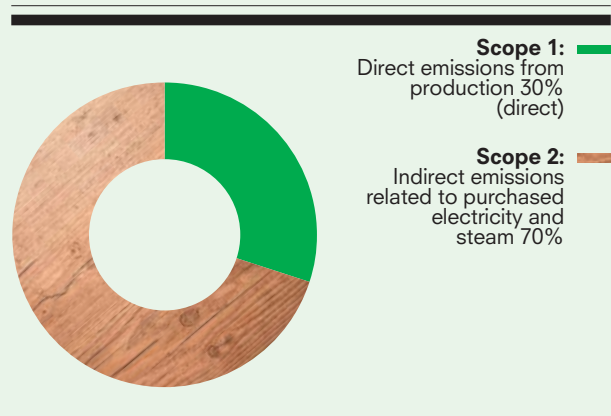


FIG. 2.2 E CARBON FOOTPRINT Pulp and Paper Mills, 2011



2.2

CLIMATE AND ENERGY

figures will be presented in future reporting, and Resolute will determine whether our 2015 GHG emission reduction target should be re-evaluated.

Reducing scope 2 emissions continues to be a challenge for the Company, as these are largely the result of the energy mix of the electric utilities at each mill location. Furthermore, the Company produces a considerable amount of thermomechanical pulp (TMP), which uses a fixed amount of electricity to deliver required product quality. In 2011, more than half of the Company's total GHG emissions came from five operations that produced kraft pulp in addition to TMP and are located in regions that have GHG-intensive energy electric utility networks. We also began trialing new technologies that could reduce electricity requirements for TMP production.

CLIMATE AND ENERGY OVERSIGHT

Resolute continually monitors and takes action on GHG emissions in several ways:

- > The Environment, Health and Safety Committee of the Board of Directors meets a minimum of three times a year, and GHG emission performance and our ongoing reduction efforts are reviewed as part of the Committee's mandate.
- > Every month, a report is provided to the Executive Team and senior management summarizing key environmental performance indicators, including those related to GHGs.
- > The Resolute Corporate Carbon Committee serves as a training and information mechanism to address various climate change issues. The committee also works to identify climate-related risks and opportunities.
- > The energy network, an ad hoc committee of energy specialists across the Company, meets via conference call every second month to discuss best practices, training, and performance against objectives.
- > At the mill level, development and implementation of a state-of-the-art EMIS (Energy Management and Information System) has greatly improved energy management.

ENERGY MANAGEMENT

Several major energy management projects have been approved or are being implemented across our mills, most notably our Energy Blitz program, which was developed in 2009 to manage and reduce energy consumption and costs at our operations. Energy blitzes are based on the Kaizen approach to lean manufacturing, a team-based process that minimizes waste by identifying and implementing small improvements in manufacturing processes that improve overall efficiency and performance. Continuous improvement managers identify best practices for the reduction of energy use at each operation at every step of the process and then share the identified management models and practices with other facilities. By the end of 2011, 13 mills had undergone energy blitzes and identified a range of energy-reduction and cost-saving opportunities.

Arising from discussions in 2011, Resolute announced a Power Purchase Agreement with the Ontario Power Authority in March 2012 to install a condensing turbine at its Thunder Bay (Ontario) pulp and paper mill. The turbine will reduce mill energy costs while allowing it to sell green energy from biomass to the Ontario Power Authority. Heat recovered from the turbine will also help reduce the mill's complex steam load. Approximately C\$37 million in project funding is being provided through the Ontario Government's Forest Sector Prosperity Fund and the Canadian Federal Government's Pulp and Paper Green Transformation Program. The 18-month turbine project is scheduled to start in the fourth quarter of 2012 and has already created 21 direct jobs at the mill and 35 indirect jobs in the region.

2.3

MILL
ENVIRONMENTAL
PERFORMANCE

Resolute is working hard to minimize waste and emissions by making more efficient use of the water, forests and other resources in our care. Through continuous improvement efforts in our mill performance and our environmental management systems (EMS), Resolute's Operational Excellence team is reducing costs and the environmental impacts of our operations.

FIG. 2.3 A | MILL ENVIRONMENTAL PERFORMANCE COMMITMENTS

COMMITMENT	DEADLINE	PROGRESS	UPDATE
Improve understanding of our water footprint and voluntarily report to the Carbon Disclosure Project's Water Disclosure program	TBD	Not started	Evaluating our water footprint; we will determine when we can begin reporting on water to the Carbon Disclosure Project
Reduce environmental incidents by 15% in 2011 compared to 2010 baseline, with a long-term goal of zero incidents	2011	Not achieved	Goal missed by 1%; environmental incidents reduced by 14% from 2010 levels (see pages 31-32)

FIG. 2.3 B | WATER DISCHARGED Pulp and Paper Mill—Total 2009-2011

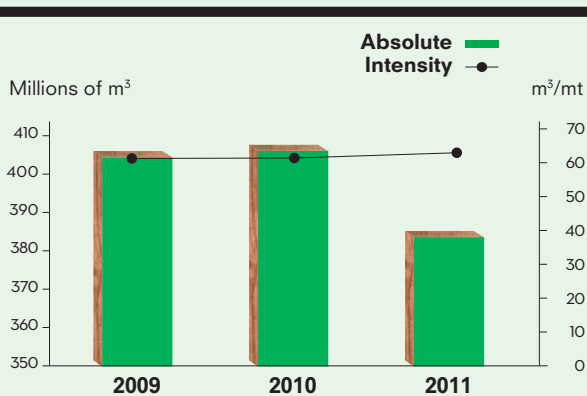
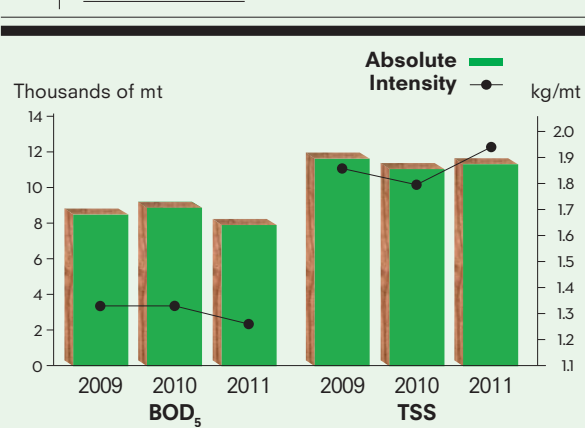


FIG. 2.3 C | TOTAL SUSPENDED SOLIDS, BIOCHEMICAL OXYGEN DEMAND Pulp and Paper Mills—Total 2009-2011



NOTES

1231 Excludes the three Fibrek mills acquired in 2012.

1241 Resolute estimates water intake from effluent discharge using a method developed by NCASI. It is a legal requirement to report an accurate discharge flow to state/provincial authorities. It is estimated that approximately 10% of the total water withdrawn ends up in the final product or evaporates as steam.

2.3

MILL ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL MANAGEMENT

All of our operations have environmental management systems in place. By the end of 2011, 15 out of 18 paper mills²³ and 15 out of 22 wood product facilities had an EMS that was certified to ISO 14001 environmental management standards. In 2011, each facility identified two KPIs for which reduction targets were set. This approach was chosen to best reflect the different geographic and technological contexts of each operation. KPIs are monitored at both the mill and corporate levels.

At the mill level, water, environmental incidents, air emissions, and material use and waste generation are the most material areas of focus. Resolute's aggregate environmental performance around these four impact areas is discussed below.

1) Water

Resolute's pulp and paper mills primarily withdraw water from rivers adjacent to our operations. Withdrawal from groundwater sources occurs only at the Company's Grenada mill in Mississippi, and accounts for less than 1% of total Company water use.

As with our Energy Blitz program, Resolute's Operational Excellence team also conducts Kaizen process-based Water Blitzes to identify and implement process and operational improvements that improve water use efficiency. A Water Blitz was conducted at the Fort Frances pulp and paper mill in 2011.

Resolute's papermaking processes discharged 385,161,896 m³ of water in 2011 compared to 406,564,681 m³ in 2010—a 5% reduction.²⁴ This decrease is due in part to the closure of a production machine at our Coosa Pines mill, which resulted in the reduction of nearly 11.4 million m³ of the mill's total water consumption in 2011. All water used in papermaking and pulp processes passes through primary and secondary effluent treatment systems. Non-contact cooling water that does not mix with the process effluent may be discharged without treatment, but is monitored, sampled and reported to regulatory authorities.

In Canada, we are working on improving the efficiency of effluent treatment systems as part of Environment Canada's Environmental Effects Monitoring (EEM) program. This initiative resulted in reductions in BOD and TSS discharges at our Canadian facilities. Still, our TSS intensity rate was affected by market-related production downtime during the course of 2011.

2) Environmental incidents

An environmental incident can represent either a spill or the exceedance of a legally allowable limit. Incidents are tracked at all paper mills, sawmills and woodlands operations. Resolute classifies environmental incidents as having either significant risk (class 1) or moderate risk (class 2). In 2011, we experienced 3 class 1 incidents and 33 class 2 incidents, representing a 14% decrease in the

FIG. 2.3 D ENVIRONMENT INCIDENTS SUMMARY OF PERFORMANCE

	2009	2010 ²⁵	2011
Exceedances—Class 1	3	2	1
Exceedances—Class 2	18	15	11
Spills—Class 1	0	1	2
Spills—Class 2	34	24	22
Total	55	42	36

NOTE

[25] Environmental incidents for 2010 were reported incorrectly in our 2010 Sustainability Report. We reported a total of 43 incidents. The correct number was 42.

2.3

MILL ENVIRONMENTAL
PERFORMANCE

total number of incidents from 2010. This number was 1% below our 2011 target, which called for a 15% reduction in incidents over 2010.

Resolute has strengthened its approach to incident management, which now includes ensuring that a full investigation is carried out within two days and sharing findings with similar operations.

For 2012, we have set a new target to reduce environmental incidents by 20% over 2011. To this end, we are in the process of incorporating risk audits into the

three-year audit cycle to identify weaknesses in our spill protection systems as well as necessary capital improvement projects. Individual mills have also been assessed using a risk matrix that assigns a score of 1 to 5, the latter being equivalent to “world class” standards and the former indicating that processes at the mill need significant improvement. Mills that fall below Company expectations, scoring between 1 and 2, need to reach a score of 3 by 2012. If they do not achieve this score, they are asked to provide a plan for reaching that goal. Mills that scored 3 or higher are encouraged to improve their risk score by at least one point in 2012.

FIG.
2.3 E**SUMMARY
OF CLASS 1
INCIDENTS—2011**

MILL/ PRODUCTION	CLASS 1 INCIDENT	INCIDENT AND CORRECTIVE ACTIONS
Baie-Comeau (Quebec)	Spill	On July 17, 2011, an undeterminable volume of untreated effluent overflowed from the pumping station into the Comeau Creek for a period that lasted approximately 30 minutes. The incident was caused by a false triggering of a circuit-breaker following a malfunction of a protection relay. It was resolved by removing the ground protection breaker which was not necessary in this application.
Fort Frances (Ontario)	Exceedance	The Fort Frances mill's Certificate of Approval from the Province of Ontario imposes a total reduced sulfur (TRS) ambient air limit of 40 µg/m ³ (30-minute running average). Air quality in Fort Frances is monitored and sampled at four stations in strategic locations within the municipality. In 2011, the mill's TRS ambient air limit was exceeded 291 times. This incidence total is lower than previous years, when the following exceedances were logged: 547 in 2010; 444 in 2009; 633 in 2008; 748 in 2007; and 914 in 2006. The mill implemented an extensive action plan to significantly reduce TRS exceedances.
Thunder Bay (Ontario)	Spill	Untreated primary effluent spilled into the river due to sump pump malfunctions and a sump overflow. Discharges came from the basement of the effluent plant building, where a failing mechanical seal on the building's sump pumps resulted in the pumps failing to maintain sump level. The sump overflows to a standpipe whose pump also failed due to mechanical damage, and it was found that the standpipe overflow was discharging directly to the river. As the pumps were being repaired, effluent was allowed to flow onto the basement floor of the pipe gallery to prevent overflow to the river. However, it was later discovered that the pipe gallery's floor drains were also discharging to the river. Corrective actions implemented include an engineering assessment of the mill site to identify all pipes, drains and overflows to the river, as well as a sump pump system upgrade. The overflow line to the river and basement floor drains was sealed to prevent direct discharges

2.3

MILL ENVIRONMENTAL PERFORMANCE

In 2011, Resolute paid one environmental fine. Our mill in Thorold (Ontario) was fined C\$31,500 by the Ontario Ministry of the Environment for toxicity exceedances that occurred in previous years.

3) Air emissions

Resolute manages its air emissions as part of the environmental management system at each mill. We will continue to invest in pollution control technologies to maintain regulatory compliance and to improve odor control. Atmospheric emissions from pulp and paper mills result mainly from the combustion of fossil fuels. These emissions include air contaminants such as SO₂, NO_x, and TPM.

The U.S. Environmental Protection Agency passed a new regulation in the summer of 2012 called Boiler MACT that imposes new limits on emissions of particulate matter, carbon monoxide, mercury and hydrogen chloride from boilers as of 2015. Upon developing our compliance plan, our first priority was to identify investments that could be made to the boilers to improve combustion efficiency, rather than adding end-of-pipe pollution controls to the boiler stacks. These pollution prevention initiatives will reduce the amount of emissions generated by the boilers as well as reduce fuel costs and ultimately the cost of pollution control devices that will have to be installed. Information on how we work to reduce our CO₂ and other greenhouse gas emissions can be found on pages 28-29.

FIG. 2.3 F SULFUR DIOXIDE, NITROGEN OXIDES Pulp and Paper Mills—Total 2009-2011²⁶

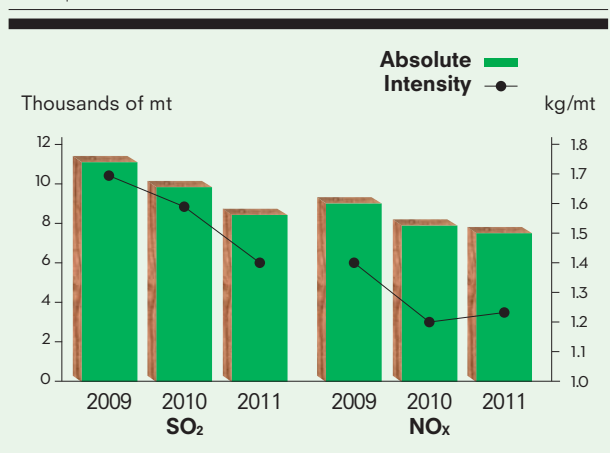
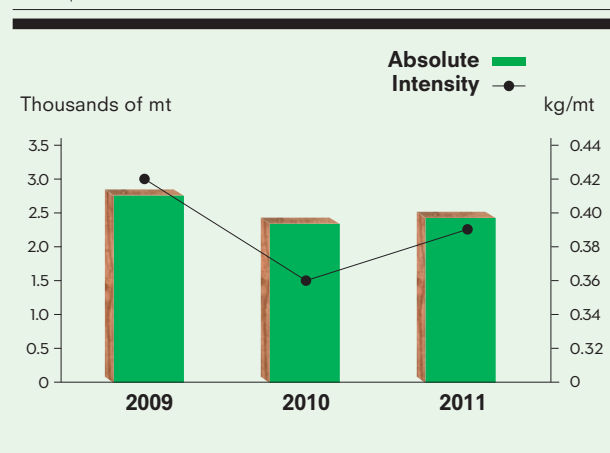


FIG. 2.3 G TOTAL PARTICULATE MATTER Pulp and Paper Mills—Total 2009-2011²⁷



NOTES

²⁶ 2009 does not include Bridgewater (United Kingdom) mill.

²⁷ 2009 data does not include Bridgewater.

2.3

MILL ENVIRONMENTAL
PERFORMANCE**4) Material and waste generation**

Resolute's greatest opportunity to reduce waste is rooted in using resources efficiently. Fiber, for example, represents a high input cost. Reducing the amount of fiber we lose through effluent treatment means that we have more fiber available for production, minimizing the cost of effluent treatment and minimizing the waste sent to landfill. In 2011, we experienced a fiber loss of 43.45 kg per metric ton of production, a significant improvement from 2009 where there was a fiber loss of 48 kg per metric ton of production. In 2011, seven paper mills established a fiber loss key performance indicator target. To achieve this target, our Operational Excellence team conducts Fiber Loss Blitzes at priority mills, and senior management reviews progress towards achievement of fiber efficiency on a monthly basis. Unfortunately, only our Grenada (Mississippi) mill achieved its fiber loss KPI target in 2011.

In 2011, Resolute generated 779,075 metric tons of waste and residual, a decrease of 20% from 2010. Various mills have set mill-level targets related to waste reduction and diversion from landfill. For example, in 2011 our Calhoun (Tennessee) mill diverted 90% of its ash waste from landfill by identifying alternative beneficial uses, exceeding its original target of 50%. Our Baie-Comeau (Quebec) mill reduced the amount of domestic waste sent to landfill from 26 metric tons per month to 13 metric tons per month, exceeding its annual KPI goal of 13.5 metric tons per month. Almost all of our paper mills convert biosolids, such as wood residue and effluent treatment biosolids, into energy.

FIG. 2.3 H **FIBER LOSS** Pulp and Paper Mills—Total 2009-2011

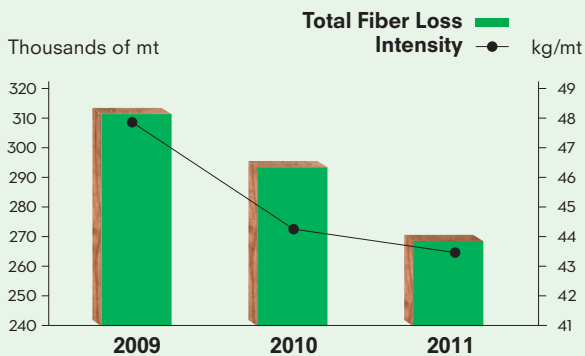


FIG. 2.3 I **RESIDUALS AND WASTE** Pulp and Paper Mills, 2011

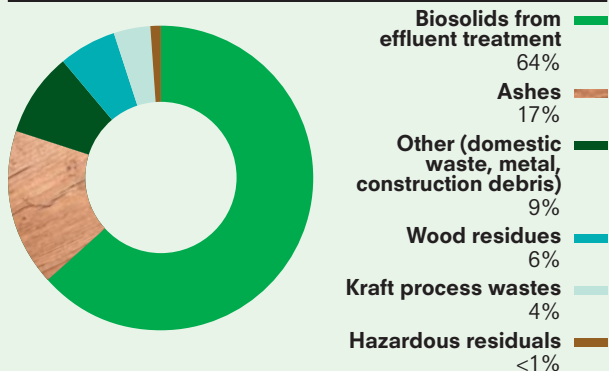
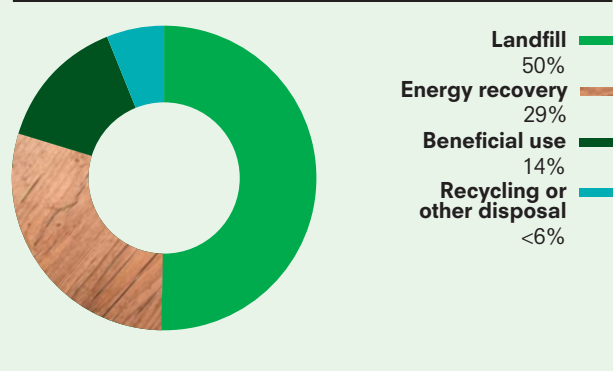


FIG. 2.3 J **WASTE BY DISPOSAL METHOD** Pulp and Paper Mills, 2011



2.3

MILL ENVIRONMENTAL
PERFORMANCEFIG. 2.3 K TOTAL KEY MATERIALS USED²⁸

2011

FIBER AND LOGS²⁹		PULPING/BLEACHING CHEMICALS	
Logs to sawmills (thousand m ³)	8,449	Sodium silicate (thousand ODMT)	21.9
Virgin fiber to pulp and paper mills (thousand ODMT)	7,077	Sodium bisulphite (thousand ODMT)	15.7
Recovered fiber (ONP, OMG, SOP) ³⁰ to pulp and paper mills (thousand ODMT)	691	Sodium hydrosulfite (thousand ODMT)	12.7
COATINGS AND FILLERS		Sulfur (thousand ODMT)	3.8
Clay (thousand ODMT)	305.0	Borol (thousand ODMT)	2.0
Starch (thousand ODMT)	25.2	Sulfur dioxide (thousand ODMT)	1.5
Calcium carbonate (thousand ODMT)	21.8	ENERGY	
Latex (thousand ODMT)	13.1	Electricity—purchased (GWh)	12,636
PULPING/BLEACHING CHEMICALS		Electricity—self-generated/owned (GWh)	2,394
Sodium hydroxide (thousand ODMT)	111.1	Fuel (thousand GJ)	94,665
Sulfuric acid (thousand ODMT)	60.6	WATER³¹	
Sodium chlorate (thousand ODMT)	38.3	Water discharged (thousand m ³)	385,162
		Urea (effluent treatment chemical) (thousand ODMT)	6.1

NOTES

1281 Materials used for pulp and paper production only, except for logs (supplied to sawmills). All data is based on 100% of production, including full production of our partnerships.

1291 Because 31% of total virgin fiber supply to pulp and paper mills in 2011 was sawmill by-product, there is double-counting in the log and virgin fiber consumption data.

1301 ONP (old newspapers), SOP (sorted office paper) and OMG (old magazines).

1311 Resolute returns more than 90% of the water it withdraws, as 10% ends up in the final product or evaporates as steam.

- 1 Jerome Herron, Project Engineer
- 2 Don Maxwell, Manager, Power-Utilities
- 3 Neal Fuller, Coordinator, Operations
- 4 Sebastien Kidd, Manager, Operations



2.3 NATURAL GAS BOILER PROJECT TEAM

EMPLOYEE PERSPECTIVE

JOHN GRAVES

Services Manager,
Coosa Pines (Alabama);
Project Lead, Coosa
Pines Boiler Project



able to reduce our maintenance costs; the current boilers were built some 70 years ago and as a result, up-keep is costly.

HAS ANYTHING CHANGED IN HOW YOU APPROACH PROJECTS LIKE THIS?

The team working on this project has put a lot of energy into it. The Coosa Pines site has always been strong on environmental stewardship, and we're always looking to improve our performance while supporting our overall corporate objectives. The Company's emphasis on sustainability means everything we do is seen through that lens. It changes how you do things and means that when any project is evaluated, one of the first things we do is determine whether it addresses all of the objectives of our sustainability strategy. This project fits squarely into those objectives not only from an environmental perspective but also from a community perspective. The reduction in pollutants will have a direct positive benefit on the communities around the facility.

HOW DOES THIS INITIATIVE HELP RESOLUTE'S COMPETITIVE POSITION?

I believe genuine effort on the sustainability front helps contribute to a company's competitiveness in that it demonstrates responsibility to both the environment and the communities in which the Company operates. For Coosa Pines, it takes on a particular importance. A number of the products produced at the site are for export markets, many of which have strict environmental requirements. If we don't meet those requirements—like the Nordic Swan initiative, the sustainability eco-label of the Nordic countries in which a number of our customers are participants—we'd be unable to sell into those markets. This boiler replacement project will help us stay competitive and responsive to the needs of an evolving marketplace.

HOW WILL REPLACING THE BOILERS AT COOSA PINES CONTRIBUTE TO RESOLUTE'S SUSTAINABILITY OBJECTIVES?

The two natural-gas-powered boilers that we'll be installing will replace four coal-fired boilers which today use about 150,000 tons of coal a year. The reduction in GHG emissions will be significant: about 120,000 metric tons of carbon dioxide annually.

The reduction in GHG emissions isn't the only benefit. Particulate matter produced by the boilers will also be significantly reduced, in addition to a dramatic reduction in sulfur dioxide emissions. Other benefits include lowering operational costs by \$15 per ton and the ability to generate more on-site power which allows us to reduce the amount of electricity we buy from the local utility. Finally, we'll be

2.4

PRODUCTS

Resolute Forest Products is fortunate that our primary input wood—is a renewable resource, and that our paper products are recyclable. As one of the world’s leading forest products producers, we manufacture and market a diverse range of products, including commercial printing papers, newsprint, market pulp and wood products. These include many eco-efficient options that provide our customers with the opportunity to reduce their own environmental impacts.

SUSTAINABLE PRODUCTS

In 2012, Resolute launched its low-impact environmental line of papers under a unified brand, Align™. Leading up to the launch, in 2011, we completed a life cycle assessment (LCA) of the Align paper grades which examined four categories of impact: climate change, human health, energy and ecosystem quality.

The results of the LCA showed that our Align uncoated paper grades use up to 50% less wood fiber than uncoated freesheet (UFS). Furthermore, these grades have a carbon footprint that is 85% lower than that of the average UFS over its life cycle. Using 100 metric tons of Align uncoated instead of UFS equates to eliminating the annual greenhouse gas emissions of 22 passenger cars. Align uncoated grades are also produced using 63% less energy compared to the average UFS.

In 2011, Resolute began educating customers about the advantages of our eco-efficient paper grades, which can help them reduce their own environmental impacts, in preparation for the launch of the Align family in 2012. This year, we developed a website and implemented a launch and marketing strategy to promote the Align grades. Our Align products also support our commitment made through our membership in the WWF Climate Savers program to develop and offer products that help our customers reduce their carbon footprint. (see illustration 2.4 B on page 39). Visit www.alignpaper.com for more information.

FIG. 2.4 A | PRODUCT COMMITMENTS

COMMITMENT	DEADLINE	PROGRESS	UPDATE
Launch a marketing strategy in 2012 to promote eco-efficient products that provide more value with less environmental impact	2012	Completed	Completed life cycle assessment of high-yield paper grades in 2011; developed marketing and launch strategy for Align™ paper grades in 2012
Offer products that help our customers reduce their carbon emissions	2012	Completed	Implemented launch strategy for Align paper grades in 2012

2.4

PRODUCTS

PRODUCT EDUCATION AND COMMUNICATION

Resolute is committed to educating our stakeholders about our products and practices. We believe that sharing information fosters strong partnerships. We engage with our customers along a number of avenues, including holding one-on-one meetings, providing life cycle assessments, issuing news updates, and responding to inquiries and surveys. Our annual sustainability report is a key tool for keeping stakeholders abreast of our objectives and progress.

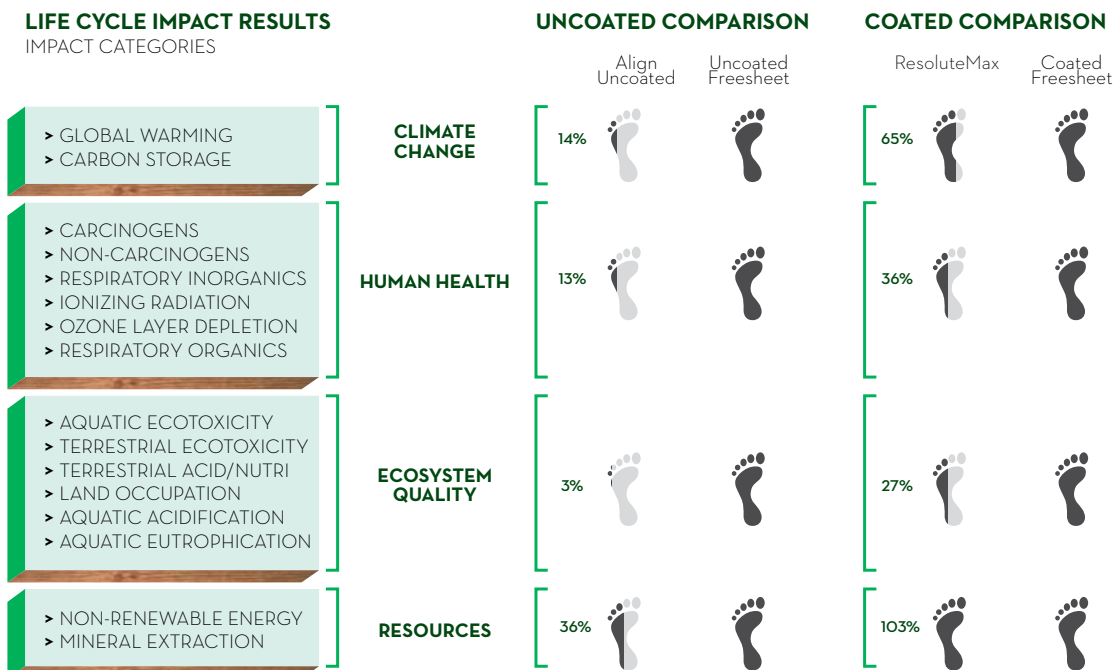
We also participate in industry-wide educational initiatives; notably, the Paper Life Cycle project (www.thepaperlifecycle.org) and the Environmental Footprint Comparison Tool (www.paperenvironment.org), which are online resources designed to help companies make informed environmental decisions about the paper they buy, use and sell.

Educational materials on specific environmental issues, such as climate change, are made available through publications from the industry associations to which we belong.

Certification labeling—Resolute uses certification labeling to communicate important information about our practices and the source of the fiber used in our products. By certifying pulp and paper mills and wood products facilities to third-party chain of custody (CoC) standards, our products qualify for on-product certification labels, attesting to the sustainable sourcing of the product. Customers may use on-product labels for their products if their facilities are also CoC certified to a compatible standard. Visit www.resolutefp.com/certification for more details.

Product transparency—We regularly provide detailed information to our customers and other stakeholders on our mills' environmental performance. Resolute participates in the Environmental Paper Assessment Tool (EPAT, www.epat.org), a membership-based online database developed by the sustainability non-profit GreenBlue in collaboration with leading paper buyers and suppliers. EPAT allows buyers and sellers of paper products to make informed decisions about the environmental attributes and trade-offs involved in paper purchasing using a consistent framework and metrics. It captures mill-level data on environmental indicators, fiber sourcing and social criteria to provide a sustainability snapshot of a paper product.

FIG. 2.4 B | LCA RELATIVE FOOTPRINT OF ALIGN COMPARED TO FREESHEET



2.4

PRODUCTS

PAPER RECOVERY AND RECYCLED FIBER

Recycling is an important stage in the life cycle of paper. While virtually all of the recycled fiber available on the market gets reused because of high global demand, the total supply is limited. Recovery rates are highly dependent on end-user behavior and the availability of efficient recovery systems, which are usually managed by local governments.

According to the Pulp and Paper Products Council, in 2011, Canada's recovery rate was approximately 74%, representing an increase of 31% from 2000 levels.³² For Resolute, 9% of our overall fiber supply came from recovered fiber, which represents a reduction in our use of recycled fiber compared to 2010, when 12% of our fiber supply came from recycled furnish. This reduction in our use of recycled fiber is due, in part, to excess demand and the corresponding increase in pricing for recycled furnish around the world without corresponding growth in the supply of recycled furnish.

Using recycled fiber is important to ensure that the world's fiber resources are used efficiently, but fiber recycling is not the only factor in determining whether a paper product is environmentally efficient. For example, eco-efficient, high-yield paper grades such as Resolute's Align family of papers provide similar or improved efficiencies compared to recycled products. Our Align papers are manufactured using a TMP process whereby lignin is retained in the pulp along with cellulose and hemicellulose. This process results in fiber efficiency and higher yield compared to paper made from kraft pulp.

For a more in-depth review of the relative environmental benefits of using recycled fiber, please see our website at www.resolutefp.com/Operations/Recycling.

RESEARCH AND TECHNOLOGY INNOVATION

Resolute is committed to creating strong links with government agencies, industry associations and universities in order to facilitate the commercialization of innovative products such as biochemicals, bioenergy and biomaterials. For instance, we are a member of the Canadian Bioenergy Association, the Forest Products Association of Canada and Quebec's Industrial Bioprocess Research Consortium. We participate in the Consortium on Commercial Boreal Forest along with the Université du Québec à Chicoutimi and numerous provincial and federal government agencies. We are also involved in a research project on forestry ecosystems with Quebec's Ministry of Economic Development, Innovation and Exports, Génivar Inc., Université Laval and Université du Québec à Montréal.

Resolute is partnering with the University of New Brunswick on a project to reduce electricity consumption. Also, in partnership with FPInnovations and with C\$1.35 million of government funding from Ontario's Centre for Research and Innovation in the Bio-Economy, Resolute is participating in a state-of-the-art demonstration plant at our Thunder Bay (Ontario) pulp and paper mill, which will be capable of producing up to 100 kg of lignin per day from the kraft pulp mill's black liquor stream. Lignin is being researched for its potential as a replacement for petroleum-based products, such as chemicals and adhesives.

Through these public/private partnerships, Resolute seeks to leverage its existing industrial processes to move beyond current practices and support innovation in the paper and forest products sector.

NOTE

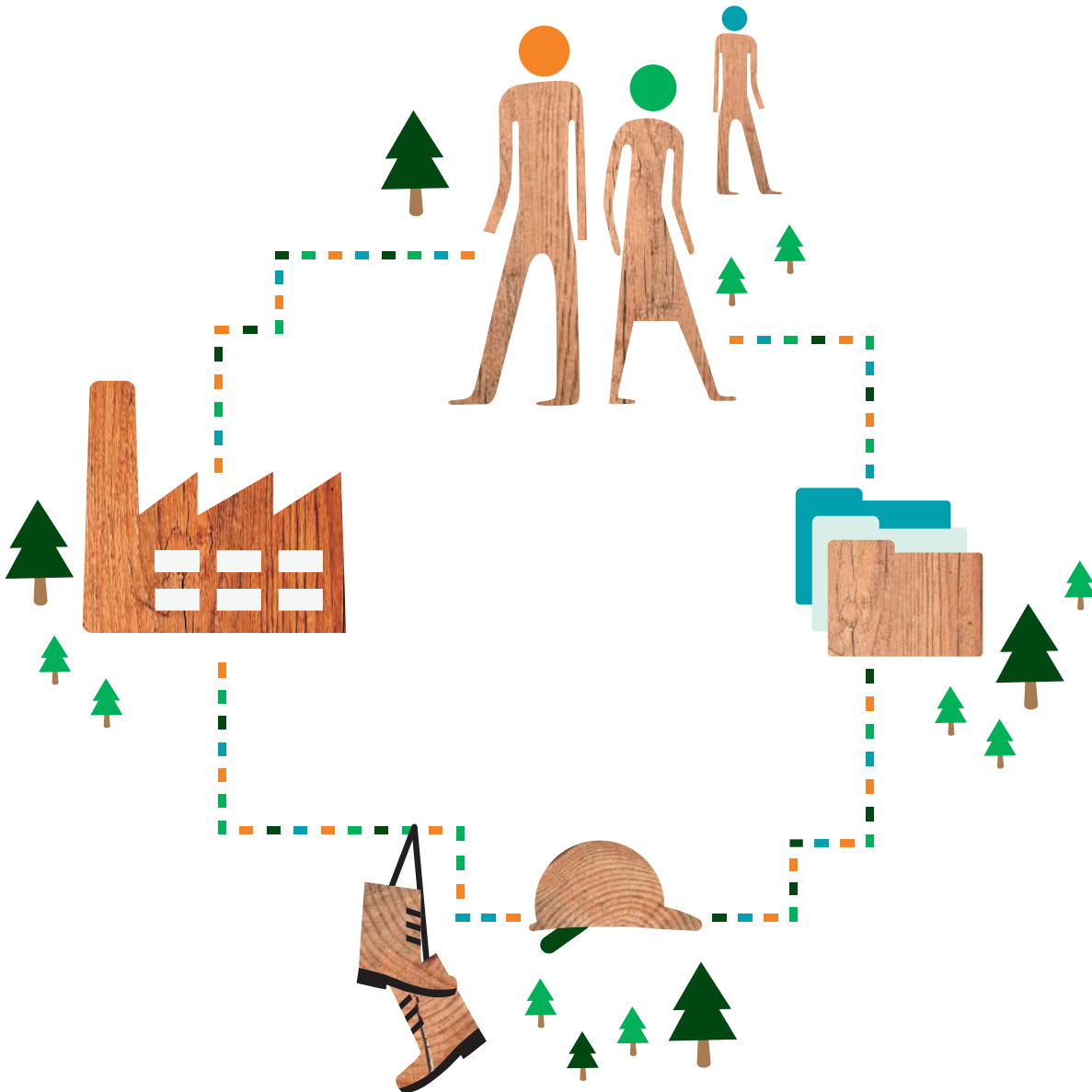
[32] This figure has been revised following a correction to data on recovered fiber in our 2010 Sustainability Report. In 2010, Canada's recovery rate was 68.9%, representing an increase of 26% from 2000 levels.

2.4

PRODUCTS

3.0 POSITION RESOLUTE AS A COMPETITIVE EMPLOYER

Resolute Forest Products links its sustainability performance to its appeal as an employer. As a major employer in many of the communities in which we operate, we are committed to being a good neighbor and an employer that attracts and retains the best employee talent.



3.1

HUMAN RESOURCES

Resolute’s long-term competitiveness is tied to our ability to recruit, develop and retain top-quality employees with the right skills to take our Company into the future. We are working hard to build our Company around natural leaders who are results- and action-oriented, and who have a strong business sense and an aptitude for thinking strategically.

WORKFORCE AND TURNOVER

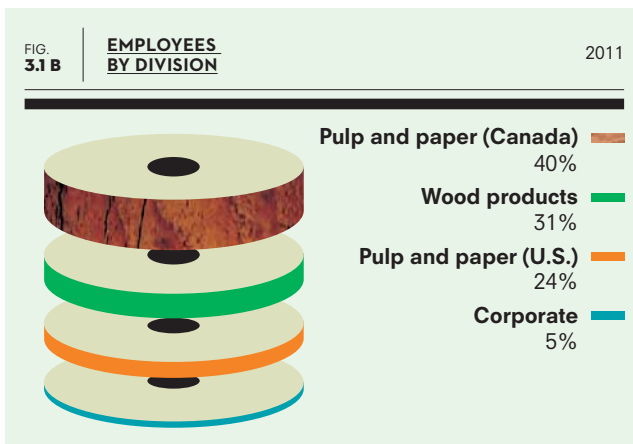
At the end of 2011, Resolute had 10,572 employees in Canada, the U.S., and South Korea, along with a small number of employees working in international sales offices in other countries. We experienced a turnover

rate of 9.9%,³³ primarily as a result of retirement, but also from voluntary resignations for various reasons, including competition for workers from other industries.

FIG. 3.1 A | HUMAN RESSOURCES COMMITMENTS

COMMITMENT	DEADLINE	PROGRESS	UPDATE
Develop a long-term strategy in 2012 to ensure workforce renewal as well as train and develop Company leadership	2012	Completed	Completed surveys at each facility to better understand local recruitment needs; developed a comprehensive recruitment strategy, reviewed and approved by Executive Team; reinstated a succession planning process to identify, train and develop successors; instituted a leadership development program at select operations

FIG. 3.1 B | EMPLOYEES BY DIVISION 2011



NOTE

1331 Figure includes resignations and retirement.

3.1

HUMAN
RESOURCES**PROFESSIONAL DEVELOPMENT**

Resolute is building an environment that motivates employees and provides the tools and skills development needed to help them grow in their careers. Most notably, the Company reinstated performance appraisals for salaried employees, which are an important component of career development. In 2011, all non-union salaried employees (approximately 26% of which were female), except newly hired or transitioning employees, received a formal performance appraisal.

To build and strengthen understanding of our Company culture, Resolute developed an apprenticeship program for Canadian unionized workers, which includes training on knowledge of the organization and its products, health and safety, basic finance and continuous improvement. The program began in 2011, and we expect that all employees hired after December 1, 2010, will have completed it by March 2013.

RENEWAL AND RETENTION STRATEGY

Between 2012 and 2014, Resolute expects we will need to fill 2,500 positions—25% of our entire workforce—primarily as a result of employee retirements. One of Resolute's key priorities is to ensure that we recruit the next generation of the Company's workforce over the coming years.

Resolute has launched a long-term strategy to revitalize our recruitment processes. In 2011, we conducted a human resource survey at each of our sites to better understand how to improve recruitment at the local level, including how to best leverage social media, how to create a stronger brand and communication toolkit, how to increase our presence at educational institutions, and how to build strong relationships with stakeholders in our communities.

FIG.
3.1 C**TOTAL EMPLOYEE TURNOVER BY AGE,
GENDER AND REGION**

As at December 31, 2011

AGE GROUP	QUEBEC		ONTARIO		ATLANTIC CANADA		UNITED STATES		INTERNATIONAL		TOTAL	% OF AGE GROUP OVER TOTAL	% FEMALES BY AGE GROUP
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male			
<30	9	85	1	14	0	3	2	4	0	1	119	11.32%	10.10%
30-50	26	239	6	39	1	8	5	43	0	14	381	36.25%	9.00%
50+	7	289	5	111	1	38	5	85	0	10	551	52.43%	3.30%
TOTAL	42	613	12	164	2	49	12	132	0	25	1,051	100.00%	6.50%

FIG.
3.1 D**TOTAL NUMBER OF EMPLOYEES,
BY REGION AND GENDER**

As at December 31, 2011

	TOTAL	EMPLOYEES IN THE REGION OVER TOTAL EMPLOYEES	% FEMALES BY REGION
QUEBEC	5,457	51.62%	7.90%
UNITED STATES	2,640	24.97%	8.60%
ONTARIO	1,827	17.28%	6.70%
ATLANTIC CANADA	385	3.64%	7.50%
INTERNATIONAL	263	2.49%	12.20%
TOTAL	10,572	100.00%	8.00%

3.1

HUMAN
RESOURCES

Resolute also developed a human resource strategy to retain and engage existing employees. Our primary focus is to promote individual development efforts and support teamwork and cross-functional collaboration, with a view of facilitating opportunities for learning and growth for our employees.

Proper planning will allow us to better anticipate potential workforce risks that could negatively impact our business. In 2011, we developed a set of metrics to better enable our Human Resources team to meet the organization's operational demands. The metrics are organized according to six areas: workforce, over-time, absenteeism, recruitment, retention and performance management. We will begin reporting on these metrics in our 2012 report.

FIG.
3.1 E**TOTAL NEW HIRES
BY AGE AND REGION**

As at December 31, 2011

AGE GROUP	QUEBEC		ONTARIO		ATLANTIC CANADA		UNITED STATES		INTERNATIONAL		TOTAL	% OF AGE GROUP OVER TOTAL	% FEMALES BY AGE GROUP
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male			
<30	13	193	5	41	2	9	2	33	0	0	298	32.22%	7.4%
30-50	40	262	5	58	2	8	11	51	5	31	473	51.14%	13.3%
50+	5	103	2	17	0	3	5	11	0	8	154	16.65%	7.8%
TOTAL	58	558	12	116	4	20	18	95	5	39	925	100.00%	10.5%

FIG.
3.1 F**DIVERSITY OF GOVERNANCE BODIES,
BY AGE AND GENDER**

As at December 31, 2011

AGE GROUP	BOARD OF DIRECTORS ³⁴		EXECUTIVE TEAM		MANAGEMENT ³⁵		TOTAL ³⁶	% OF AGE GROUP OVER TOTAL	% FEMALES BY AGE GROUP
	Female	Male	Female	Male	Female	Male			
<30	0	0	0	0	1	0	1	0%	100%
30-50	0	0	1	1	35	172	207	69%	17%
50+	0	8	0	5	11	75	93	31%	12%
TOTAL	0	8	1	6	47	247	301	100%	16%

NOTES

[34] Including Richard Garneau, President and Chief Executive Officer.

[35] Management is comprised of employees in managerial positions, including the Executive Team.

[36] Without double counting.

3.1

**HUMAN
RESOURCES****EMPLOYEE REPRESENTATION
AND LABOR ORGANIZATION**

Resolute's workforce is largely unionized, and constructive labor relations are very important to our business. To reinforce our relationships with unions, we hold regular meetings with union leaders. Resolute also maintains ongoing dialogue with local union representatives and employees at all operations to keep them informed of business realities.

Resolute's collective agreements define our overall commitment to labor and management relations. There were no work stoppages at our operations in 2011. The majority of Resolute's collective agreements will be up for negotiation in 2014.

We do not have a process for tracking labor issues such as the violation of, or negligence with respect to, the right to exercise freedom of association and collective bargaining in our supply chain. We are not aware of any related challenges or risks involving our suppliers.

FIG.
3.1 G**TOTAL SHARE (%) OF EMPLOYEES COVERED
BY COLLECTIVE BARGAINING AGREEMENTS**

<u>AGREEMENTS</u>	<u>2011</u>
Canada	77%
United States	68%
South Korea	63%
Total	76%

3.1

**HUMAN
RESOURCES**

- 1 Pierre Laberge, Senior Vice President, Human Resources
- 2 Daniel Ouellet, Director, Human Resources
- 3 Pierre Choquette, Director, Canadian Public Affairs
- 4 Isabelle Proulx, Manager, Human Resources
- 5 Mélissa Picard, Advisor, Human Resources
- 6 Isabel Pouliot, Director, Corporate Compensation and Services



3.1 RECRUITMENT AND RETENTION WORKGROUP TEAM

EMPLOYEE PERSPECTIVE

JOCELYNE GUINARD

Human Resources Manager,
Iroquois Falls (Ontario);
Chair, Recruitment and
Retention Workgroup



meeting and mentoring potential candidates. The Company also recognized that most new recruits actually come from the communities where we operate, so we also determined the needed to build better local relationships and outreach programs. In addition, given we operate in a mature industry, it is essential that we take steps to reach and attract the younger generation.

HOW DID YOU DEVELOP THE COMPANY'S RECRUITMENT AND RETENTION PLANS?

Our recruitment and retention needs are complex and wide-ranging. To be successful we needed to break down our objectives into a manageable number of projects, each with its respective tasks, timeline and project leader. In order to address the diversity within our organization, we created a cross-Company team representing both operations and corporate functions, as well as our Ontario, Quebec and U.S. operating regions. Some of our solutions have been as simple as developing tool kits to use at educational institutions and tradeshow displays to use at community job fairs. To reach younger potential candidates, we built out our social media approach with a special emphasis on recruitment. Teamwork has been the essential ingredient in the progress we have made to date. There is still a lot to do, but we are proud of the steps we have taken to ensure workforce renewal and recruitment of top talent.

WHAT WOULD YOU SAY TO SOMEONE CONSIDERING A JOB AT RESOLUTE?

I'd say they should expect to be exposed to a wide range of challenging opportunities in a really dynamic environment. We're a company that empowers employees and places a lot of importance on their growth and learning. Given Resolute's leadership position within the industry, every one of us benefits from the vast expertise at our disposal. Potential hires are also interested in hearing about our commitment to sustainable development, as well as our impressive track record when it comes to the health and safety of our team.

HOW DOES BEING A COMPETITIVE EMPLOYER RELATE TO RESOLUTE'S SUSTAINABILITY OBJECTIVES?

We know that Resolute is facing workforce recruitment and retention challenges given about a third of our employees will be eligible for retirement in the next few years. Recruiting and retaining this next generation of workers will have a significant impact on who we are and what we stand for, including our commitment to sustainability.

As a first step to addressing our recruitment needs, we conducted cross-Company surveys to identify specific obstacles and opportunities related to our changing workplace. We identified a handful of key areas to work on and realized we need to spend more time developing relationships with educational institutions as well as

3.2

HEALTH
AND SAFETY

Resolute Forest Products works hard to be what we call a “Total Safety Organization,” a goal that inspires us to be a company where safety is embedded into the culture of our day-to-day operation, where all employees put safety first in making decisions, and where structures and management systems are in place to support and ensure the complete safety of everyone at our sites.

FIG. 3.2 A HEALTH AND SAFETY COMMITMENTS

COMMITMENT	DEADLINE	PROGRESS	UPDATE
Achieve an OSHA incident rate of 1.0 or below, with an objective of achieving zero incidents, zero injuries	2011	Not achieved	Recorded OSHA rate of 1.43 in 2011, a 6% decrease from 2010, but short of 2011 target

Building a world-class health and safety program is a top priority, and we strive for zero incidents and zero injuries in all our operations. Our health and safety focus is driven by our Company values and our Health and Safety Policy statement, which was updated in May 2011 and is available on our website at www.resolutefp.com/Sustainability/Stakeholder_Engagement/Safety_and_Health. Our Health and Safety Policy applies to all employees and contractors worldwide.

Resolute has a clear approach to safety that inspires safe thinking and decision-making into our Company culture. This approach recognizes the shared responsibility of Company managers, our structure and management systems, and the day-to-day decisions of individual employees in creating what we call a “Total Safety Organization.”

FIG. 3.2 B OSHA RATE Total Company and by Operations Group 2009-2011

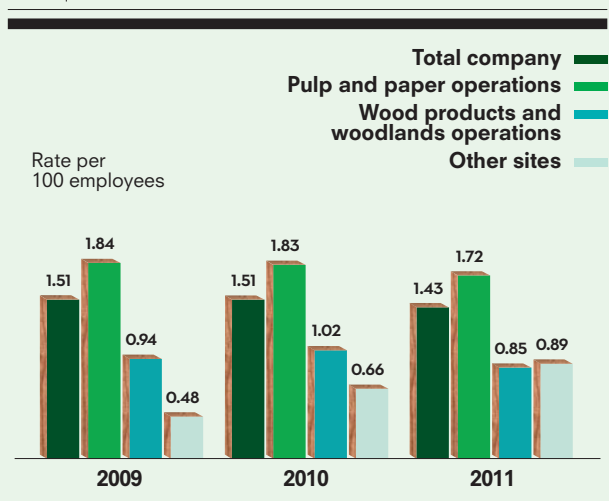
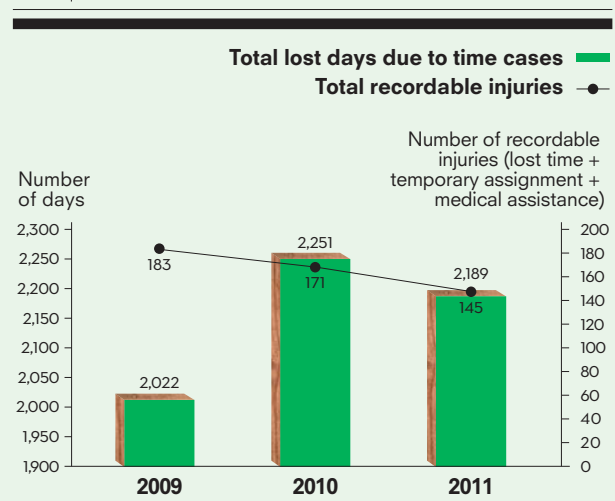


FIG. 3.2 C LOST TIME/RECORDABLE INJURIES Total Company 2009-2011



3.2

HEALTH AND SAFETY

SAFETY MANAGEMENT SYSTEM

Resolute has had a Safety Management System (SMS) in place for several years, which provides for training and awareness, audits and monitoring, and employee engagement through the use of joint health and safety committees at all sites managed by the Company. In 2011, we reintroduced an annual Short-term Incentive Plan (STIP) with multiple performance measures targeted to our different employee groups (corporate, sales and operations). One portion of the STIP award for non-unionized and salaried employees is linked to improving annual safety performance according to the OSHA and severity rates. For more information on our SMS please visit www.resolutefp.com/Sustainability/Stakeholder_Engagement/Safety_and_Health.

SAFETY PERFORMANCE

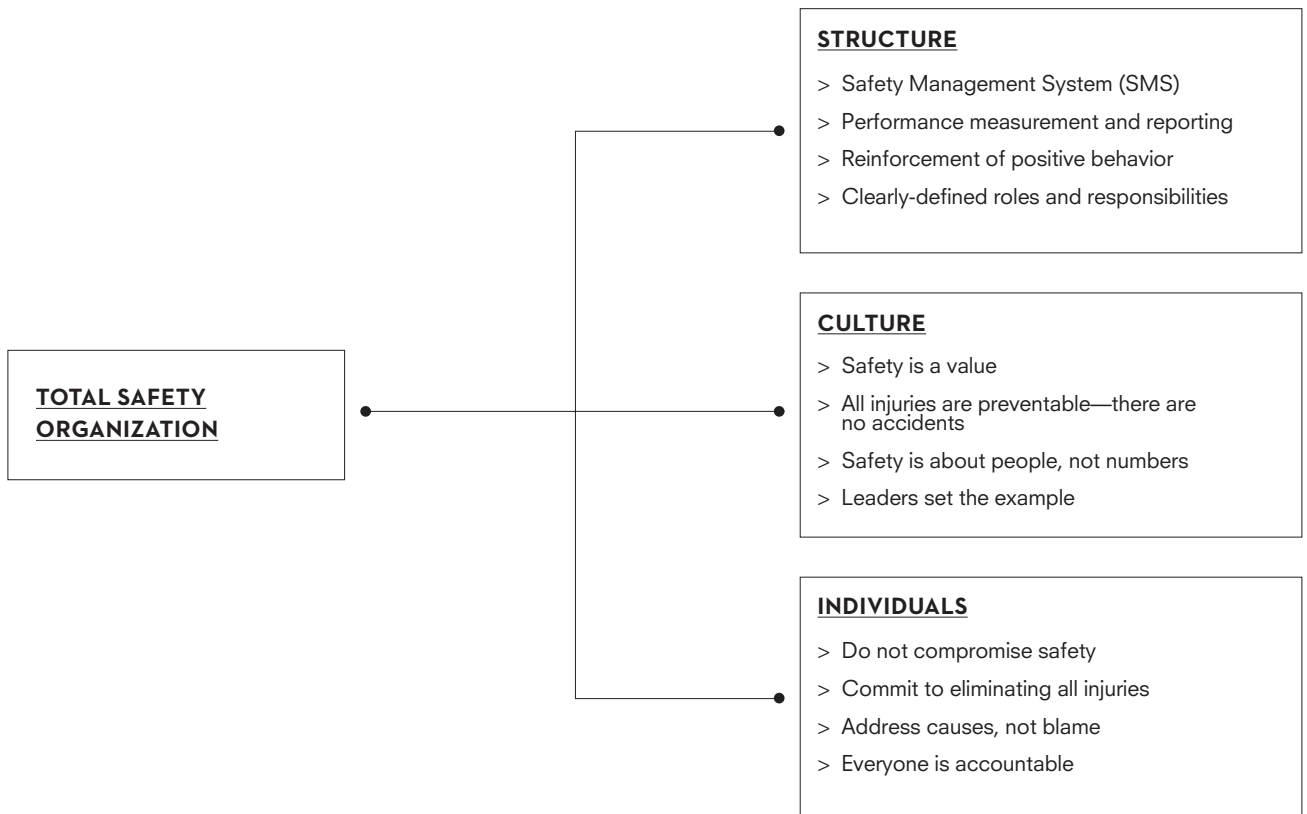
While we did not meet our aggressive OSHA incident rate target of 1.0 for 2011, our recorded rate of 1.43 still represented an improvement over the 1.51 rate we recorded in 2010. During the course of 2011, no employee or contractor fatalities occurred.

In reviewing our performance, it was felt the Company had set a target that was too aggressive to realistically achieve in one year. It was recognized that achieving further reductions in our incident rates would require additional proactive processes to identify and minimize situations that could put employees at risk. As a result, in 2012, Resolute introduced a near-miss reporting system and proactive risk assessments to identify and address other potential dangers and share safety learnings across the Company.

While our ultimate safety performance objective continues to be zero incidents, zero injuries, Resolute has set an annual OSHA rate target of 1.2 or less for 2012.

FIG. 3.2 D

RESOLUTE'S APPROACH TO BUILDING A "TOTAL SAFETY ORGANIZATION"



3.2

HEALTH
AND SAFETY**2011 SAFETY RESULTS**

Resolute's overall health and safety performance for 2011 compared favorably to 2010, with a 6% decline in our OSHA rate, a 15% reduction in total recordable injuries,³⁷ and 3% fewer lost-time days. In 2011, we instituted a Company-wide injury severity rate (number of workdays lost plus number of restricted workdays due to injury per 200,000 hours worked divided by total amount of hours worked) that allows us to measure the actual impact from injuries on the health of our employees.³⁸ Our 2011 severity rate result was 36.5.

We also expanded our continuous improvement process for safety through training programs. Approximately 100 managers were trained through Company safety processes in one-day workshops, and more than 1,700 employees subsequently participated in 115 workshop sessions aimed at making safe thinking, decision-making and work actions part of the way of life for all employees.

Sixteen safety milestones were achieved at 14 facilities resulting in 250,000 hours worked without any OSHA-related incidents. As part of our safety recognition program, we awarded \$105,000 to different charities chosen by employees and representatives at each of these facilities.

SAFETY FOCUS

Hand injuries continue to comprise a large portion of total injuries. We enhanced the existing Personal Protective Equipment policy to require all employees to wear gloves the moment they enter an operating area. This requirement is in addition to the existing requirements to wear head, eye, hearing and foot protective equipment. This change significantly reduced the number of cuts, lacerations and pinch point injuries to our employees' hands.

We have increased our focus on accident prevention by more closely monitoring the "root causes" identified in incident reports to reduce the likelihood of similar incidents being repeated. In 2012, we began tracking the number of near misses and conducting one-on-one discussions with workers involved in near misses to uncover concerns and to involve them in improving safety performance. We also have focused on helping employees better recognize the hazards associated with a task before beginning the work.

NOTES

[37] Recordable injuries do not include minor, first-aid level incidents.

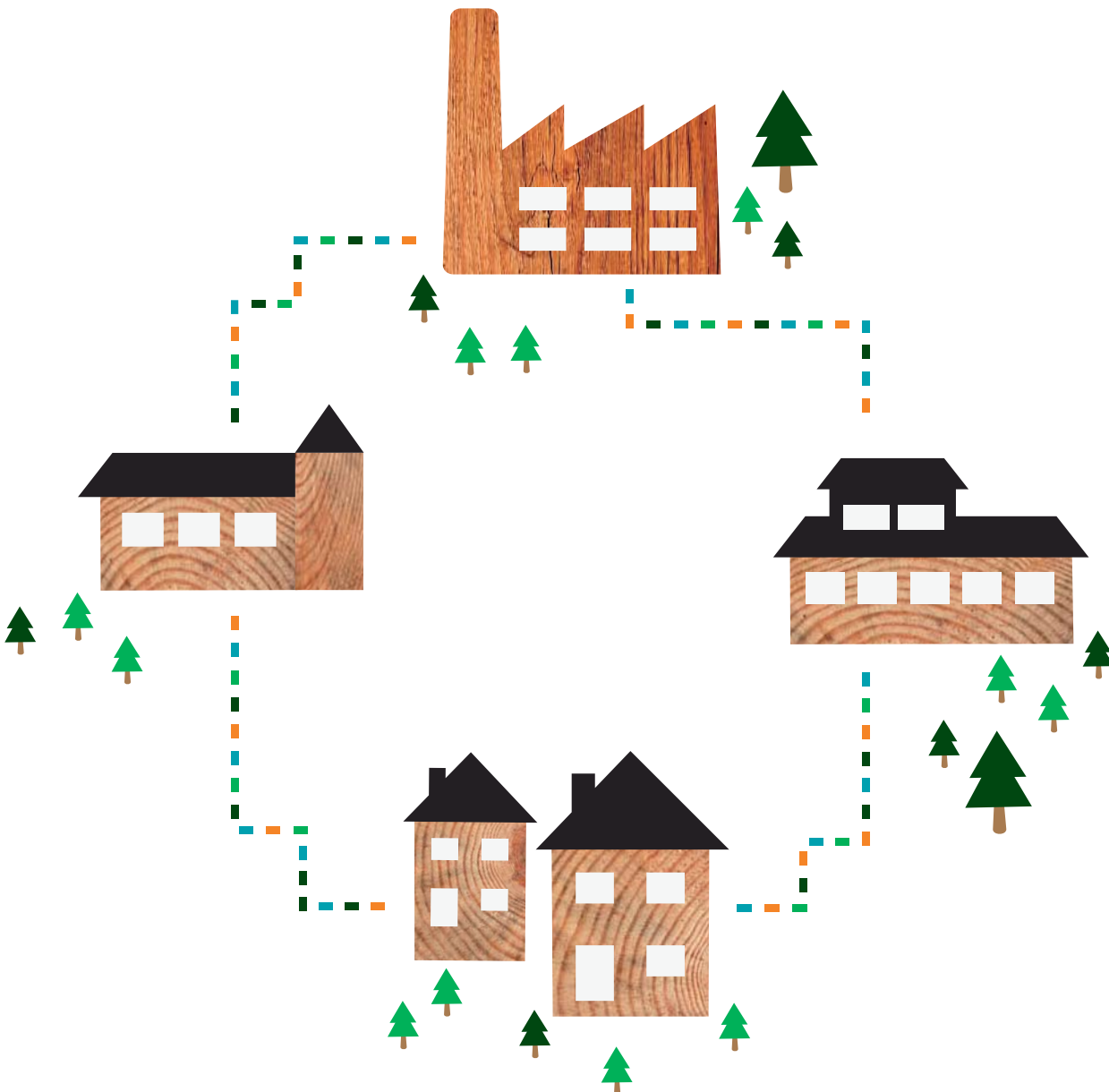
[38] Lost days are calculated based on calendar days and begin the day after the incident occurs.

3.2

**HEALTH
AND SAFETY**

4.0 BUILD SOLID COMMUNITY RELATIONS

Resolute Forest Products' relationships with our operating communities go far beyond the jobs we create, the taxes we pay, and the support we provide to local organizations and community projects. Good working relationships with local communities also help protect the environment, local social and cultural life, and the Company's own long-term sustainability as a profitable business partner and employer within the community.



4.

COMMUNITY

In 2011, Resolute’s operations were concentrated in Ontario, Quebec, Nova Scotia and the Southeastern United States. Each mill relies on local community support to ensure the sustainability of the operation, and we work with community leaders to better understand local issues and concerns. In turn, our operations and employees support and participate in local community life.

STAKEHOLDER ENGAGEMENT PROGRAM

Improving our reputation and increasing our visibility in our operating communities is a priority for Resolute. In 2011, we conducted external polling in our key operating regions on sustainability issues, and in early 2012, we launched an official Stakeholder Engagement Program at operating sites in the U.S. and Canada.

Our strategy includes communications training for mill representatives and the creation of information-sharing Community Groups in locations where the Company operates. Local managers are also provided with tools and templates to manage these groups at each site. Once fully in place, these community groups will help provide a consistent and ongoing basis for community engagement, and will enhance the dialogue between local stakeholders and the Company on a range of issues.

Beyond this, operations also have their own ongoing stakeholder outreach efforts, where the local general managers, human resource managers or other staff meet formally and informally with local governments, business partners, chambers of commerce, ENGOs and others. We aim to ensure that local stakeholder outreach is conducted regularly and extensively across all of our operations.

A table listing the types of formal and informal consultations undertaken by Resolute can be found in the “About this Report” section on pages 7-10.

COMMUNICATION LEADERS

Resolute has identified Communication Leaders at each operation to fulfill several essential roles. They serve as conduits for the dissemination of corporate news and

FIG. 4.1 A

COMMUNITY COMMITMENTS

COMMITMENT	DEADLINE	PROGRESS	UPDATE
Conduct external polling in key operating regions and a survey of employees regarding sustainability issues for 2011 Sustainability Report	2011	Completed	Completed external polling and the employee survey (for more information see “About this Report,” pages 7-10)
Develop a systematic stakeholder engagement strategy	2011	Completed	Developed and began implementing stakeholder engagement programs at all operating sites in Canada and the United States
Draft a formal Company policy on First Nations relations in 2012	2012	Completed	Conducted assessment of current Aboriginal and First Nations engagement practices; identified Aboriginal relations policies from other companies for use as benchmarks

4.]

COMMUNITY

information on internal and external announcements, programs, policies and achievements to employees. Our Communication Leaders are also responsible for exchanging with key community partners and encouraging reciprocal discussions. They support corporate outreach by coordinating and facilitating political engagement and meetings with local elected officials and business leaders. In 2011, our network of Communication Leaders played a key role in the successful rebranding of the Company.

Beyond our Communication Leaders, Resolute encourages community members to share questions or comments through the contact information available at www.resolutefp.com/contact.

FIRST NATIONS RELATIONS

In some of our operating communities, First Nations peoples make up a large portion of the population. Resolute has partnerships with many Aboriginal groups near our operations which aim to ensure the cooperative management of sustainable forestry licenses, engineering, financing, reforestation, forest road access, harvesting, forestry and tree planting, transportation, and wood processing.

In Thunder Bay (Ontario), for example, Resolute has a financial partnership with the Fort William First Nation to operate a sawmill employing over 171 people. Since 1998, Resolute and the Council of Atikamekw Ojibwa in Quebec have operated the Ojibwa sawmill on the territory of the Ojibwa reserve. The forestry operations and sawmill employ 135 people.

We have made a commitment to draft a formal policy regarding our relations with Aboriginal groups in 2012. To prepare this policy, Resolute surveyed and analyzed the formal Aboriginal relations policies of a variety of natural resource companies operating in Canada, the United States and Australia, as well as documented its existing on-the-ground practices.

CRISIS COMMUNICATIONS PROGRAM

Key staff members throughout the Company have been identified to serve as members of a corporate crisis response team. The team will convene upon notification of a significant event at either the corporate or operational level to manage communications and support external outreach.

Each manufacturing operation also has a local crisis response team composed of members who can provide their expertise and counsel to the team leader and liaise with key audiences and corporate team members. The program is complementary to existing mill-level Emergency Response Plans.

In the event of a crisis, effective communication with stakeholders is vitally important. In early 2012, Resolute launched a Company-wide Crisis Communications Program that provides a coordinated, timely response to a major corporate or operational crisis. The program provides clear guidelines on how to manage communications during a crisis, ensuring a proper and timely response.

PHILANTHROPY

Resolute's charitable contributions are generally aligned with the Company's commitment to the three pillars of sustainability—environmental, social and economic. Specific emphasis is placed on health and education programs as well as environmental stewardship.

At the corporate level, we have established a formal mechanism to review all funding requests exceeding \$10,000. At the operations level, each facility is provided with a level of discretion in managing their respective contributions budgets, provided that 75% of the funded activities fall within the Company's strategic funding areas. Humanitarian contributions are supported through participation in local Centraide/United Way campaigns, and the Company encourages employee-led regional or site-specific workplace campaigns.

When a series of deadly tornadoes hit an area of Alabama in relatively close proximity to the Coosa Pines mill in 2011, Resolute donated 25,000 board feet of lumber to help rebuild the area—enough lumber to build 10 homes.

4.]

COMMUNITY

POLITICAL PARTICIPATION AND PUBLIC POLICY

Resolute believes that participation in political advocacy and public policy is a fundamental part of being a civically minded company. As a global forest products company, we are affected by a diverse set of public policy issues, such as climate change legislation and emission limits, environmental legislation affecting long-term fiber availability, labor issues, tax reform, postal reform, paperless communications, international trade, extended producer responsibility, and forest management norms, among others. Resolute's participation in the political process involves grassroots outreach, lobbying and political contributions. The Company adheres to the laws and regulations of the jurisdictions where it does business and takes civic and ethical responsibilities very seriously.

Financial support is provided to individuals and political parties sharing common principles as well as concerns faced by the Company and the forest products sector. Resolute makes direct political contributions in both the U.S. and in the Canadian province of Ontario. These contributions are consistent with applicable laws. In the U.S., Resolute has a Political Action Committee (PAC) that directly involves eligible employees in the political process.

PUBLIC POLICY ISSUES IMPACTING OUR BUSINESS

There are a number of public policy issues that can significantly impact our business in Canada and the U.S., including:

Canadian policy issues

- > Total reduced sulfur (TRS)—We actively participated in the development of sector-specific technical standards in Ontario.
- > GHG cap and trade—We participated in negotiations on GHG cap and trade policy in Quebec, Ontario and other provinces where relevant. Generally, we support a balanced approach to energy and climate change legislation and regulation in Canada and in the United States.

- > Forest management reform—We continue to work with various stakeholders to ensure Resolute's interests are protected under Quebec's new forest regime as well as Ontario's most recent tenure review.
- > Rail transport—We continue to support competitive rail strategies in Canada.

U.S. policy issues

- > Boiler MACT Rule—We are advocating for changes to the Boiler Maximum Achievable Control Technology (MACT) rule currently being proposed by the Environmental Protection Agency (EPA) to ensure it is both achievable and affordable.
- > Paperless communications—We support giving consumers a choice when it comes to paperless communications. Choosing to receive paper statements from government and financial institutions should not come at an extra cost to the consumer. The Company is working to educate lawmakers on the consequences of penalizing individuals for requesting this option.
- > Biomass—We support the recognition of biomass fuel as carbon neutral, and as a renewable fuel, worthy of the same benefits allotted to other renewable fuels.
- > Truck weights—We support increasing the weight limit of transport trucks provided they are fitted with a sixth axle to distribute weight evenly. Filling trucks to capacity reduces fuel use and CO₂ emissions and improves highway safety by reducing the number of vehicles on the road.
- > Free trade—Resolute relies on international markets for the sale of its products and is an advocate for open and fair markets.



4.1 LOCAL CITIZENS COMMITTEE



EMPLOYEE PERSPECTIVE

TOM RATZ

Planning Superintendent, Thunder Bay Woodlands (Ontario); Company Representative and Member, Local Citizens Committee

WHAT ARE LOCAL CITIZENS COMMITTEES AND WHAT DO THEY DO?

Implemented in 1994, local citizens committees (LCCs) are advisory committees reporting to the Ministry of Natural Resources. An LCC's primary purpose is to participate, as an integral part, in a company's forest management planning process. Effective LCC participation helps ensure that various environmental, social and economic views are considered in planning. They also help increase public awareness of forestry issues and identify other interests to be considered in forest management. The volunteer members of these committees represent a range of stakeholders in the community, including First Nations, anglers and hunters, trappers and businesses.

Most of the representatives of our LCC have been with the committee from the start. They are a knowledgeable and dynamic group, well-suited to assist in the management of the forest and keep Resolute aligned with broader community interests.

YOU'VE BEEN WITH RESOLUTE FOR SOME TIME; HOW HAS FOREST MANAGEMENT CHANGED OVER THE YEARS?

There has been a paradigm shift in forest management over the last 30 years—from the narrow goal of “sustained yield” to today's sustainable forest management practices. For instance, to meet our objective of biodiversity conservation, we have enforced a number of new rules and regulations to manage forest activities. Today, we account for wildlife needs with a special emphasis on indicator species and species at risk.

Technology has also dramatically changed. We are now using cutting-edge 3D digital imagery with our geographic information system (GIS) and global position system (GPS) mapping technology. These tools allow us to better identify and address environmental and social factors, accurately lay out boundaries, and sustainably manage the resources in our care.

HOW DOES THE LCC SUPPORT RESOLUTE IN ITS FOREST MANAGEMENT PLANNING?

The LCC takes a holistic view of how we manage the forest. It is concerned with the environmental, social and economic impacts of forest management. Because the committee is an integral part of forest management planning, it is also linked to our forest certification programs. The LCC forms a conduit to provide information about our management of the forest to the diverse community groups. I believe our commitment to sustainability contributes to our overall success as a company, and LCCs play an important role in these efforts.

- 1 Maurice Rubenick, Crown Land Recreationalists
- 2 Gene Nowegijick, Kiashke Zaaging Anishinaabk (Gull Bay First Nation)
- 3 Gilles Dumais, Anglers and Hunters
- 4 Herman VanDuyn, Thunder Bay Chamber of Commerce
- 5 Dave Jones, Federation of Ontario Cottagers Associations
- 6 Vishnu Kowlessar, Ontario Ministry of Natural Resources
- 7 Brian Moore, Thunder Bay Field Naturalists
- 8 Greg Holm, General Public
- 9 Ken Pennanen, Trappers and Other Resource Users
- 10 Rick Styles, Trappers
- 11 Laura Taylor, Mining Sector—North American Palladium Ltd.
- 12 Jason Arnold, Mining Sector—Northwestern Ontario Prospectors Association

4.2

ECONOMIC
IMPACTS

At Resolute Forest Products, profitability and sustainability drive our future. In this vision statement, we recognize that by balancing environmental, social and economic imperatives, we can better position the Company to be profitable and financially stable, and to generate value for shareholders.

2011 FINANCIAL PERFORMANCE

Despite continued challenging market conditions in the forest products industry overall, Resolute's 2011 financial performance improved significantly from 2010. We took steps to strengthen our strategic position as a lower-cost

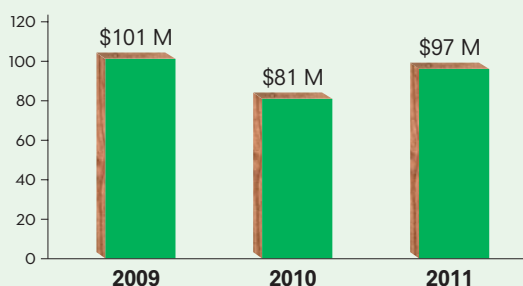
producer, generating positive operating income for the first time since emerging from creditor protection. We repaid \$264 million of our senior secured notes and improved adjusted EBITDA³⁹ by over 57% to \$481 million in 2011 compared to \$306 million in 2010. We also took action to further reduce selling, general and

FIG. 4.2 A
ECONOMIC
IMPACTS⁴⁰ (\$M)

	2010	2011
Direct economic value generated		
Revenues	\$4,746	\$4,756
Economic value distributed		
Operating costs ⁴¹	\$4,186	\$3,903
Employee wages and benefits ⁴²	\$889	\$901
Payments to providers of capital ⁴³	\$198	\$465
Payments to governments ⁴⁴	\$44	\$39
Philanthropy	\$0.6	\$0.6

FIG. 4.2 B
CAPITAL
EXPENDITURES

2009-2011



NOTES

1391 Adjusted EBITDA is a non-GAAP measure defined as EBITDA excluding special items. Refer to pages 79-82 for a reconciliation of our net income (loss) including noncontrolling interests to EBITDA and adjusted EBITDA.

1401 For more information, see the Company's 10-K for the year ended December 31, 2011, filed with the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities on February 29, 2012.

1411 Includes cost of sales; depreciation, amortization and cost of timber harvested; distribution costs and selling and administrative expenses; pension payments and capital expenditures. Excludes wages and benefits.

1421 Does not include wages and benefits for wood products facilities closed over the last three years: Albertville, Champneuf, Chibougamau, Laterrière, Mackenzie, Saint-Raymond and Westover. For paper mills, does not include Ponderay.

1431 Includes dividends to shareholders and interest paid on debt and borrowings.

1441 Includes corporate income taxes; refundable R&D credits; franchise/capital tax; property and school taxes; and non-recoverable sales taxes. Excludes payroll taxes.

4.2

ECONOMIC
IMPACTS

administrative (SG&A) costs to approach our target of \$20 per metric ton. As of December 31 2011, Resolute's net debt was reduced to approximately \$250 million compared to \$586 million at the end of 2010.

For the fiscal year ending December 31, 2011, the Company's operating income was \$198 million, compared to an operating loss of \$160 million in 2010. We reported net income of \$41 million for the year, or \$0.42 per share. Excluding special items, our net income was \$166 million for the year, or \$1.71 per share.⁴⁵

In 2011, sales reached \$4,756 million, modestly higher than the \$4,746 million achieved in 2010. A weaker Canadian dollar contributed to lower operating costs, and while transaction prices remained stable for newsprint, coated papers and specialty papers, pricing pressure continued throughout the year for market pulp as well as for wood products.

As at December 31, 2011, the Company had \$369 million in cash and cash equivalents, and approximately \$515 million of availability under its ABL Credit Facility.

Resolute's financial statements included in its form 10-K for the year ended December 31, 2011, (www.resolutefp.com/Investors/Financial_Reports) provide more detailed insight into our financial performance. Readers should note that unadjusted 2010 results reflect one-time adjustments from the implementation of our plans of reorganization and the application of fresh start accounting, and care should be taken when using 2010 figures to compare performance over subsequent periods.

BUSINESS STRATEGY AND OUTLOOK

We are guided by our vision and values, focusing on safety, profitability, accountability, sustainability and teamwork. As a result of aggressive cost reductions and mill rationalizations, we compete today as a leading, lower-cost North American producer, with efficient operations, strong economies of scale and access to competitive sources of energy and fiber. Our corporate strategy includes a gradual retreat from the production of certain paper grades and the leveraging of our strong financial position to act on opportunities to diversify and grow. Our strategy focuses on three core themes: operational excellence, disciplined use of capital and strategic initiatives.

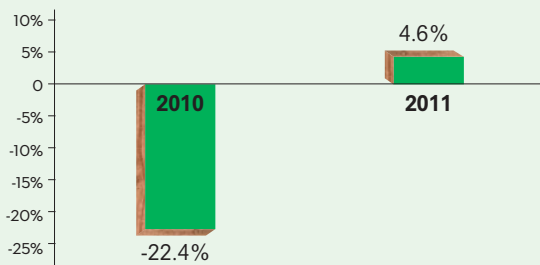
1) Operational excellence

We aim to improve our performance and margins by: (i) maintaining a stringent focus on reducing costs and optimizing our diversified asset base, (ii) maximizing the benefits of our access to virgin fiber and limiting our exposure to volatile recycled fiber, (iii) pursuing our strategy of not building inventory and selling only profitable tons, and (iv) capitalizing on our economical access to international newsprint markets.

2) Disciplined use of capital

We make capital management a priority. Building on our focus to reduce manufacturing costs, we will continue our efforts to decrease overhead and spend our capital on our most successful sites in a disciplined, strategic and focused manner. As such, we will continue to

FIG. 4.2 C RETURN ON EQUITY (ADJUSTED)⁴⁶ 2010-2011



NOTES

[45] Net income (loss) before special items is a non-GAAP measure defined as net income (loss) excluding special items. Refer to pages 79-80 for a reconciliation of our net income (loss) as reported under GAAP to adjusted net income (loss).

[46] Adjusted ROE is a non-GAAP measure and should be considered in addition to and not as a substitute for net income (loss) and shareholders' equity provided in our filings with the Securities and Exchange Commission and Canadian securities regulatory authorities. Refer to pages 79-80 for a reconciliation of our ROE reported under GAAP principles to our use of non-GAAP ROE adjusted for special items. Special items include foreign currency translation gains and losses, severance, closure costs, impairment and other related charges, net gains and losses on disposition of assets, reorganization items, and other income and expenses.

4.2

manage capital with the utmost discipline, carefully balancing initiatives to return cash to shareholders with other considerations, such as pursuing sound capital investments and opportunities to further increase Resolute's earnings power.

Reducing debt and associated interest charges is one of our primary financial goals. We believe this improves our financial flexibility and supports the implementation of our strategic objectives.

3) Strategic initiatives

We believe that consolidation in the forest products industry will continue as we and our competitors explore ways to increase efficiencies and grow into more favorable markets. We believe in taking an opportunistic approach to strategic opportunities, pursuing only those that reduce our cost position, improve our product diversification, provide synergies or allow us to expand into future growth markets.

OPTIMIZING OUR OPERATING PLATFORM

We will continue to optimize our operations to improve efficiency and ensure long-term viability. In 2011, we closed three paper machines, including one each at our Baie-Comeau and Kénogami (Quebec) mills and one at our Coosa Pines mill in Alabama. These actions resulted in layoffs of approximately 300 employees. At our Thunder Bay (Ontario) sawmill, we invested C\$8 million to improve overall production capacity, resulting in the creation of 50 direct jobs in the community. Resolute has announced an investment of C\$19 million at its TMP mill at Iroquois Falls (Ontario) to upgrade its largest paper machine, increase the mill's sawmill chip receiving capacity and phase out its woodroom.

Resolute also announced a capital investment plan that will lead to the restart and upgrade of the currently idled sawmill located in Ignace, Ontario. The C\$32 million investment includes the addition of an energy system and kilns to dry lumber, and a planer and packaging system to allow for the production of finished lumber at the site. Engineering, design and construction activities will occur over the next two years, with a return to

ECONOMIC IMPACTS

production forecast for 2014. The investment is subject to the Company reaching an acceptable labor agreement with the United Steelworkers union and finalizing an agreement on municipal matters with the Township of Ignace.

While making the difficult decision to reduce capacity is a business imperative, we recognize the impact such actions have had on our operating communities and, to the best of our ability, have tried to support our workers through their transition.

PENSIONS

Back in 2010, as part of our restructuring, Resolute entered into an agreement with government authorities to address a solvency deficit in our registered Canadian pension plans. Had the Company's solvency deficit not been addressed, it could have forced the Company into liquidation and resulted in the wind up of all its Canadian pension plans and significant pension reductions for retirees. These special pension funding agreements were designed to balance the need to meet our obligations to retirees with the funding predictability necessary to manage our business. Resolute continues to work closely with provincial government authorities to keep them and our pensioners informed of our progress in meeting our long-term pension obligations. For more information, refer to our filings with the Securities and Exchange Commission and Canadian securities regulatory authorities (www.resolutefp.com/Investors/Financial_Reports).

FINANCIAL ASSISTANCE FROM GOVERNMENT

Resolute appreciates the support that governments have shown to us during our restructuring and in working with us in a number of areas, such as:

Northern Industrial Electricity Rate program (NIER): NIER is designed to help Northern Ontario's largest industrial electrical consumers develop energy efficiency

4.2

ECONOMIC IMPACTS

and sustainability programs, and to encourage comprehensive energy management planning. In 2011, Resolute received C\$28.8 million under this program for its three eligible facilities: Fort Frances, Iroquois Falls and Thunder Bay.

Subsidies for roads: Resolute receives subsidies from provincial governments to build and maintain roads. In 2011, Resolute received C\$23.4 million in Quebec. It also received road subsidies from the Ontario government from a pool for all companies of C\$58.2 million. These forest access roads benefit not only the forest products industry, but also tourism operators, Aboriginal communities, utility and railway companies, hunters, and the general public. These roads also provide part of the rural infrastructure for emergency preparedness and response.

Pulp and Paper Green Transformation Program (PPGTP): As part of the PPGTP, Resolute received C\$3.9 million in 2011 towards the installation of a condensing turbine in our Thunder Bay mill. We will receive a total of C\$33 million under the program.

5.1

MILL ENVIRONMENTAL PERFORMANCE DATA

FIG. 5.1 A | CERTIFICATION AND PRODUCTION

MILL	Chain of custody certification ⁴⁷	Total production ⁴⁸ mt	
		2010	2011
Alma (Quebec)	PEFC, FSC	365,705	351,332
Amos (Quebec)	PEFC, FSC	193,633	193,688
Augusta (Georgia)	FSC, PEFC, SFI	403,499	389,584
Baie-Comeau (Quebec)	PEFC, FSC	520,925	470,904
Calhoun (Tennessee)	FSC, PEFC, SFI	658,038	639,720
Catawba (South Carolina)	FSC, PEFC, SFI	859,302	845,832
Clermont (Quebec)	PEFC, FSC	336,266	297,905
Coosa Pines (Alabama)	FSC, PEFC, SFI	406,238	292,746
Fort Frances (Ontario)	FSC	319,341	276,802
Gatineau (Quebec)	–	86,902	–
Grenada (Mississippi)	FSC, PEFC, SFI	241,730	239,820
Iroquois Falls (Ontario)	FSC, PEFC, SFI	235,732	244,580
Kénogami (Quebec)	FSC, PEFC	203,687	198,931
Laurentide (Quebec)	FSC, PEFC	329,849	323,102
Mersey (Nova Scotia)	FSC, PEFC, SFI	222,277	223,729
Mokpo (South Korea)	–	242,163	219,467
Ponderay (Washington)	–	243,986	239,909
Thorold ⁴⁹ (Ontario)	FSC	201,474	194,978
Thunder Bay (Ontario)	FSC, PEFC, SFI	539,993	511,166
Total – Pulp and Paper Mills		6,610,741	6,154,194

NOTES

1471 FSC Forest Stewardship Council

PEFC Programme for the Endorsement of Forest Certification

SFI Sustainable Forestry Initiative

1481 Production shown here includes facilities and machines permanently closed as of December 31, 2011, and differs from what is reported in our 2011 10-K; data represents 100% of production for all mills, including those where we have less than 100% ownership.

1491 As of June 2010, the Thorold (Ontario) mill no longer has any direct air emissions.

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 B ENERGY-
ELECTRICITY

MILL	Purchased electricity used (absolute) GWh		Purchased electricity used (absolute) GJ		Internally-generated electricity used (absolute) GWh	
	2010	2011	2010	2011	2010	2011
	Alma (Quebec)	669	535	2,408,624	1,927,796	442
Amos (Quebec)	559	563	2,012,364	2,026,224	-	-
Augusta (Georgia)	965	929	3,474,526	3,345,059	-	-
Baie-Comeau (Quebec)	1,662	1,528	5,982,091	5,502,337	-	-
Calhoun (Tennessee)	1,254	1,284	4,514,000	4,623,606	385	373
Catawba (South Carolina)	1,241	1,264	4,467,730	4,548,694	319	338
Clermont (Quebec)	1,166	1,101	4,198,244	3,963,532	-	-
Coosa Pines (Alabama)	262	159	943,160	570,830	154	119
Fort Frances (Ontario)	189	218	680,634	786,306	334	251
Gatineau (Quebec)	240	-	865,775	-	0.4	-
Grenada (Mississippi)	734	733	2,640,730	2,637,918	-	-
Iroquois Falls (Ontario)	350	798	1,260,914	2,872,580	347	-
Kénogami (Quebec)	287	163	1,032,569	586,073	452	556
Laurentide (Quebec)	772	774	2,777,998	2,786,931	-	-
Mersey (Nova Scotia)	674	682	2,425,720	2,453,980	1	1
Mokpo (South Korea)	261	232	938,238	833,510	-	-
Ponderay (Washington)	753	749	2,710,260	2,697,062	-	-
Thorold (Ontario)	238	219	856,386	787,594	-	-
Thunder Bay (Ontario)	629	705	2,263,954	2,538,932	249	213
Total – Pulp and Paper Mills	12,904	12,636	46,453,917	45,488,965	2,684	2,394

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 B ENERGY-
ELECTRICITY

MILL	Internally-generated electricity used (absolute) GJ		Electricity (intensity) MWh/mt		Renewable electricity %	
	2010	2011	2010	2011	2010	2011
Alma (Quebec)	1,591,062	1,953,540	3.04	3.07	98%	99%
Amos (Quebec)	–	–	2.89	2.91	96%	98%
Augusta (Georgia)	–	–	2.39	2.39	3%	3%
Baie-Comeau (Quebec)	–	–	3.19	3.25	96%	98%
Calhoun (Tennessee)	1,387,152	1,343,995	2.49	2.59	29%	25%
Catawba (South Carolina)	1,148,976	1,217,257	1.82	1.89	19%	21%
Clermont (Quebec)	–	–	3.47	3.70	96%	98%
Coosa Pines (Alabama)	555,685	429,307	1.02	0.95	7%	4%
Fort Frances (Ontario)	1,200,823	902,197	1.64	1.69	61%	55%
Gatineau (Quebec)	1,367	–	2.77	–	96%	–
Grenada (Mississippi)	–	–	3.03	3.06	0%	0%
Iroquois Falls (Ontario)	1,250,449	–	2.96	3.26	27%	24%
Kénogami (Quebec)	1,627,909	2,000,431	3.63	3.61	99%	99%
Laurentide (Quebec)	–	–	2.34	2.40	96%	98%
Mersey (Nova Scotia)	3,621	4,543	3.04	3.05	35%	38%
Mokpo (South Korea)	–	–	1.08	1.05	1%	2%
Ponderay (Washington)	–	–	3.09	3.12	95%	95%
Thorold (Ontario)	–	–	1.18	1.12	27%	24%
Thunder Bay (Ontario)	894,784	766,976	1.62	1.80	45%	39%
Total – Pulp and Paper Mills	9,661,828	8,618,247	2.36	2.44	58%	58%

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 C ENERGY-
FUEL⁵⁰

MILL	Fuel used (absolute) GJ		Biomass fuel used %		Fuel used (intensity) GJ/mt	
	2010	2011	2010	2011	2010	2011
Alma (Quebec)	1,598,294	1,407,812	31%	34%	4.37	4.01
Amos (Quebec)	1,621,753	1,879,651	97%	97%	8.38	9.70
Augusta (Georgia)	2,060,168	2,650,449	94%	92%	5.11	6.80
Baie-Comeau (Quebec)	2,337,049	2,342,160	91%	94%	4.49	4.97
Calhoun (Tennessee)	18,581,082	18,985,566	82%	78%	28.24	29.68
Catawba (South Carolina)	19,032,547	19,671,942	86%	88%	22.15	23.26
Clermont (Quebec)	673,797	536,391	22%	30%	2.00	1.80
Coosa Pines (Alabama)	12,413,795	10,693,212	56%	63%	30.56	35.38
Fort Frances (Ontario)	12,551,792	11,342,558	76%	82%	39.31	40.65
Gatineau (Quebec)	1,021,517	–	80%	–	11.75	–
Grenada (Mississippi)	1,489,018	1,548,065	88%	91%	6.16	6.46
Iroquois Falls (Ontario)	1,474,911	1,256,346	14%	6%	6.26	5.14
Kénogami (Quebec)	452,948	479,949	0%	0%	2.22	2.41
Laurentide (Quebec)	2,344,181	2,402,326	36%	36%	7.11	7.44
Mersey (Nova Scotia)	4,288,952	4,258,914	99%	99%	6.41	6.35
Mokpo (South Korea)	1,995,150	1,908,263	59%	57%	8.24	8.70
Ponderay (Washington)	710,242	635,183	93%	93%	2.91	2.65
Thorold (Ontario)	1,702,710	1,396,396	27%	40%	8.45	7.16
Thunder Bay (Ontario)	11,212,861	11,269,765	90%	87%	20.76	22.05
Total – Pulp and Paper Mills	97,562,767	94,664,948	76%	78%	14.76	14.85

NOTE

1501 Does not include fuel for mobile equipment.

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 D ENERGY-
ELECTRICITY + FUEL

MILL	Total energy used (absolute) GJ		Total energy used (intensity) GJ/mt		Total renewable energy %	
	2010	2011	2010	2011	2010	2011
Alma (Quebec)	5,597,980	5,289,148	15.31	15.05	79%	81%
Amos (Quebec)	3,634,117	3,905,875	18.77	20.17	96%	96%
Augusta (Georgia)	5,534,693	5,995,508	13.72	15.39	37%	42%
Baie-Comeau (Quebec)	8,319,140	7,844,497	15.97	16.66	95%	95%
Calhoun (Tennessee)	23,095,083	23,609,172	35.10	36.91	69%	65%
Catawba (South Carolina)	23,500,277	24,220,636	27.35	28.64	70%	72%
Clermont (Quebec)	4,872,042	4,499,923	14.49	15.11	86%	88%
Coosa Pines (Alabama)	13,356,955	10,927,528	32.88	37.33	52%	59%
Fort Frances (Ontario)	13,430,084	12,038,752	42.06	43.49	74%	78%
Gatineau (Quebec)	1,887,292	–	21.72	–	88%	–
Grenada (Mississippi)	4,129,747	4,185,983	17.08	17.45	32%	34%
Iroquois Falls (Ontario)	3,986,275	4,128,926	16.91	16.88	22%	19%
Kénogami (Quebec)	3,113,425	3,066,452	15.29	15.41	84%	84%
Laurentide (Quebec)	5,122,179	5,189,257	15.53	16.06	69%	68%
Mersey (Nova Scotia)	3,300,567	3,318,867	14.85	14.83	76%	82%
Mokpo (South Korea)	2,933,388	2,741,773	12.11	12.49	40%	40%
Ponderay (Washington)	3,420,502	3,332,245	14.02	13.89	83%	94%
Thorold (Ontario)	2,559,096	2,183,990	12.70	11.20	27%	34%
Thunder Bay (Ontario)	13,476,815	13,808,697	24.96	27.01	79%	75%
Total – Pulp and Paper Mills	145,269,657	140,287,230	22.49	22.89	69%	70%

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 E GREENHOUSE GAS
(GHG) EMISSIONS

MILL	GHG emissions scope 1—total (absolute) mt CO ₂ e		GHG emissions scope 1—pulp and paper (absolute) mt CO ₂ e		GHG emissions scope 1—pulp and paper (intensity) kg CO ₂ e/mt	
	2010	2011	2010	2011	2010	2011
Alma (Quebec)	–	–	57,008	47,905	156	136
Amos (Quebec)	–	–	8,003	9,722	41	50
Augusta (Georgia)	–	–	10,910	15,465	27	40
Baie-Comeau (Quebec)	–	–	20,675	16,564	40	35
Calhoun (Tennessee)	–	–	248,994	301,617	378	471
Catawba (South Carolina)	–	–	164,424	152,229	191	180
Clermont (Quebec)	–	–	40,435	28,735	120	96
Coosa Pines (Alabama)	493,406	332,470	493,095	331,451	1,214	1,132
Fort Frances (Ontario)	160,480	118,551	160,013	118,171	501	427
Gatineau (Quebec)	–	–	12,718	–	146	–
Grenada (Mississippi)	–	–	12,880	10,150	53	42
Iroquois Falls (Ontario)	–	–	4,191	2,752	18	11
Kénogami (Quebec)	–	–	22,987	24,596	113	124
Laurentide (Quebec)	–	–	76,404	78,616	232	243
Mersey (Nova Scotia)	11,677	10,366	5,917	5,715	27	26
Mokpo (South Korea)	–	–	67,620	63,217	279	288
Ponderay (Washington)	–	–	4,648	4,004	19	17
Thorold (Ontario)	–	–	61,506	41,899	305	215
Thunder Bay (Ontario)	–	–	68,931	81,890	128	160
Total – Pulp and Paper Mills	1,547,898	1,340,748	1,541,360	1,334,699	233	217

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 E GREENHOUSE GAS
(GHG) EMISSIONS

MILL	GHG emissions scope 1—electricity (absolute) mt CO ₂ e		GHG emissions scope 1—electricity (intensity) kg CO ₂ e/mt	
	2010	2011	2010	2011
Alma (Quebec)	–	–	–	–
Amos (Quebec)	–	–	–	–
Augusta (Georgia)	–	–	–	–
Baie-Comeau (Quebec)	–	–	–	–
Calhoun (Tennessee)	–	–	–	–
Catawba (South Carolina)	–	–	–	–
Clermont (Quebec)	–	–	–	–
Coosa Pines (Alabama)	311	1,019	0.77	3.48
Fort Frances (Ontario)	467	380	1.46	1.37
Gatineau (Quebec)	–	–	–	–
Grenada (Mississippi)	–	–	–	–
Iroquois Falls (Ontario)	–	–	–	–
Kénogami (Quebec)	–	–	–	–
Laurentide (Quebec)	–	–	–	–
Mersey (Nova Scotia)	5,761	4,650	26	21
Mokpo (South Korea)	–	–	–	–
Ponderay (Washington)	–	–	–	–
Thorold (Ontario)	–	–	–	–
Thunder Bay (Ontario)	–	–	–	–
Total – Pulp and Paper Mills	6,539	6,049	0.99	0.98

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 E GREENHOUSE GAS
(GHG) EMISSIONS

MILL	GHG emissions scope 2 (absolute) mt CO ₂ e		GHG emissions scope 2 (intensity) kg CO ₂ e/mt	
	2010	2011	2010	2011
Alma (Quebec)	2,007	1,606	5	5
Amos (Quebec)	1,677	1,689	9	9
Augusta (Georgia)	630,404	602,705	1,562	1,547
Baie-Comeau (Quebec)	4,985	4,585	10	10
Calhoun (Tennessee)	643,834	664,502	978	1,039
Catawba (South Carolina)	525,268	529,670	611	626
Clermont (Quebec)	3,499	3,303	10	11
Coosa Pines (Alabama)	197,055	139,720	485	477
Fort Frances (Ontario)	24,397	21,842	76	79
Gatineau (Quebec)	721	–	8	–
Grenada (Mississippi)	376,649	379,120	1,558	1,581
Iroquois Falls (Ontario)	151,955	162,717	645	665
Kénogami (Quebec)	860	488	4	2
Laurentide (Quebec)	2,315	2,322	7	7
Mersey (Nova Scotia)	378,153	384,276	1,701	1,718
Mokpo (South Korea)	121,268	107,731	501	491
Ponderay (Washington)	6,023	5,993	25	25
Thorold (Ontario)	23,789	21,878	118	112
Thunder Bay (Ontario)	62,888	70,526	116	138
Total – Pulp and Paper Mills	3,157,746	3,104,674	478	504

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG.
5.1 F AIR
EMISSIONS

MILL	NO _x (absolute) mt		NO _x (intensity) kg/mt		SO ₂ (absolute) mt	
	2010	2011	2010	2011	2010	2011
Alma (Quebec)	104	92	0.28	0.26	31	12
Amos (Quebec)	329	223	1.70	1.15	49	32
Augusta (Georgia)	230	277	0.57	0.71	25	30
Baie-Comeau (Quebec)	246	236	0.47	0.50	97	67
Calhoun (Tennessee)	1,335	1,451	2.03	2.27	1,185	1,375
Catawba (South Carolina)	1,444	1,514	1.68	1.79	2,681	2,631
Clermont (Quebec)	184	177	0.55	0.59	272	173
Coosa Pines (Alabama)	1,309	1,033	3.22	3.53	4,488	2,931
Fort Frances (Ontario)	921	924	2.89	3.34	145	58
Gatineau (Quebec)	143	–	1.64	–	28	–
Grenada (Mississippi)	169	167	0.70	0.70	2	2
Iroquois Falls (Ontario)	32	–	0.14	–	1	–
Kénogami (Quebec)	31	27	0.15	0.13	1	2
Laurentide (Quebec)	177	180	0.54	0.56	14	15
Mersey (Nova Scotia)	259	241	1.17	1.08	26	17
Mokpo (South Korea)	157	109	0.65	0.50	27	32
Ponderay (Washington)	30	24	0.12	0.10	14	12
Thorold (Ontario)	56	–	0.28	–	0	–
Thunder Bay (Ontario)	837	821	1.55	1.61	1,208	1,201
Total – Pulp and Paper Mills	7,994	7,495	1.21	1.22	10,293	8,590

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATA

FIG. 5.1 F | AIR EMISSIONS

MILL	SO ₂ (intensity) kg/mt		TPM (absolute) mt		TPM (intensity) kg/mt	
	2010	2011	2010	2011	2010	2011
Alma (Quebec)	0.08	0.04	98	78	0.27	0.22
Amos (Quebec)	0.25	0.17	4	4	0.02	0.02
Augusta (Georgia)	0.06	0.08	146	184	0.36	0.47
Baie-Comeau (Quebec)	0.19	0.14	12	12	0.02	0.02
Calhoun (Tennessee)	1.80	2.15	446	501	0.68	0.78
Catawba (South Carolina)	3.12	3.11	611	832	0.71	0.98
Clermont (Quebec)	0.81	0.58	35	14	0.11	0.05
Coosa Pines (Alabama)	11.05	10.01	220	177	0.54	0.61
Fort Frances (Ontario)	0.45	0.21	163	161	0.51	0.58
Gatineau (Quebec)	0.33	–	41	–	0.47	–
Grenada (Mississippi)	0.01	0.01	94	59	0.39	0.25
Iroquois Falls (Ontario)	0.00	–	191	99	0.81	0.40
Kénogami (Quebec)	0.01	0.01	2	1	0.01	0.00
Laurentide (Quebec)	0.04	0.05	96	79	0.29	0.25
Mersey (Nova Scotia)	0.12	0.08	96	98	0.43	0.44
Mokpo (South Korea)	0.11	0.15	4	3	0.02	0.02
Ponderay (Washington)	0.06	0.05	5	6	0.02	0.02
Thorold (Ontario)	0.00	–	2	–	0.01	–
Thunder Bay (Ontario)	2.24	2.35	100	95	0.18	0.19
Total – Pulp and Paper Mills	1.56	1.40	2,368	2,402	0.36	0.39

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG.
5.1 G | WATER
EFFLUENT

MILL	Volume discharged (absolute) 000 m ³		Volume discharged (intensity) m ³ /mt		BOD ₅ (absolute) mt	
	2010	2011	2010	2011	2010	2011
Alma (Quebec)	16,760	15,652	45.83	44.55	141	117
Amos (Quebec)	7,038	7,463	36.35	38.53	114	223
Augusta (Georgia)	16,670	15,977	41.31	41.01	–	–
Baie-Comeau (Quebec)	22,053	21,354	42.33	45.35	133	115
Calhoun (Tennessee)	49,787	46,835	75.66	73.21	2,622	2,080
Catawba (South Carolina)	40,025	42,679	46.58	50.46	1,183	1,283
Clermont (Quebec)	9,411	9,501	27.99	31.89	71	70
Coosa Pines (Alabama)	57,320	45,910	141.10	156.83	745	466
Fort Frances (Ontario)	61,907	62,904	193.86	227.25	1,274	1,302
Gatineau (Quebec)	6,804	–	78.30	–	34	–
Grenada (Mississippi)	6,903	6,756	28.56	28.17	333	312
Iroquois Falls (Ontario)	13,404	12,834	56.86	52.47	154	161
Kénogami (Quebec)	7,603	7,389	37.33	37.14	47	36
Laurentide (Quebec)	16,515	17,037	50.07	52.73	382	428
Mersey (Nova Scotia)	6,849	7,422	30.81	33.17	177	230
Mokpo (South Korea)	2,950	3,026	12.18	13.79	588	518
Ponderay (Washington)	5,269	5,039	21.59	21.00	93	109
Thorold (Ontario)	11,647	11,142	57.81	57.14	133	66
Thunder Bay (Ontario)	47,650	46,243	88.24	90.47	432	354
Total – Pulp and Paper Mills	406,565	385,162	61.50	62.59	8,656	7,871

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 G | WATER
EFFLUENT

MILL	BOD ₅ (intensity) kg/mt		TSS (absolute) mt		TSS (intensity) kg/mt	
	2010	2011	2010	2011	2010	2011
Alma (Quebec)	0.39	0.33	478	522	1.31	1.48
Amos (Quebec)	0.59	1.15	202	353	1.04	1.82
Augusta (Georgia)	–	–	–	–	–	–
Baie-Comeau (Quebec)	0.26	0.25	183	240	0.35	0.51
Calhoun (Tennessee)	3.99	3.25	2,129	2,177	3.23	3.40
Catawba (South Carolina)	1.38	1.52	1,316	1,326	1.53	1.57
Clermont (Quebec)	0.21	0.24	182	218	0.54	0.73
Coosa Pines (Alabama)	1.83	1.59	944	549	2.32	1.88
Fort Frances (Ontario)	3.99	4.71	2,038	1,995	6.38	7.21
Gatineau (Quebec)	0.39	–	71	–	0.82	–
Grenada (Mississippi)	1.38	1.30	397	308	1.64	1.29
Iroquois Falls (Ontario)	0.65	0.66	349	410	1.48	1.68
Kénogami (Quebec)	0.23	0.18	132	121	0.65	0.61
Laurentide (Quebec)	1.16	1.32	610	494	1.85	1.53
Mersey (Nova Scotia)	0.79	1.03	1,149	1,759	5.17	7.86
Mokpo (South Korea)	2.43	2.36	406	438	1.68	2.00
Ponderay (Washington)	0.38	0.45	118	132	0.48	0.55
Thorold (Ontario)	0.66	0.34	388	296	1.92	1.52
Thunder Bay (Ontario)	0.80	0.69	601	629	1.11	1.23
Total – Pulp and Paper Mills	1.31	1.28	11,691	11,967	1.77	1.94

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG.
5.1 G | WATER
EFFLUENT

MILL	AOX (kraft mills only) (absolute) mt		AOX (kraft mills only) (intensity) kg/mt	
	2010	2011	2010	2011
Alma (Quebec)	–	–	–	–
Amos (Quebec)	–	–	–	–
Augusta (Georgia)	–	–	–	–
Baie-Comeau (Quebec)	–	–	–	–
Calhoun (Tennessee)	36	33	0.05	0.05
Catawba (South Carolina)	60	56	0.07	0.07
Clermont (Quebec)	–	–	–	–
Coosa Pines (Alabama)	50	62	0.12	0.21
Fort Frances (Ontario)	70	67	0.22	0.24
Gatineau (Quebec)	–	–	–	–
Grenada (Mississippi)	–	–	–	–
Iroquois Falls (Ontario)	–	–	–	–
Kénogami (Quebec)	–	–	–	–
Laurentide (Quebec)	–	–	–	–
Mersey (Nova Scotia)	–	–	–	–
Mokpo (South Korea)	–	–	–	–
Ponderay (Washington)	–	–	–	–
Thorold (Ontario)	–	–	–	–
Thunder Bay (Ontario)	119	94	0.22	0.18
Total – Pulp and Paper Mills	335	312	0.05	0.05

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG. 5.1 H
SOLID WASTE

MILL	Total waste (absolute) mt		Total waste (intensity) kg/mt	
	2010	2011	2010	2011
Alma (Quebec)	37,747	31,287	103.22	89.05
Amos (Quebec)	13,634	14,257	70.41	73.61
Augusta (Georgia)	78,305	55,676	194.07	142.91
Baie-Comeau (Quebec)	36,274	37,651	69.63	79.95
Calhoun (Tennessee)	126,662	77,625	192.48	121.34
Catawba (South Carolina)	111,896	116,481	130.22	137.71
Clermont (Quebec)	19,389	21,853	57.66	73.36
Coosa Pines (Alabama)	130,702	40,671	321.74	138.93
Fort Frances (Ontario)	49,177	33,447	154.00	120.83
Gatineau (Quebec)	14,511	–	166.98	–
Grenada (Mississippi)	16,276	17,824	67.33	74.32
Iroquois Falls (Ontario)	31,108	37,921	131.96	155.04
Kénogami (Quebec)	14,142	14,329	69.43	72.03
Laurentide (Quebec)	24,430	23,961	74.06	74.16
Mersey (Nova Scotia)	20,340	11,043	91.51	49.36
Mokpo (South Korea)	106,658	84,828	440.44	386.52
Ponderay (Washington)	30,351	24,593	124.40	102.51
Thorold (Ontario)	50,399	70,990	250.15	364.09
Thunder Bay (Ontario)	62,177	64,639	115.14	126.45
Total – Pulp and Paper Mills	974,179	779,075	147.36	126.59

5.1

MILL ENVIRONMENTAL
PERFORMANCE DATAFIG.
5.1 H | **SOLID
WASTE**

MILL	Waste to landfill (absolute) mt		Waste to landfill (intensity) kg/mt	
	2010	2011	2010	2011
Alma (Quebec)	33,629	26,700	91.96	76.00
Amos (Quebec)	6,403	8,675	33.07	44.79
Augusta (Georgia)	73,839	53,718	183.00	137.89
Baie-Comeau (Quebec)	14,731	15,442	28.28	32.79
Calhoun (Tennessee)	54,124	5,752	82.25	8.99
Catawba (South Carolina)	110,619	115,979	128.73	137.12
Clermont (Quebec)	181	843	0.54	2.83
Coosa Pines (Alabama)	68,170	27,638	167.81	94.41
Fort Frances (Ontario)	49,159	32,957	153.94	119.06
Gatineau (Quebec)	7,859	–	90.44	–
Grenada (Mississippi)	297	290	1.23	1.21
Iroquois Falls (Ontario)	956	2,167	4.05	8.86
Kénogami (Quebec)	2,552	2,886	12.53	14.51
Laurentide (Quebec)	15,584	15,728	47.24	48.68
Mersey (Nova Scotia)	89	73	0.40	0.33
Mokpo (South Korea)	11,499	2,715	47.48	12.37
Ponderay (Washington)	1,136	801	4.66	3.34
Thorold (Ontario)	25,033	42,091	124.25	215.88
Thunder Bay (Ontario)	42,533	36,231	78.77	70.88
Total – Pulp and Paper Mills	518,392	390,686	78.42	63.48

5.2

FINANCIAL
RECONCILIATION

Tables below represent a reconciliation of certain financial statement line items reported under generally accepted accounting principles (GAAP) to our use of non-GAAP measures of operating income (loss), net income (loss), shareholders' equity, return on equity and net income (loss) per share (EPS), in each case adjusted for special items, as well as EBITDA and adjusted EBITDA, in each case by reportable segment. We believe that these non-GAAP measures are useful because they are consistent with our internal

presentation and allow investors to more easily compare our ongoing operations, financial performance and EPS from period to period. These non-GAAP measures should be considered in addition to and not as a substitute for measures of financial performance prepared in accordance with GAAP and provided in our consolidated statement of operations, filed with the Securities and Exchange Commission and the Canadian securities regulatory authorities.

FIG. 5.2 A | ROE RECONCILIATION (SUCCESSOR)

As at December 31, 2011

(Unaudited, in millions except ROE and per share amounts)	Net income (loss)	Shareholders' equity	ROE (%)	EPS
GAAP as reported	\$41	\$3,417	1.2%	\$0.42
Adjustments for special items—current period:				
Foreign currency translation loss (gain)	\$23	\$23	0.6%	\$0.24
Severance	\$8	\$8	0.2%	\$0.08
Closure costs, impairment and other related charges	\$32	\$32	0.9%	\$0.33
Inventory write-downs included in cost of sales	\$2	\$2	0.1%	\$0.02
Net loss (gain) on disposition of assets	\$(2)	\$(2)	(0.1)%	\$(0.02)
Post-emergence costs	\$34	\$34	0.9%	\$0.35
Transaction costs	\$4	\$4	0.1%	\$0.05
Other (income) expense, net	\$(14)	\$(14)	(0.4)%	\$(0.15)
Reorganization tax adjustments	\$38	\$38	1.1%	\$0.39
GAAP as adjusted for special items	\$166	\$3,542	4.6%	\$1.71

5.2

FINANCIAL
RECONCILIATIONFIG. 5.2 B ROE
RECONCILIATION (PREDECESSOR)

As at December 31, 2010

(Unaudited, in millions except ROE and per share amounts)	Net income (loss) ⁵¹	Shareholders' equity	ROE (%)	EPS
GAAP as reported	\$2,614	\$3,709	70.5%	\$27.63
Adjustments for special items—current period:				
Foreign currency translation loss (gain)	\$97	–	2.6%	\$1.03
Severance	\$(8)	–	(0.2)%	\$(0.08)
Closure costs, impairment and other related charges	\$11	–	0.3%	\$0.11
Net loss (gain) on disposition of assets	\$(30)	–	(0.8)%	\$(0.32)
Other (income) expense, net	\$(5)	–	(0.1)%	\$(0.05)
Reorganization items	\$(3,510)	–	(94.7)%	\$(37.10)
GAAP as adjusted for special items	\$(831)	\$3,709	(22.4)%	\$(8.78)

NOTE

51 In 2010, a credit of \$1,901 million of reorganization items, net was recorded (which included a net gain of \$3,553 million resulting from the implementation of the Plans of Reorganization and a net expense of \$362 million resulting from the application of fresh start accounting). Additionally in 2010, we recorded an income tax benefit of \$1,606 million, which was primarily due to the reversal of our valuation allowances in connection with the implementation of the Plans of Reorganization and interest expense of \$483 million.

5.2

FINANCIAL
RECONCILIATIONFIG. 5.2 C EBITDA
RECONCILIATION (SUCCESSOR)

As at December 31, 2011

(Unaudited, in millions)	Newsprint	Coated papers	Specialty papers	Market pulp	Wood products	Corporate and other	Total
Net income (loss) including noncontrolling interests	\$89	\$57	\$62	\$85	\$(25)	\$(229)	\$39
Interest expense, net						\$95	\$95
Income tax provision (benefit)						\$16	\$16
Depreciation, amortization and cost of timber harvested	\$73	\$35	\$49	\$30	\$33	–	\$220
EBITDA	\$162	\$92	\$111	\$115	\$8	\$(118)	\$370
Foreign currency translation loss (gain)						\$21	\$21
Severance						\$12	\$12
Closure costs, impairment and other related charges						\$46	\$46
Inventory write-downs included in cost of sales						\$3	\$3
Net loss (gain) on disposition of assets						\$(3)	\$(3)
Post-emergence costs						\$47	\$47
Transaction costs						\$5	\$5
Other (income) expense, net						\$(20)	\$(20)
Adjusted EBITDA	\$162	\$92	\$111	\$115	\$8	\$(7)	\$481

5.2

FINANCIAL
RECONCILIATION

FIG. 5.2 D EBITDA RECONCILIATION (PREDECESSOR)

As at December 31, 2010

(Unaudited, in millions)	Newsprint	Coated papers	Specialty papers	Market pulp	Wood products	Corporate and other	Total
Net income (loss) including noncontrolling interests	\$(171)	\$31	\$(44)	\$137	\$9	\$2,813	\$2,775
Interest expense, net						\$483	\$483
Income tax provision (benefit)						\$(1,606)	\$(1,606)
Depreciation, amortization and cost of timber harvested	\$225	\$30	\$128	\$49	\$42	\$19	\$493
EBITDA	\$54	\$61	\$84	\$186	\$51	\$1,709	\$2,145
Foreign currency translation loss (gain)						\$94	\$94
Severance						\$(8)	\$(8)
Closure costs, impairment and other related charges						\$11	\$11
Net loss (gain) on disposition of assets						\$(30)	\$(30)
Other (income) expense, net						\$(5)	\$(5)
Reorganization items						\$(1,901)	\$(1,901)
Adjusted EBITDA	\$54	\$61	\$84	\$186	\$51	\$(130)	\$306

5.3

**GRI CONTENT
INDEX**

This sustainability report was prepared using the Global Reporting Initiative's (GRI) G3.1 guidelines at Application Level B. The GRI Content Index on the following pages provides a cross-reference to the indicators included in this report.

F = Fully reported **SR** = 2011 Sustainability Report
P = Partially reported **AR** = 2011 Annual Report
N = Not reported **10-K** = 2011 10-K
 PR = 2011 Proxy Statement

GRI INDICATOR	LEVEL OF REPORTING	LOCATION OF REFERENCE
PROFILE		
1. Strategy and Analysis		
1.1	F	SR 5-6
1.2	F	SR 7-8
2. Organizational Profile		
2.1	F	SR 1
2.2	F	SR 1, 38-40
2.3	F	10-K 4-6
2.4	F	SR Inside back cover
2.5	F	SR 1; AR 10-11
2.6	F	SR 1; 10-K 1
2.7	F	AR 5-6
2.8	F	SR 1-2; 43-46
2.9	F	SR 1-3, 62
2.10	F	
3. Report Parameters		
3.1	F	SR 7
3.2	F	SR 7
3.3	F	SR 5, 7
3.4	F	SR Inside back cover
3.5	F	SR 7-10
3.6	F	SR 7
3.7	F	SR 7, 60-61, 64, 79-82
3.8	F	SR 7

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<u>GRI INDICATOR</u>	<u>LEVEL OF REPORTING</u>	<u>LOCATION OF REFERENCE</u>
3.9	P	SR 2-3, 30, 52, 79-82
3.10	F	SR 2-3, 28, 31, 40, 60-61, 79-82
3.11	F	SR 2-3, 28, 79-82
3.12	F	SR 83-90
3.13	N	
4.		
4.1		
4.1	F	SR 15-16, 29, 51; AR 4, 13
4.2	F	AR 13
4.3	F	SR 15, PR 4-6
4.4	F	SR 16; PR 6-7
4.5	F	SR 51; PR 17-25
4.6	F	PR 6-7
4.7	F	PR 8-9
4.8	F	SR 5-6, 11-16
4.9	F	SR 15-16, 29, 51
4.10	F	SR 15-16
4.11	F	SR 21, 94
4.12	F	SR 15-16, 24
4.13	F	SR 15, 24, 39-40, 56-57
4.14	F	SR 8-10, 55-59
4.15	F	SR 8-10
4.16	F	SR 8-10, 55
4.17	F	SR 8-14

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GRI CONTENT
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GRI INDICATOR G3.1 DMA		LEVEL OF REPORTING	LOCATION OF REFERENCE
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)			
DMA EC Disclosure on Management Approach EC		F	
Aspects	Economic performance	F	SR 60-63, 79-82
	Market presence	N	
	Indirect economic impacts	F	SR 7-8, 55-57
DMA EN Disclosure on Management Approach EN			
Aspects	Materials	F	SR 35, 64-78
	Energy	F	SR 27, 64-78
	Water	F	SR 30-31, 35, 64-78
	Biodiversity	F	SR 23-25
	Emissions, effluents and waste	F	SR 30-33, 64-78
	Products and services	F	SR 38-40
	Compliance	F	SR 33
	Transport	N	
	Overall	N	
DMA LA Disclosure on Management Approach LA			
Aspects	Employment	F	SR 43-46
	Labor/management relations	F	SR 43-46
	Occupational health and safety	F	SR 50-52
	Training and education	F	SR 43-46
	Diversity and equal opportunity	F	SR 43-46
	Equal remuneration for women and men	F	SR 43-46
DMA HR Disclosure on Management Approach HR			
Aspects	Investment and procurement practices	N	
	Non-discrimination	N	
	Freedom of association and collective bargaining	F	SR 46
	Child labor	N	
	Prevention of forced and compulsory labor	N	
	Security practices	N	
	Indigenous rights	P	SR 56
	Assessment	N	
	Remediation	N	
DMA SO Disclosure on Management Approach SO			
Aspects	Local communities	F	SR 55-57
	Corruption	F	SR 57
	Public policy	F	SR 57
	Anti-competitive behavior	F	SR 55-57
	Compliance	F	SR 55-57
DMA PR Disclosure on Management Approach PR			
Aspects	Customer health and safety	F	SR 21-25, 38-40
	Product and service labelling	F	SR 21-25, 38-40
	Marketing communications	F	SR 38-40, 44-45, 55-56
	Customer privacy	N	
	Compliance	N	

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GRI INDICATOR		LEVEL OF REPORTING	LOCATION OF REFERENCE
STANDARD DISCLOSURES PART III: Performance Indicators			
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	F	SR 56-57, 60-61
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	P	SR 8, 26-28
EC3	Coverage of the organization's defined benefit plan obligations.	P	SR 62
EC4	Significant financial assistance received from government.	F	SR 62-63
Market presence			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	N	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	N	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	N	
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	N	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	P	SR 60-63
ENVIRONMENTAL			
Materials			
EN1	Materials used by weight or volume.	F	SR 35
EN2	Percentage of materials used that are recycled input materials.	F	SR 35
Energy			
EN3	Direct energy consumption by primary energy source.	F	SR 27
EN4	Indirect energy consumption by primary source.	P	SR 27
EN5	Energy saved due to conservation and efficiency improvements.	N	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	N	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	P	SR 27-29
Water			
EN8	Total water withdrawal by source.	F	SR 30-31
EN9	Water sources significantly affected by withdrawal of water.	N	
EN10	Percentage and total volume of water recycled and reused.	N	
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	F	SR 23-25
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	P	SR 23-25
EN13	Habitats protected or restored.	F	SR 23-25
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	F	SR 23-25
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	P	SR 23-25

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<u>GRI INDICATOR</u>	<u>LEVEL OF REPORTING</u>	<u>LOCATION OF REFERENCE</u>
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	F SR 27-29, 69-70
EN17	Other relevant indirect greenhouse gas emissions by weight.	F SR 27-29, 71
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	F SR 27-29
EN19	Emissions of ozone-depleting substances by weight.	N
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	F SR 2, 30-33, 72-73
EN21	Total water discharge by quality and destination.	F SR 2, 30-31, 74-76
EN22	Total weight of waste by type and disposal method.	F SR 34, 77-78
EN23	Total number and volume of significant spills.	F SR 31-33
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	N
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	P SR 23-25, 31
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	F SR 22-24, 38-40
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	F SR 22-24, 38-40
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	P SR 31-33
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	N
Overall		
EN30	Total environmental protection expenditures and investments by type.	N
SOCIAL: LABOR PRACTICES AND DECENT WORK		
Employment		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	P SR 43-45
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	F SR 44-45
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	N
LA15	Return to work and retention rates after parental leave, by gender.	N
Labor/management relations		
LA4	Percentage of employees covered by collective bargaining agreements.	F SR 46
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	N

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<u>GRI INDICATOR</u>		<u>LEVEL OF REPORTING</u>	<u>LOCATION OF REFERENCE</u>
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	F	SR 50-52
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	P	SR 50-52
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	N	
LA9	Health and safety topics covered in formal agreements with trade unions.	F	SR 44
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	N	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	P	SR 44
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	F	SR 44
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	P	SR 43-46
Equal remuneration for women and men			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	N	
SOCIAL: HUMAN RIGHTS			
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	N	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	N	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	N	
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	N	
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	F	SR 46
Child labor			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	N	
Forced and compulsory labor			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	N	

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<u>GRI INDICATOR</u>		<u>LEVEL OF REPORTING</u>	<u>LOCATION OF REFERENCE</u>
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	N	
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	N	
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	N	
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	N	
SOCIAL: SOCIETY			
Local communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	F	SR 21-26, 55
SO9	Operations with significant potential or actual negative impacts on local communities.	F	SR 55-57
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	F	SR 55-57
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	N	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	N	
SO4	Actions taken in response to incidents of corruption.	N	
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	F	SR 57
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	N	
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	N	
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	N	
SOCIAL: PRODUCT RESPONSIBILITY			
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	N	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	N	

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<u>GRI INDICATOR</u>		<u>LEVEL OF REPORTING</u>	<u>LOCATION OF REFERENCE</u>
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	F	SR 38-40
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	N	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	N	
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	N	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	N	
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	N	
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	N	



Statement GRI Application Level Check

GRI hereby states that **Resolute Forest Products** has presented its report "Our View of Sustainability: Annual Sustainability Report for 2011 Performance" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 October 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 October 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

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GLOSSARY

Acre	An area measure of land, normally used in the U.S. One acre equals roughly 2/5 (or 0.40) hectare.
ABL	An asset backed loan is a business loan secured by collateral (assets). The loan, or line of credit, is secured by inventory, accounts receivable and/or other balance-sheet assets.
AF&PA	American Forest & Paper Association (www.afandpa.org)
AOX	Absorbable organic halides: A class of chlorine containing organic compounds formed during pulp bleaching when chlorine or hypochlorite is used.
ATFS	American Tree Farm System: A program of the American Forest Foundation that promotes the sustainable management of forests in the U.S. through education and outreach to private forest landowners. ATFS is endorsed by the Programme for the Endorsement of Forest Certification (PEFC). (www.treefarmssystem.org)
Biodiversity	The variety and abundance of life forms, processes, functions and structures of plants, animals and other living organisms, including the relative complexity of species, communities, gene pools and ecosystems at spatial scales that range from local to regional to global.
Biomass	Any material derived from organic sources. Forest biomass can come from mill residues or forest harvest residues. The carbon stored in biomass can be used as a source of renewable energy.
Black liquor	A thick, dark liquid that is a byproduct of the process that transforms wood into pulp, which is then dried to make paper. One of the main ingredients in black liquor is lignin, which is the material in trees that binds wood fibers together and makes them rigid.
BOD	Biochemical oxygen demand: A measure of the oxygen demand exerted on receiving water by effluent constituents.
Boreal forest	The overall forested area within the boreal zone; sometimes refers to the boreal zone itself because forests dominate this landscape. The <i>boreal zone</i> is the broad circumpolar vegetation zone of the high northern latitudes. About 30% of the world's boreal zone lies within Canada.
Carbon footprint	The sum of all greenhouse gases (GHG) that are caused by a product or entity within a stated period of time. It includes all emissions associated with the production, use and disposal of the goods purchased and produced.
Carbon sink / carbon source	A carbon sink absorbs more carbon from the atmosphere than it releases, while a carbon source releases more carbon than it absorbs. A forest can be either a carbon sink or a carbon source. Carbon is absorbed from the atmosphere through photosynthesis. It then becomes deposited in forest biomass, in dead organic matter and in soils. This process of carbon absorption and deposition is known as carbon sequestration. Forest carbon is then released when trees burn or when they decay after dying (as a result of old age or of fire, insect attack or other disturbance).
CBFA	Canadian Boreal Forest Agreement (www.canadianborealforestagreement.com)
CDP	Carbon Disclosure Project: An independent not-for-profit organization holding the largest database of primary corporate climate change information in the world. CDP Water Disclosure program: Provides water-related data from a subset of the world's largest water-intensive corporations to inform the global marketplace on investment risk and commercial opportunity. (www.cdproject.net)
CEP	Communications, Energy and Paperworkers Union (www.cep.ca)
Chemical pulp	<i>See Pulp</i>

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CO₂e	Carbon dioxide equivalents: Emissions of greenhouse gases are typically expressed in a common metric so that their impacts can be directly compared, as some gases are more potent (i.e., have a higher global warming potential) than others. The international standard practice is to express greenhouse gases in carbon dioxide equivalents (CO ₂ e).
CoC	Chain of custody: A documented paper trail tracing a manufacturing facility's fiber or wood from its origin through the manufacturing processes to the end product. CoC certification provides independently audited, third-party verification of this process. CoC certification standards outline requirements for tracking certified material within this system. Under CoC standards, minimum criteria must also be met for the uncertified content, such as procurement from legal sources and avoiding fiber sourced from protected areas. Chain of Custody certification is essential for companies to implement and demonstrate ethical business behavior, and for consumers to make responsible purchasing decisions.
Cogeneration	The production of two different forms of energy, such as electricity and heat, from a single combustion unit. More than one source of fuel can be used in a cogeneration facility (e.g., natural gas and biomass).
Conservation	Protection of plant and animal habitat and the management of a renewable natural resource with the objective of sustaining its productivity in perpetuity while providing for human use compatible with sustainability of the resource.
CSA	Canadian Standards Association: CSA is Canada's oldest and largest standards development organization; a not-for-profit membership-based organization founded in 1919. The CSA Sustainable Forest Management Standard (Z809-08), Canada's national standard for sustainable forest management, was released in 1996 and last revised in 2008. The CSA SFM standard is endorsed by the Programme for the Endorsement of Forest Certification (PEFC). (www.csasfmforests.ca)
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA excluding special items. Special items include foreign translation gains and losses, post-emergence costs, closure costs, inventory write-downs, impairment and other related charges, severance costs, gains and losses on disposition of assets, and other charges or credits.
EEM	Environmental Effects Monitoring (EEM) is a Canadian government science-based tool that can detect and measure changes in aquatic ecosystems (i.e., receiving environments) potentially affected by human/corporate activity (e.g., effluent discharges). (www.ec.gc.ca/eseee-em/default.asp?lang=En&n=4CDB9968-1)
Effluent	Wastewater, treated or untreated, that flows out of a treatment plant, sewer or industrial point source, such as a pipe, into surface waters.
Effluent treatment	Primary treatment: a process which removes settleable solids from effluent. Secondary treatment: a process which reduces the biochemical oxygen demand (BOD) and toxicity of effluent.
EH&S	Environment, health and safety
EMS	Environmental management system
EMIS	Energy management and information system
ENGO	Environmental non-governmental organization
EPAT	Environmental Paper Assessment Tool (www.epat.org)
Fiber	The structural components of woody plants that are separated from each other during the pulping operation in a pulp mill and reassembled into the form of a sheet during the papermaking process. There are principally two types of fiber: <ul style="list-style-type: none"> • <i>Virgin fiber:</i> wood fiber derived from trees not previously processed into paper • <i>Recycled fiber:</i> fiber derived from waste paper and cardboard
Fiber-tracking system	See <i>chain of custody (CoC)</i>
First Nations	Indigenous people in Canada who are not Inuit or Métis. "First Nation" has been adopted by some Indian communities to replace the term "Indian band." Indigenous people: those who inhabited a country or a geographical region at the time when people of different cultures or ethnic origins arrived.
Fossil fuel	Fuel derived from ancient organic remains, e.g., peat, coal, crude oil and natural gas.

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FPAC	Forest Products Association of Canada (www.fpac.ca)
Fresh start accounting	A financial statement by an entity as it emerges from reorganization under Chapter 11 of the U.S. Bankruptcy Code containing a “fresh” presentation of the newly-determined value of assets after liabilities have been cancelled or adjusted.
FBM	Foot board measure is a unit of measure for lumber.
FSC / FSC CW	<p>Forest Stewardship Council®: FSC is an independent, non-governmental, not-for-profit organization founded in 1993. FSC certification is a voluntary, market-based tool that supports responsible forest management worldwide. FSC is nationally represented in 50 countries globally. In Canada, there are four regional forest management standards: National Boreal Standard, Maritimes Standard, BC Standard, Great Lakes and St. Lawrence Standard (draft). FSC also has a chain of custody (CoC) standard. (www.fscscanada.org)</p> <p>FSC Controlled Wood: Virgin wood or wood fiber which has been verified as having a low probability of including wood from any of the following categories:</p> <ol style="list-style-type: none"> Illegally harvested wood Wood harvested in violation of traditional and civil rights Wood harvested in forests in which high conservation values are threatened by management activities Wood harvested in forests being converted from natural and semi-natural forests to plantations or non-forest use Wood from forests in which genetically modified trees are planted
GAAP	Generally Accepted Accounting Principles (GAAP)
GHG	<p>Greenhouse gas: Greenhouse gases are gases that trap heat in the atmosphere. Some greenhouse gases such as carbon dioxide occur naturally and are emitted to the atmosphere through natural processes. Human activities generate additional greenhouse gases that are enhancing the natural greenhouse effect, and are contributing to an increase in global average temperature and related climate changes. The principal greenhouse gases that enter the atmosphere because of human activities are: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).</p> <p>Scope 1 GHG emissions: Scope 1 GHG emissions are greenhouse gas emissions which come from sources owned or controlled by the company, such as the combustion of fuel at the mill to generate heat to dry the paper or to generate electricity. Also known as “direct emissions.”</p> <p>Scope 2 GHG emissions: Scope 2 GHG emissions are greenhouse gas emissions which are the result of company activities occurring at sources owned or controlled by another company, associated with the production of purchased electricity or steam. Scope 2 emissions physically occur at the facility where electricity or steam is generated. Also known as “indirect emissions.”</p> <p>Scope 3 GHG emissions: Scope 3 GHG emissions are all indirect greenhouse emissions not covered in Scope 2, such as emissions from the production of purchased materials, or transportation activities in vehicles not owned or controlled by the company.</p>
GHG Protocol	The Greenhouse Gas Protocol is an internationally-used accounting tool to understand, quantify and manage greenhouse gas emissions. It is the result of a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). (www.ghgprotocol.org)
GJ	Gigajoule
Grassroots	Individuals coalescing around a specific issue using a common argument and/or message to achieve a common goal guided by a singular strategy. It typically involves a third party reaching out to individuals to educate on an issue, seek the individual’s support and recruit his or her participation.
GRI	Global Reporting Initiative: A network-based organization that produces a comprehensive sustainability reporting framework widely used around the world. The reporting framework sets out the principles and performance indicators that organizations can use to measure and report their economic, environmental and social performance. GRI’s reporting framework is developed through a consensus-seeking, multi-stakeholder process. (www.globalreporting.org)
Hectare	An area measure of land used in the metric system. 259 hectares = 1 square mile. 1 hectare = 2.471 acres or 0.01 square kilometer (abbreviation: Ha).
Intensity	Any metric normalized to units per unit of production.
International	Refers to any geographical area outside North America when used in reference to our markets.

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ISO	International Organization for Standardization: Administered by the Geneva-based International Organization for Standardization, the ISO document series defines high international standards of quality management systems in manufacturing and distribution. (www.iso.org)
Kaizen	“Improvement” in Japanese; a management term referring to bottom-up processes for ongoing, cyclical, and qualitative identification, implementation, and review of improvements in an industrial setting.
KPI	Key performance indicator
Kraft pulp	<i>See Pulp</i>
LCA	Life cycle analysis, or life cycle assessment: A comprehensive environmental accounting tool with well-established procedures and methods that are governed by specific rules and standards, most notably those developed by the International Organization for Standardization (ISO). LCA is an approach that analyzes the flows associated with the whole life cycle of a product or a service, usually “from cradle-to-grave,” i.e., from raw material extraction, to manufacturing, use, recovery and end-of-life.
Lignin	The material in trees that binds wood fibers together and makes them rigid.
MACT	The Boiler Maximum Achievable Control Technology is a U.S. Environmental Protection Agency rule that contains standards of emission limits, work practice standards, and operating limits that apply to affected sources. (www.epa.gov/airquality/combustion/actions)
m³	Cubic meters
Mechanical pulp	<i>See Pulp</i>
mt	Metric ton
MWh	Megawatt hour
NIER	The Northern Industrial Electricity Rate program is an Ontario Government program that offers a total of C\$450 million to help eligible large industrial companies in Northern Ontario improve their energy efficiency and sustainability.
NCASI	National Council for Air and Stream Improvement: An independent, non-profit research institute established in 1943 that focuses on environmental topics of interest to the forest products industry, with over 75 member companies in the U.S. and Canada. (www.ncasi.org)
NGO	Non-governmental organization
NO_x	Nitrogen oxides: The sum of nitric oxide and nitrogen dioxide in air emissions which are precursors to smog formation. Product of combustion from transportation and stationary sources and a major contributor to the formation of ozone in the troposphere and to acid rain.
ODMT	Oven-dry metric ton: one metric ton (1.1 tons) with less than 2% moisture content.
OFIA	Ontario Forestry Industries Association (www.ofia.com)
OSHA rate	Occupational Safety and Health Administration rate: A measurement of lost time plus other recordable incidents per 100 employees. This is a standard measurement, which allows for comparability with other industries.
PPGTP	Government of Canada’s Pulp and Paper Green Transformation Program (PPGTP) is supporting energy and technological innovation and investments in Canada’s pulp and paper sector. (www.nrcan.gc.ca/media-room/news-release/14a/2010-04/1501)
PPPC	Pulp and Paper Products Council (www.pppc.org)
Precautionary approach	Precautionary approach means that where there is a threat of serious or irreversible damage, lack of full scientific certainty will not be used as a reason for postponing cost-effective measures to prevent environmental degradation.
PAC	Political Action Committee

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PEFC	Programme for the Endorsement of Forest Certification: Founded in 1999, PEFC assesses and provides mutual recognition for certification programs that put into practice internationally agreed-upon sustainable forest management criteria. In North America, the CSA and SFI programs are endorsed by PEFC. (www.pefc.org)
PPE	Personal protective equipment
Pulp	<p>A fibrous material produced by mechanically or chemically reducing woody plants into their component parts for the production of paper products. Pulp can result from a variety of processes including cooking, refining, grinding or the processing and cleaning of waste paper. Pulp can be either in a wet or dry state. Types of pulp include:</p> <ul style="list-style-type: none"> • Chemical pulp: Obtained by cooking wood in solutions of various chemicals. Heat and chemicals break down the lignin, which binds the cellulose fibers together, without seriously degrading the cellulose fibers. Chemical pulp is used for products (such as paper) that need to be stronger, or it is combined with mechanical pulps to produce a product with different characteristics. The principal chemical processes are kraft and sulfite. • De-inked pulp (DIP) also called recycled pulp: Obtained from de-inking recovered paper. • Kraft pulp: Produced by a process where the active cooking agent is a mixture of sodium hydroxide and sodium sulfide. Pulp produced by the kraft process is stronger than that made by other pulping processes. • Mechanical pulp: Produced by processing wood chips using a mechanical refining movement. This process gives a high yield (around 95%) because the lignin is not removed. • Thermomechanical pulp (TMP): Mechanical pulp produced thorough a chemical-free process involving the mechanical refining of wood chips under high temperature and pressure. TMP contains the lignin, or glue, used to hold wood together.
QFIC	Conseil de l'industrie forestière du Québec (www.cifq.qc.ca)
Recordable injuries	Injuries that result in lost work time, temporary assignment to another position or medical assistance beyond first aid.
ROE	Return on equity: A ratio that measures a corporation's profitability by showing how much profit a company generates with the money shareholders have invested. It is the amount of net income returned as a percentage of shareholders' equity.
Roundwood	Wood in its natural state as felled, with or without bark. It may be round, split, roughly squared or in other forms. Roundwood can be used for industrial purposes, either in its round form (e.g. as transmission poles or piling) or as raw material to be processed into industrial products such as sawn wood, panel products or pulp.
Special items	Special items are reported on the income statement and are separated out from other categories of income and expenses. Examples of special items include foreign currency translation loss, closure costs, impairment and severance.
SFI	<p>Sustainable Forestry Initiative®: SFI Inc. is an independent, non-profit charitable organization with a sustainable forest management (SFM) standard developed specifically for North American forests. The SFI SFM standard was first released in 1998 and is applied across forests in both Canada and the United States. SFI Inc. recognizes PEFC-endorsed systems in North America, such as the American Tree Farm System (ATFS) and the Canadian Standards Association (CSA). The SFI forest management standard is endorsed by the Programme for the Endorsement of Forest Certification (PEFC). SFI also has a chain of custody (CoC) standard.</p> <p>SFI fiber sourcing: When buying fiber from sources that are not from a certified forest, SFI program participants must meet minimum criteria for uncertified sources. (www.sfiprogram.org)</p>
SFM	Sustainable forest management: The stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and potential to fulfill, now and in the future, relevant ecological, economic and social functions, at local, national and global levels, and that does not cause damage to other ecosystems.
SO₂	Sulfur dioxide: A naturally occurring gas made of sulfur and oxygen that causes acid rain. Burning fossil fuels, such as coal, without emission controls releases SO ₂ into the atmosphere.

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Species at risk	An extirpated, endangered or threatened species or a species of special concern: <ul style="list-style-type: none"> • Extirpated: A species no longer existing in the wild in a given region, but occurring elsewhere. • Endangered: A species facing imminent extirpation or extinction. • Threatened: A species likely to become endangered if limiting factors are not reversed. • Special concern: A species that may become threatened or endangered because of a combination of biological characteristics and identified threats.
SCEP	Syndicat canadien des communications, de l'énergie et du papier (www.cep.ca)
Sustainability / sustainable development	According to the Brundtland Report issued in 1987 by the United Nations' World Commission on Environment and Development, sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." At the UN World Summit in 2005, it was further noted that this requires "the integration of the three components of sustainable development—economic development, social development and environmental protection—as interdependent and mutually reinforcing pillars."
TMP	<i>See Pulp</i>
Ton	1 metric ton = 1.1023 short tons. (1 short ton = 2,000 pounds.)
TPM	Total particulate matter: Fine liquid or solid particles such as dust, smoke, mist, fumes or smog, with a diameter less than 100 microns found in air or emissions.
TRS	Total reduced sulfur: A group of odorous compounds that are emitted as a result of the kraft pulping process or during anaerobic (without oxygen) decomposition.
TSS	Total suspended solids: A measure of the settleable solids in wastewater, effluent or water bodies, determined by tests for total suspended non-filterable solids.
UFS	Uncoated freesheet: Grades of paper made up of essentially all chemical or kraft pulp with no mechanical pulp and without any applied sheet-coating material. May contain recycled content. Used for printing and writing purposes.
Water footprint	The water footprint is an indicator of water use that examines both the direct and indirect water use of a consumer or producer. The water footprint of an individual, community or business is defined as the total volume of fresh water that is used to produce the goods and services consumed by the individual or community or produced by the business.
WWF Climate Savers	WWF Climate Savers (www.panda.org/what_we_do/how_we_work/businesses/climate/climate_savers/)

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