



**resolute**  
Forest Products

# PRINCIPLED LEADERSHIP



2016 Annual Report

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Resolute Forest Products is the proud recipient of four awards for our 2015 Annual Report. We were honored with two awards from the prestigious MerComm Annual Report Competition (ARC) – gold in the written text category and bronze in the financial data category. We also received two International Mercury awards for outstanding achievement in professional communications – gold for overall excellence in the combined financial and sustainability report category, and honors for excellence in writing in the annual report category.



The inside pages of this report are printed on **ResoluteBrite 83 Plus** 60 lb (89 g/m<sup>2</sup>) paper, manufactured at Resolute Forest Products' Catawba (South Carolina) mill.

ResoluteBrite 83 Plus is available with Sustainable Forestry Initiative® (SFI®) and/or Programme for the Endorsement of Forest Certification (PEFC) chain of custody certifications.

Certifications at Catawba include:

- SFI, PEFC and Forest Stewardship Council® (FSC®) chain-of-custody-certified fiber-tracking system
- SFI fiber sourcing and FSC controlled wood standards
- ISO 14001-certified environmental management system
- ISO 9001-certified quality management system

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## PRINCIPLED LEADERSHIP

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Principled leadership is a defining characteristic of Resolute Forest Products, a common thread uniting the 8,000 men and women who work across our operating platform. It is reflected every day in the way we conduct business, manage the precious resources in our care, and engage with our many stakeholders and other interested parties.

At Resolute, we are focused on building a company that is both profitable and sustainable, meeting the needs of our customers, while creating shared value for our employees, shareholders, business and Aboriginal partners, and the communities in which we live and work.

The right to operate goes far beyond the nuts and bolts of daily operations. It is about demonstrating values as well as creating value. There is no substitute for being open, honest and transparent. We are guided by ethical conduct and a recognition that we can always do better, and, in turn, we raise our expectations of performance.

We defend the interests of those who depend on us for their livelihoods and quality of life; they are the source of our legitimacy.

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# 2016

## AT A GLANCE

Total sales of  
**\$3.5**  
billion



Adjusted EBITDA<sup>1</sup> of  
**\$279**  
million



**\$249**  
million  
invested in  
fixed assets



**100%**  
of managed forests  
third-party certified



**1,100**  
new hires with an additional  
2,000 expected by 2019



**100%**  
coal-free operations  
(scope 1)



**73%**  
reduction in GHG emissions  
(scope 1 and 2) since 2000



**74%**  
of energy requirements  
sourced from renewable sources



1. EBITDA and adjusted EBITDA, non-GAAP financial measures, are defined and reconciled on page 13.

Note: All amounts in this report are in U.S. dollars, unless otherwise indicated.



29  
environmental incidents  
recorded



Multiple awards  
include:

Stevie® International Business Award,  
ADRIQ Innovation Award,  
*The New Economy* Clean Tech Award,  
*Corporate LiveWire* Innovation  
& Excellence Award,  
PAPTAC Award



OSHA incident rate of  
0.77  
a world-class achievement



Additional  
100,000 mt  
of pulp capacity



Slightly over  
**\$270 million**  
invested in new state-of-the-art  
tissue facility at Calhoun mill  
(2015-2017)



Lumber capacity  
expanded by  
**140  
million**  
board feet



Liquidity of  
**\$468  
million**



## LETTER FROM THE CHAIRMAN AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Resolute Forest Products remains focused on executing its business transformation strategy – maximizing value generation from paper, growing in pulp and wood products, and integrating our pulp into value-added, premium-quality tissue. Our approach is marked by the interdependence of our business and sustainability strategies as we carefully balance environmental, social and economic priorities to improve our competitive position and generate shareholder value.

Resolute brings principled leadership to every aspect of our operations. It is a common thread binding the over 8,000 employees working at some 40 facilities in the United States and Canada. It is also reflected each and every day as we manage our business in a sustainable manner, ensure the stewardship of the natural resources in our care, and collaborate with a range of stakeholders and other interested parties.

### Financial performance

2016 was a critical year in our ongoing business transformation. We deployed significant capital to accelerate the development of more sustainable and profitable business segments, such as the integration of Resolute's pulp capacity into consumer tissue products.

We generated adjusted EBITDA of \$279 million in 2016, compared to \$276 million in 2015. For the year, adjusted EBITDA was \$61 million higher in wood products and \$18 million higher in newsprint, but \$49 million lower in market pulp, \$30 million lower in specialty papers and \$5 million lower in tissue.

We reported an operating loss of \$26 million for the year, compared to a loss of \$219 million in 2015. In 2016, we benefited from a weaker Canadian dollar, reductions in pension and other postretirement benefit (OPEB) costs, lower closure costs, impairments and related charges, as well as decreases in purchased energy expenses, depreciation and amortization expense, and fiber costs, offset by declines in pricing for market pulp, newsprint and specialty papers, reduced shipments, and increases in maintenance costs.

During 2016, we acquired a sawmill in Senneterre (Quebec) and permanently closed a newsprint machine at our Augusta (Georgia) mill. We also opened an administrative office in Plattsburgh (New York) to facilitate recruitment in the United States.

Our net pension and OPEB liability increased by \$102 million to reach \$1.3 billion at year-end, mostly due to a reduction in the applicable discount rate. Beginning in January 2017, the company's Quebec pension plans are subject to new regulations, which provide for funding pension deficits on a going concern rather than solvency basis. This change is expected to reduce the company's pension contributions over the next four years and provide additional financial flexibility.

Capital expenditures in 2016 were \$249 million, with a significant focus on the Calhoun (Tennessee) tissue project. In September, we took advantage of favorable market conditions to increase our already solid liquidity levels through a new senior secured credit agreement with an aggregate lender commitment of up to \$185 million. At year-end, total liquidity stood at \$468 million, which provides enhanced flexibility to support our transformation strategy.

### Transformation

The acquisition of Atlas Tissue in late 2015, as well as the construction of a state-of-the-art tissue facility in Calhoun, marks a pivotal point in Resolute's strategy to use our excess pulp capacity to grow in tissue. Calhoun's first rolls of bath tissue came off a converting line in August 2016, and the entire converting operation was fully operational at year-end.

**Bradley P. Martin**  
Chairman of the Board of Directors

**Richard Garneau**  
President and Chief Executive Officer



Our new Calhoun tissue machine, the latest innovation in tissue manufacturing, began operating during the first quarter of 2017, while initiatives to improve the performance at Atlas are beginning to show results. Ramp-up of production at Calhoun will continue throughout 2017 as we concurrently develop a solid customer base through the quality of our product offering. Given its favorable location, advantageous fiber costs and latest technology, our Calhoun tissue operation is expected to be one of the most competitive and efficient in all of North America.

In market pulp, following corrections to peripheral equipment, our continuous digester at Calhoun delivered its strongest operating performance in the fourth quarter of 2016 and is on track to reach its full potential in 2017, adding 100,000 metric tons of pulp capacity to Resolute's internal pulp network.

In addition to the acquisition of another sawmill in Senneterre, our wood products segment benefited from the combined value generated by our Atikokan and Ignace (Ontario) sawmills, where production, sales and EBITDA all significantly improved from 2015.

Throughout 2016, structural demand declines, combined with weakening global currencies, continued to present challenges in both the newsprint and specialty paper segments. Nevertheless, we successfully implemented newsprint price increases in our domestic markets.

## World-class safety performance

At Resolute, safety is a core value – one that all employees actively embrace. In 2016, we again achieved world-class safety performance, recording an Occupational Safety and Health Administration (OSHA) incident rate of 0.77. Our company-wide severity rate, which measures the actual lost time impact from injuries on the health of our employees, increased slightly compared to 2015. These results reflect successful implementation of rigorous procedures as well as employee accountability. We remain committed to creating a safe work environment and, ultimately, an injury-free workplace.

## Balancing environmental, social and economic priorities

Our business and sustainability strategies are inextricably linked: Environmental progress and socio-economic considerations go hand-in-hand.

We carefully track and measure performance. In 2016, we completed an independent survey of a diverse range of interested parties in order to identify shared priorities that drive the development of our sustainability strategy and reporting. Resolute's sustainability performance indicators and disclosures are prepared in accordance with Global Reporting Initiative guidelines – the gold standard of balanced, transparent reporting.

The Canadian forestlands in Resolute's care are subject to stringent laws and regulations, enforced by the federal and provincial governments. According to a prominent survey of customers across the globe, Canada's forest products industry is top-ranked in terms of environmental and forest management practices as well as for the quality, abundance and availability of products. Resolute further advances this leadership position with 100% forest management certification for our owned and managed woodlands to internationally recognized standards. In 2016, we received no regulatory infractions in our woodlands operations.

We have also instituted third-party-certified fiber-tracking systems at all but one of our facilities to ensure that our wood fiber supply comes from acceptable sources such as certified forests and legal harvesting operations.

In keeping with our commitment to reduce our carbon footprint, we have surpassed our goal of reducing absolute greenhouse gas (GHG) emissions by 65% by 2015, compared to 2000 levels. At the end of 2016, we had lowered GHG emissions by 73%.

A further example of Resolute's leadership in the area of climate change is an agreement with Quebec-based CO<sub>2</sub> Solutions to deploy leading enzyme-enabled carbon capture technology at our Saint-Félicien (Quebec) pulp mill. The majority of CO<sub>2</sub> captured at the mill will be used by Toundra Greenhouse in order to accelerate plant growth. This recently inaugurated world-class complex, in which Resolute owns a 49% interest, will meet 25% of its heating requirements through an exchange



of hot water from the adjacent pulp mill once all equipment is fully operational. Toundra Greenhouse already covers about 1 million square feet and has a current annual production capacity of over 45 million cucumbers.

We maintained our focus on proactive environmental management, recording 29 environmental incidents in 2016 – a slight increase compared to 2015. Our goal remains zero incidents.

In 2016, Resolute hired over 1,100 new permanent and contract employees. We know that our long-term competitiveness is linked to attracting, developing and retaining top talent. Recognizing that our people provide us with a competitive advantage, we continue to actively implement our integrated leadership system. Rollout of a project to streamline our business platforms – including the integration of our human resources, payroll and maintenance systems – is ongoing across the company.

Resolute believes it has an ethical and moral obligation to counter misinformation campaigns orchestrated by environmental activist groups. We have taken action in both the Canadian and U.S. courts not only to protect our business interests and meet our fiduciary responsibilities, but also to support our business partners and to protect the very viability of rural communities. We are grateful for the enormous outpouring of support from our employees, retirees, union leadership, customers, First Nations and government officials, as well as from many highly regarded and influential sources such as *The Wall Street Journal* Editorial Board, *Investor's Business Daily*, *National Review* and Canada's *Financial Post*.

We also are gratified with the awards and recognition we have received on a regional, North American and global basis for our overall sustainability leadership.

## A look ahead

Our 2017 priorities include the start-up of the tissue operation at Calhoun, ongoing optimization of the Atlas Tissue assets and a sustained focus on operating performance to maximize profitability in demand-challenged paper markets. It is our plan to reduce capital expenditures in 2017 and identify opportunities to reduce net debt with the goal of decreasing our overall leverage. As we move through the Canada-U.S. trade disputes for supercalendered paper and softwood lumber, we will continue our concerted efforts to mitigate punitive trade actions.

Meeting the challenges of today and tomorrow requires steadfast determination, strong and principled leadership, and the confidence and ongoing support of a diverse set of partners. We are confident that together, as we embrace our common interests and a shared sense of purpose, we will build a sustainable and profitable Resolute for the future.



**Bradley P. Martin**  
Chairman of the Board of Directors



**Richard Garneau**  
President and Chief Executive Officer

## WHO WE ARE

Resolute Forest Products is a global leader in the forest products industry with a diverse range of products, including market pulp, tissue, wood products, newsprint and specialty papers, which are marketed in over 70 countries. The company owns or operates some 40 manufacturing facilities, as well as power generation assets, in the United States and Canada. We have third-party certified 100% of our managed woodlands to internationally recognized sustainable forest management standards.

## OUR VISION

**At Resolute Forest Products, we are one team with one vision where profitability and sustainability drive our future.**

## OUR VALUES

### WORK SAFELY

We always put the safety of our people first. Creating an injury-free workplace is everyone's business. We maintain world-class standards and continuously measure and improve our safety efforts and results.

### ENSURE SUSTAINABILITY

We make decisions with tomorrow in mind. We know that our long-term profitability depends on preserving the natural resources in our care and being a responsible partner in the communities where we live and work.

### BE ACCOUNTABLE

We are accountable for our performance. The future of our company is in our hands. By empowering people, acting with integrity, setting goals and measuring progress, we deliver first-class products and services to customers and create value for shareholders.

### SUCCEED TOGETHER

We win together. Teamwork starts with a winning attitude and a true desire to support each other. We welcome ideas, communicate frequently and share best practices.

# BUSINESS AND SUSTAINABILITY STRATEGY

At Resolute, we report our business and sustainability results together. Our sustainability strategy has been purposely developed to align our efforts in environmental stewardship and social responsibility with our business strategy and objectives. This approach underpins our vision that profitability and sustainability drive our future.

## Business strategy

Since 2011, our corporate strategy has been focused on transforming Resolute into a more sustainable organization, one that can generate consistent value for shareholders through a competitive portfolio of manufacturing assets and a solid presence in long-term growth markets. This includes, on the one hand, a gradual retreat from certain paper grades and, on the other, using our strong financial position to act on opportunities to diversify and grow.

Our corporate strategy relies on three core themes: maximizing value generation from paper, growing in pulp and wood products, and integrating our pulp into value-added, premium-quality tissue. In order to successfully execute this strategic plan, we also need to maintain a disciplined approach to capital allocation, as well as a level of financial leverage and flexibility that supports the evolution of our transformation.

### MAXIMIZING VALUE GENERATION FROM PAPER

We compete today as a leading, lower cost North American paper producer through continuous improvement and mill optimization. Maintaining this competitive advantage is a key focus.

### GROWING IN PULP AND WOOD PRODUCTS

We take an opportunistic approach to strategic initiatives, pursuing only those that reduce our cost position, improve product diversification, generate synergies or allow us to expand into future growth markets. Our market pulp and wood products segments are critical to our transformation strategy. Since 2011, we have completed multiple projects in pulp and wood products, reducing our exposure to structurally challenged paper markets.

### INTEGRATING OUR PULP INTO VALUE-ADDED, PREMIUM-QUALITY TISSUE

We recently entered the tissue market with the construction of a state-of-the-art tissue operation at Calhoun (Tennessee) and the acquisition of Atlas Paper Holdings, Inc. and its subsidiaries (Atlas Tissue). Our objective is to add value by integrating our market pulp into our premium tissue production, particularly as paper utilization continues its steady decline, effectively mitigating risks associated with volatile market pulp pricing.

## RESOLUTE'S 2017 BUSINESS PRIORITIES

### Sustainability strategy

Our sustainability strategy, based on a balanced approach to environmental, social and economic performance, is designed to enhance our competitive position. And like our business strategy, it has three primary areas of focus.

#### REINFORCING OUR ENVIRONMENTAL CREDENTIALS

We are taking appropriate steps to responsibly manage our environmental footprint.

#### POSITIONING THE COMPANY AS A COMPETITIVE EMPLOYER

We are focused on attracting and retaining the best employees by providing them with opportunities to learn and grow within a dynamic organization.

#### BUILDING SOLID RELATIONS IN OUR OPERATING COMMUNITIES

In addition to engaging in dialogue, we strive to have a positive and meaningful impact in the local and regional communities where we operate, and we support many registered charitable organizations each year.

- Drive efficiencies, set manufacturing cost targets and benchmark performance at all operations
- Manage production and inventory levels, taking into account market conditions
- Pursue sales strategy to produce only what customers order
- Identify and support disciplined capital investments at most competitive facilities
- Pursue opportunistic growth to complement product mix or improve competitiveness of existing assets
- Identify opportunities to develop and market value-added products
- Take advantage of Atlas acquisition to accelerate sale and distribution of Calhoun tissue production

# OUR APPROACH TO SUSTAINABILITY

## Leadership for a profitable and sustainable future

At Resolute Forest Products, sustainability and profitability drive our future. We carefully balance the three pillars of sustainability: environmental, social and economic. We build on our accomplishments of today by aspiring to be a more efficient and competitive company, a better employer, a stronger business partner, and even more deeply engaged in the communities in which we live and work.

## Stakeholder engagement and shared priorities

We are committed to building solid relationships with a broad range of community and business partners through ongoing dialogue and outreach. We value input from our customers and other interested parties, including employees and retirees, governments, First Nations and local communities, environmental and other non-governmental organizations, business partners, investors, and members of the general public.

The issues highlighted in the following pages have been identified by our stakeholders as shared priority issues – that is, of high concern to both internal and external stakeholders, and with the potential to impact our business performance. In addition to driving the objectives of our sustainability strategy and our public commitments, these issues play an important role in determining the focus of our public sustainability reporting through the

Global Reporting Initiative (GRI) framework, which requires specific disclosures based on the shared priority issues identified by stakeholders.

In 2016, Resolute reached out to key partners and stakeholders to assess whether our sustainability strategy, public commitments and reporting practices continue to reflect their most relevant interests and needs. We worked with an independent third party to survey external stakeholders and other interested parties at the community, regional and national levels in order to gain insight into their priorities. We then shared the results of these surveys with our corporate sustainability committee, a cross-functional group of senior managers, to determine the business impact of these concerns.

Overall, there have not been significant changes in stakeholder priorities since our last assessment in 2013. Additionally, we noted a strong alignment between internal and external stakeholder assessments of our company priorities – an indicator that Resolute is in tune with the expectations of both stakeholder groups.

New issues with the potential to impact our business in the future were identified during this process and include local hiring and employment, investments to prevent safety and environmental incidents, and customer satisfaction. We will integrate disclosures on these topics into our GRI-compliant online sustainability reporting over the next two years. In addition, three issues were ranked higher than in past years and will be of greater focus for us going forward: environmentally responsible procurement, public policy and product regulatory compliance.

## Sustainability commitments and performance

In 2011, we established a set of ambitious commitments reflecting our approach to balancing the company's sustainability priorities. Since then, we have been tracking and reporting our progress annually and updating our targets, as necessary, in order to ensure continuous improvement.

By steadily improving our year-over-year performance, we are pleased to report that we have substantially achieved or surpassed most of our stated goals and targets for 2016.

This report summarizes Resolute's sustainability performance for all the operations the company owned or operated as at December 31, 2016. For the most current information, including other sustainability performance indicators and disclosures prepared in accordance with the GRI standard, visit [www.resolutefp.com/sustainability](http://www.resolutefp.com/sustainability).

# ECONOMIC INDICATORS OF SUSTAINABILITY

**DEDICATED**  
TO OUR CUSTOMERS  
AND OUR PRODUCTS

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22	Tissue
24	Newsprint
27	Specialty Papers

# FINANCIAL HIGHLIGHTS

Years ended December 31,  
(in millions, except per share amounts)

	2016	2015	2014
Sales	\$ 3,545	\$ 3,645	\$ 4,258
Operating income (loss) per segment			
Market pulp	43	76	63
Tissue	(10)	(1)	—
Wood products	69	2	69
Newsprint	(15)	(23)	20
Specialty papers	25	29	(19)
Segment total	112	83	133
Corporate and other	(138)	(302)	(307)
Operating loss	(26)	(219)	(174)
Net loss attributable to Resolute Forest Products Inc.	(81)	(257)	(277)
Net loss per share attributable to Resolute Forest Products Inc. common shareholders			
Basic	\$ (0.90)	\$ (2.78)	\$ (2.93)
Diluted	(0.90)	(2.78)	(2.93)
Adjusted EBITDA <sup>2</sup>	\$ 279	\$ 276	\$ 356
Net loss including noncontrolling interests	\$ (76)	\$ (255)	\$ (274)
Interest expense	38	41	47
Income tax provision (benefit)	19	(1)	(30)
Depreciation and amortization	206	237	243
EBITDA	\$ 187	\$ 22	\$ (14)
Foreign exchange translation loss	7	4	32
Closure costs, impairment and other related charges	62	181	278
Inventory write-downs related to closures	7	2	17
Start-up costs	8	5	4
Net gain on disposition of assets	(2)	—	(2)
Non-operating pension and OPEB costs (credits)	24	66	(10)
Write-down of equity method investment	—	—	61
Acquisition-related costs	—	4	—
Other income, net	(14)	(8)	(10)
Adjusted EBITDA <sup>2</sup>	\$ 279	\$ 276	\$ 356
As of December 31, (in millions)	2016	2015	2014
Cash and cash equivalents	\$ 35	\$ 58	\$ 337
Total assets	4,277	4,220	4,914

2. Earnings before interest expense, income taxes, and depreciation and amortization, or "EBITDA" and adjusted EBITDA are not financial measures recognized under generally accepted accounting principles, or "GAAP." EBITDA is calculated as net income (loss) including noncontrolling interests from the Consolidated Statements of Operations, adjusted for interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA means EBITDA, excluding special items, such as foreign exchange translation gains and losses, severance costs, closure costs, impairment and other related charges, inventory write-downs related to closures, start-up costs, gains and losses on disposition of assets, non-operating pension and OPEB costs and credits, write-down of equity method investment, acquisition-related costs, and other charges or credits. We believe that using non-GAAP measures such as EBITDA and adjusted EBITDA is useful because they are consistent with the indicators management uses internally to measure the company's performance, and it allows the reader to more easily compare our operations and financial performance from period to period. EBITDA and adjusted EBITDA are internal measures and, therefore, may not be comparable to those of other companies. These non-GAAP measures should not be viewed as substitutes to financial measures determined under GAAP.



# 100,000

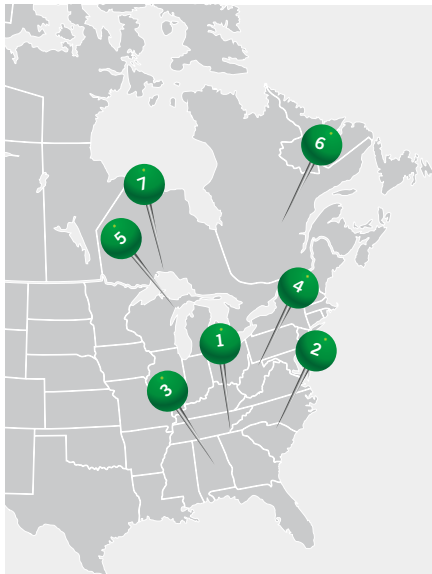
**METRIC TONS OF CAPACITY  
AT CALHOUN'S  
NEW PULP DIGESTER**





# MARKET PULP

Our pulp is used to make a range of products we use every day. You'll find this renewable and biodegradable material in everything from facial tissue and paper towels to coffee filters, disposable diapers and other absorbent products, as well as in printing and writing papers.



**MARKET PULP OPERATIONS**

- 1 Calhoun (Tennessee)
- 2 Catawba (South Carolina)
- 3 Coosa Pines (Alabama)
- 4 Fairmont (West Virginia)
- 5 Menominee (Michigan)
- 6 Saint-Félicien (Quebec)
- 7 Thunder Bay (Ontario)

## Pulp for a variety of needs

Resolute Forest Products is one of the few producers capable of supplying a wide variety of grades of market pulp.

Our seven North American facilities have a total capacity of 1.7 million metric tons – or approximately 10% of North American capacity – making us the third largest pulp producer in North America. Approximately 80% of our virgin pulp capacity is softwood-based.

Resolute is also the world's largest producer of recycled pulp and a competitive producer of northern bleached hardwood kraft pulp and southern bleached hardwood kraft pulp. Pulp not converted into paper is sold as market pulp, which is used to make a range of consumer products, including tissue, packaging and specialty papers, as well as diapers and other absorbent products.

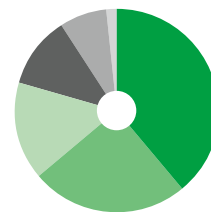
In 2016, we continued to ramp up the new \$100 million continuous pulp digester at our Calhoun (Tennessee) mill. This world-class equipment will grow our annual market pulp capacity by 100,000 metric tons, significantly lower the mill's overall costs and improve the quality of our products.



**MARKET PULP PORTFOLIO**

- Northern bleached softwood kraft (NBSK)
- Northern bleached hardwood kraft (NBHK)
- Southern bleached softwood kraft (SBSK)
- Southern bleached hardwood kraft (SBHK)
- Recycled pulp
- Fluff pulp

**2016 WORLD CHEMICAL PULP DEMAND DISTRIBUTION, BY GRADE**  
(millions of metric tons)



Eucalyptus	23.2	39%
NBSK	14.8	25%
Other	9.3	16%
SBSK	6.8	12%
NBHK	4.4	7%
SBHK	0.9	1%
<b>Total world demand</b>	<b>59.4</b>	<b>100%</b>

Source: Pulp and Paper Products Council

**#1**  
producer of recycled pulp  
in the world



**1.7 million**  
metric tons of capacity



# WOOD PRODUCTS

Wood is a logical choice for today's environmentally conscious homeowner. Not only is it a sustainable building material, it provides perfect protection for your home. From the flooring right up to your rooftop, Resolute's wood products are always on the job.

## #1

Canadian producer of wood products east of the Canadian Rockies



## 2.6 billion

board feet of construction-grade lumber capacity<sup>3</sup>



## 21 facilities



### WOOD PRODUCTS OPERATIONS

#### 1 SAWMILLS (ONTARIO)

Atikokan, Ignace, Thunder Bay

#### 2 WOOD PELLET PLANT (ONTARIO)

Thunder Bay

#### 3 SAWMILLS (QUEBEC)

Comtois (Lebel-sur-Quévillon), Girardville, La Doré, Maniwaki, Mistassini, Opitciwan (Obedjiwan),<sup>4</sup> Outardes (Pointe-aux-Outardes), Produits Forestiers Mauricie (La Tuque), Saint-Félicien, Saint-Hilarion, Saint-Thomas, Senneterre, Senneterre-Lac-Clair

#### 4 REMANUFACTURED WOOD PRODUCTS FACILITIES (QUEBEC)

Château-Richer, La Doré

#### 5 ENGINEERED WOOD PRODUCTS FACILITIES (QUEBEC)

Resolute-LP Engineered Wood, Larouche,<sup>5</sup>  
Resolute-LP Engineered Wood II, Saint-Prime<sup>5</sup>

## Major producer of sustainable wood products

Resolute Forest Products is a leading producer of lumber and other wood products for the residential construction and home renovation markets, as well as for specialized structural and industrial applications.

We operate 16 sawmills in Canada, two remanufactured wood products facilities, two joint-venture engineered wood products facilities and a wood pellet plant.

Our sawmills produce construction-grade stud and dimension spruce-pine-fir lumber and are a major source of wood chips for our pulp and paper mills in Canada. They also generate wood residue, which is primarily used to fuel our power cogeneration assets and other operations, as well as to produce wood pellets. In 2016, we shipped 1.7 billion board feet of construction-grade lumber within North America.

Our remanufactured wood products facilities produce bed frame components, finger joints and furring strips, while our engineered wood products facilities produce I-joists for the construction industry.

3. Our current fiber supply limits our operating capacity to about 2.1 billion board feet per year.

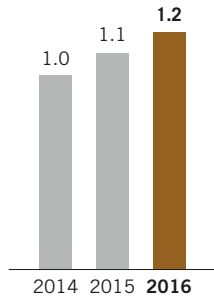
4. Société en Commandite Scierie Opitciwan is an unconsolidated entity in which we have a 45% interest.

5. Resolute-LP Engineered Wood Inc. and Resolute-LP Engineered Wood II Inc. are unconsolidated entities in which we have a 50% interest in each entity.

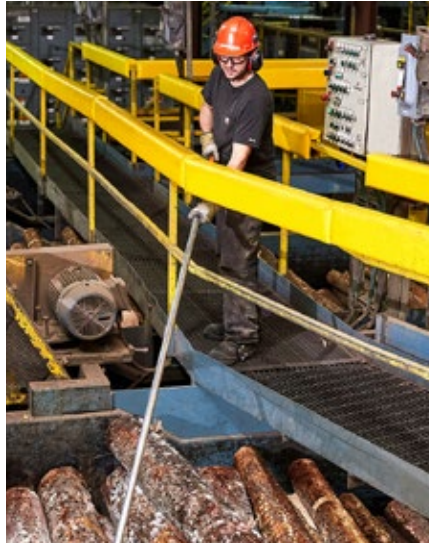
## Growing our production capacity

In October 2016, Resolute acquired the assets of a second sawmill in Senneterre (Quebec). This acquisition will generate operating efficiencies and has already increased our annual production capacity by approximately 140 million board feet of lumber.

**NEW PRIVATELY OWNED HOUSING UNITS STARTED**  
(millions of units)



Source: U.S. Census Bureau



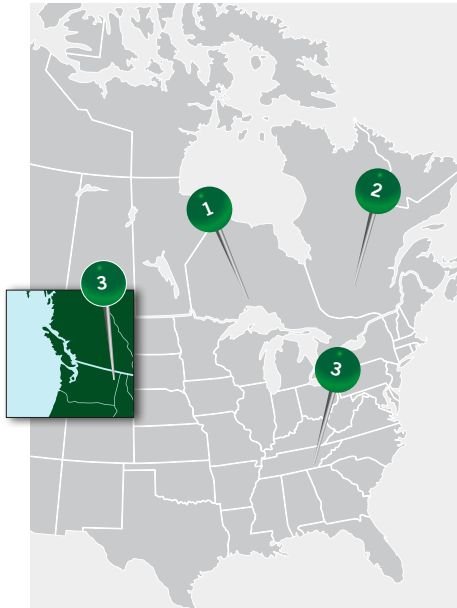
# 100%

OF RESOLUTE-MANAGED  
FORESTS ARE  
THIRD-PARTY CERTIFIED



# WOODLANDS

From our woodlands to our sawmills and on to our pulp and paper mills, you can be sure that Resolute's fiber supply has been responsibly sourced, and that 100% of the forestlands we own or manage are certified to internationally recognized standards.



## WOODLANDS OPERATIONS

- 1 ONTARIO**  
Northwestern Ontario
- 2 QUEBEC**  
Abitibi and Nord-du-Québec  
Charlevoix  
Côte-Nord  
Lac-Saint-Jean  
Mauricie  
Outaouais
- 3 UNITED STATES**  
Southeastern and Northwestern U.S.



Environmentally responsible procurement is top of mind for Resolute Forest Products' customers and increasingly influences their purchasing decisions. According to the 2015 Leger Customer Market Acceptance Research on Canada's forest products, international buyers of wood, pulp and paper place Canadian forest products suppliers at the top of the list in terms of environmental and forest management practices, as well as for the quality, abundance and availability of their products.

## Regenerating, managing and certifying the forests in our care

The regeneration of harvested woodlands is an essential component of sustainable forest management. Resolute relies on a range of forest management techniques and best practices, including regeneration surveys, site preparation, the planting of seedlings, and aerial and terrestrial seeding – all in combination with natural regeneration.

We strongly believe that it is possible to carefully harvest trees while maintaining biodiversity, and protecting the forest and values important to a range of stakeholders. This is why Resolute maintains certification for 100% of the forests we manage or on which we hold significant harvesting rights to at least one of two internationally recognized forest management standards: Sustainable Forestry Initiative® (SFI®) and Forest Stewardship Council® (FSC®). We continue to be one of the largest holders of SFI and FSC forest management certificates in North America. We also maintain ISO 14001-certified environmental management systems at our woodlands operations, which helps promote the conservation and sustainable use of forests and other natural resources.

## Responsible fiber sourcing

Resolute has instituted fiber-tracking systems at our North American facilities<sup>6</sup> to ensure that our wood fiber supply comes from acceptable sources such as certified forests and legal harvesting operations. These fiber-tracking systems are third-party certified according to one or more of three internationally recognized chain of custody standards: SFI, Programme for the Endorsement of Forest Certification (PEFC) and FSC. Resolute uses pulp produced through our internal network, providing us with control of our fiber sources and ensuring the quality of our paper and tissue products. The vertical integration of the production process also assures customers of the integrity of our supply chain and the long-term sustainability of our fiber supply.

We strive to improve our forest management and wood fiber procurement practices, and we encourage our wood and fiber suppliers to also demonstrate continuous improvement in forest resource management, wood and fiber procurement, and third-party certification.

6. Excluding Atlas Tissue operation in Hialeah (Florida), which sources 100% of its recycled fiber from our U.S. pulp network.



# OUR PAPERS

CUSTOMERS  
IN OVER

# 50

COUNTRIES



# 16

FACILITIES





# TISSUE

Whether mopping up spills in the kitchen or tending to personal hygiene, consumers can rely on Resolute’s tissue products to get them through the day. As one of the few integrated tissue manufacturers in North America, we are committed to exceeding our customers’ expectations for flexibility, quality and service.



## Expanding our presence in the tissue market

Resolute Forest Products is building one of the most integrated and competitive tissue businesses in North America.

We have completed construction of a slightly over \$270 million state-of-the-art facility in Calhoun (Tennessee) with the capacity to manufacture 66,000 short tons (60,000 metric tons) annually of premium private-label tissue, including bath and towel, aimed at the growing at-home market. With its world-class tissue machine and three converting lines, this will be one of the most efficient tissue operations in North America once start-up is complete, during the first quarter of 2017, positioning Resolute as a key player in the market.

In 2016, we continued to consolidate Atlas Tissue into our business. A manufacturer of branded and private-label tissue products for retail and away-from-home markets, Atlas Tissue has two manufacturing facilities in Florida with a production

capacity of 62,000 short tons (56,000 metric tons) across three tissue machines and 11 converting lines. We offer Green Seal™-certified 100% recycled products and virgin paper grades. Branded products include Windsor Place®, Green Heritage®, Harmony®, Bunny Soft® and Eversoft®.

## Fully integrated manufacturer of quality products

Resolute’s tissue operations benefit from vertical integration. Our tissue products are manufactured from 100% recycled pulp or from virgin fiber (less than 3% sourced externally) from the company’s internal market pulp network. This allows us to control the production process – from material input to final product – ensuring precise control, cost-competitiveness and consistent quality, while offering the flexibility and customization our customers demand.

Newest product offering includes:



Green Heritage® premium 100% recycled bath tissue



Ultra Harmony® premium virgin bath tissue and towel



The first tissue parent roll was produced at Calhoun on February 28, 2017.





# 128,000

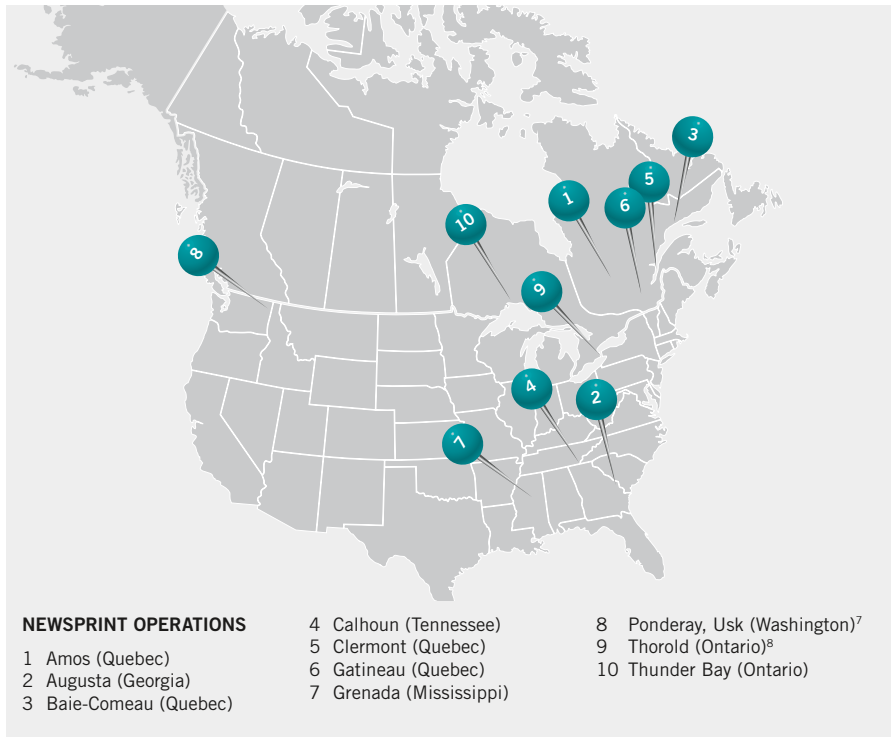
**SHORT TONS OF TISSUE CAPACITY**

(including 66,000 short tons  
of future capacity at Calhoun)

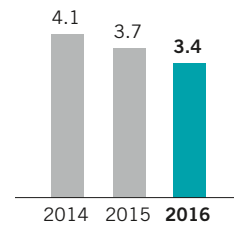


Our newsprint makes the front pages of the world's top newspapers every day. But there's more to the story. Whether it's advertising brochures, circulars, inserts or directories – we provide companies and consumers with a way to connect.

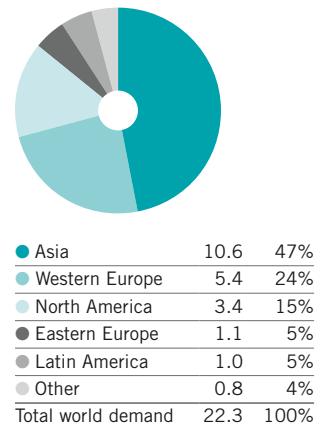
# NEWSPRINT



**NORTH AMERICAN NEWSPRINT DEMAND**  
(millions of metric tons)



**2016 WORLD NEWSPRINT DEMAND DISTRIBUTION, BY REGION**  
(millions of metric tons)



Source: Pulp and Paper Products Council

**2.1**  
million  
metric tons of capacity



**10**  
facilities



## World's top newsprint producer

Resolute Forest Products is the largest global producer of newsprint by capacity. With 10 mills<sup>9</sup> strategically located to serve major markets throughout North America and abroad, we supply customers in over 50 countries.

Our total capacity is approximately 2.1 million metric tons, representing about 9% of worldwide capacity and 42% of North American capacity.

7. Ponderay Newsprint Company (Washington) is an unconsolidated partnership in which we have a 40% interest.  
 8. On March 10, 2017, Resolute announced the indefinite idling of its Thorold (Ontario) newsprint mill.  
 9. On February 21, 2017, Resolute announced the permanent closure of its Bowater Korea Ltd. subsidiary's Mokpo newsprint mill, located in South Korea, effective March 9, 2017.

# #1

PRODUCER OF NEWSPRINT  
IN THE WORLD  
BY CAPACITY





1 MILLION

SHORT TONS OF UNCOATED  
MECHANICAL PAPER  
CAPACITY



542,000

SHORT TONS OF COATED  
MECHANICAL PAPER  
CAPACITY

# SPECIALTY PAPERS

From the bestseller you just can't put down to the magazines on your coffee table and the flyers in your mailbox, our specialty papers make a great impression.

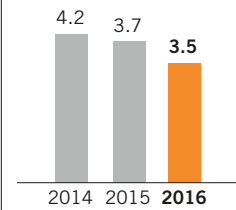


## A North American market leader

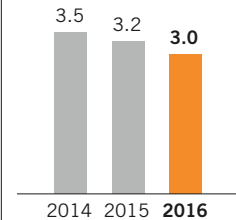
Resolute Forest Products sells a wide spectrum of coated and uncoated mechanical papers to major commercial printers, direct mailers, publishers, catalogers and retailers – mostly in North America.

We produce specialty papers at five facilities in Canada and the United States. With total capacity of approximately 1 million short tons (0.9 million metric tons), representing 27% of North American capacity, we are the largest producer of uncoated mechanical papers in North America and the third largest in the world. We are also North America's third largest producer of coated mechanical papers, with 542,000 short tons (492,000 metric tons) of capacity, or approximately 19% of North American capacity.

**NORTH AMERICAN UNCOATED MECHANICAL PAPER DEMAND**  
(millions of short tons)



**NORTH AMERICAN COATED MECHANICAL PAPER DEMAND**  
(millions of short tons)



Source: Pulp and Paper Products Council

## Superior products, value and service

We focus on meeting the evolving needs and expectations of our customers by offering quality, cost-effective solutions for every application, backed by excellent customer service.

Our latest innovative product offering, ResoluteBlonde Gloss, is a coated mechanical paper in a cream-white shade that is characterized by superior runnability, brightness and gloss. ResoluteBlonde Gloss is ideal for magazine publishing and catalogs where color reproduction is a key consideration.

**#1**  
producer of uncoated mechanical papers in North America



**3rd**  
largest producer of coated mechanical papers in North America



# ENVIRONMENTAL INDICATORS OF SUSTAINABILITY

**PROACTIVE  
FOR THE PLANET**

29	Highlights
30	Performance
33	Accomplishments

# HIGHLIGHTS

## Performance by the numbers

KEY PERFORMANCE INDICATORS <sup>10</sup>	2016 PERFORMANCE – ABSOLUTE	2016 PERFORMANCE – INTENSITY
Greenhouse gas (GHG) emissions – scope 1 <sup>11</sup>	1,346 thousands of mt CO <sub>2</sub> e	261.8 kg CO <sub>2</sub> e/mt
GHG emissions – scope 2 <sup>12</sup>	1,894 thousands of mt CO <sub>2</sub> e	368.4 kg CO <sub>2</sub> e/mt
Nitrogen oxide (NO <sub>x</sub> ) emissions	6.5 thousands of mt	1.27 kg/mt
Sulfur dioxide (SO <sub>2</sub> ) emissions	4.7 thousands of mt	0.92 kg/mt
Particulate emissions	2.2 thousands of mt	0.43 kg/mt
Total energy consumed (fuel and electricity)	39,202 thousands of MWh	7.62 MWh/mt
Electricity used <sup>13</sup>	11,700 thousands of MWh	2.28 MWh/mt
Renewable energy used (fuel and electricity)	29,018 thousands of MWh	5.64 MWh/mt
Fuel used – oil/diesel	21.9 thousands of m <sup>3</sup>	0.00426 m <sup>3</sup> /mt
Water used	295,247 thousands of m <sup>3</sup>	57.42 m <sup>3</sup> /mt
Water discharged <sup>14</sup>	289,375 thousands of m <sup>3</sup>	56.28 m <sup>3</sup> /mt
Discharges to water – total suspended solids	7.5 thousands of mt	1.45 kg/mt
Biochemical oxygen demand (BOD <sub>5</sub> ) of discharges	6.4 thousands of mt	1.25 kg/mt
Total waste	685 thousands of mt	133.31 kg/mt
Waste recycled <sup>15</sup>	441 thousands of mt	85.75 kg/mt
Waste sent to landfills	239 thousands of mt	46.34 kg/mt
Power generated	2,850 thousands of MWh	N/A
Forest management certification <sup>16</sup>	100%	N/A
Number of significant spills <sup>17</sup>	0	N/A
Number of significant environmental fines <sup>18</sup>	0	N/A
ISO 14001-certified sites <sup>19</sup>	41	N/A
Total number of sites <sup>20</sup>	51	N/A

10. Environmental data is for pulp and paper mills, except for environmental incidents and ISO 14001 certification, both of which also include sawmills and woodlands operations. Data includes Ponderay Newsprint Company (Washington), an unconsolidated partnership in which we have a 40% interest. Some of this information is preliminary and subject to change; data will be confirmed on our website.
11. Scope 1 includes “direct 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 paper or to create electricity.
12. Scope 2 encompasses “indirect emissions” (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. Resolute’s electricity suppliers provide us with their grid emission factors, which the company then includes in its scope 2 emission data.
13. Represents purchased electricity, minus actual external sales of electricity produced by cogeneration facilities.
14. Resolute returns more than 95% of the water it withdraws. The balance remains within products or evaporates during the manufacturing process.
15. Includes waste used beneficially and for on-site energy recovery.
16. 100% of the timberlands managed by Resolute are third-party certified to one of two internationally recognized forest management standards: Sustainable Forestry Initiative® (SFI®) and Forest Stewardship Council® (FSC®).
17. In our financial statements, the company is required to record accidental releases of hazardous substances significant enough to risk damage to human and environmental health, or that have potential liability and reputational consequences. Between 2012 and 2016, we recorded no such incidents.
18. Material environmental contingencies are disclosed in the footnotes to the company’s consolidated financial statements in its Annual Report on Form 10-K for the year ended December 31, 2016. Certain additional proceedings are also disclosed under the heading “Item 3 – Legal Proceedings” in the Form 10-K.
19. Includes 17 ISO 14001-certified pulp, paper and tissue mills, 16 wood products facilities, 1 hydroelectric generation and transmission network, and 7 woodlands operations.
20. Includes 20 pulp, paper and tissue mills, 22 wood products facilities, 1 hydroelectric generation and transmission network, and 8 woodlands operations.

# ENVIRONMENTAL PERFORMANCE

100%  
of managed forests  
third-party certified



42%  
of total fiber inputs  
sourced from wood chips  
from sawmills



A-  
from CDP for  
forests disclosure



## New and ongoing commitments

Being proactive for the environment means steadily reducing Resolute Forest Products' environmental footprint and responsibly managing the natural resources in our care.

That is why we closely measure, track and report on the company's performance and progress toward our ongoing and new commitments. We understand that in order to reinforce our environmental credentials, we must be able to demonstrate that, over time, we have reduced our carbon emissions, made measurable performance improvements and ensured careful stewardship of the forests we manage.

As an industry leader and supplier of choice, Resolute has moved beyond minimal regulatory compliance and environmental incident management to proactively differentiate ourselves in a number of key performance areas.

We remain committed to maintaining our 100% forest management (FM) and chain of custody (CoC) certifications to internationally recognized standards such as Sustainable Forestry Initiative® (SFI®), Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council® (FSC®). This ensures all the fiber we process comes from responsible sources. In 2016, 93% of the wood supply for our sawmills and 52% of virgin wood fiber inputs for our pulp and paper mills were certified to internationally recognized standards.

Furthermore, our operations are covered by environmental management systems (EMS) – the majority certified to the ISO 14001 standard. We are committed to continuous improvement of our environmental performance and aim to certify 100% of our facilities, transitioning over

the next few years to the 2015 version of the ISO 14001 standard, and working to comply with the increasingly stringent and far-reaching requirements of the standard.

As part of our commitment to continuous improvement and regulatory compliance, we take a proactive and preventive approach to environmental incident and regulatory infraction management with a comprehensive tracking, investigation, implementation and reporting cycle to prevent reoccurrence.

In 2016, we completed the first full three-year cycle of environmental risk audits at all of our pulp and paper mills. We recorded 29 environmental incidents across the company, and we continue to work toward our long-term goal of zero incidents.

Resolute's forest management practices were recognized throughout 2016. The company received an "A-" score for our forests disclosure to CDP (formerly the Carbon Disclosure Project), in recognition of our actions to manage deforestation risk as well as the implementation of excellent monitoring and measurement programs. We also received a *Corporate LiveWire* Innovation & Excellence in Sustainable Forestry Award for our efforts to diversify, innovate and grow our business, including our joint venture to develop commercial applications for cellulose filaments, a new source of biomaterial made of wood fiber. We also won another Clean Tech Award from *The New Economy* magazine for Best Forestry and Paper Solutions for our adherence to certification standards, our commitment to reducing greenhouse gas emissions, and our partnerships with Canada's First Nations and Aboriginal communities.



## Environmental performance update

Our commitments and performance for all the operations the company owned or operated as at December 31, 2016, are presented in the following table.

This performance data should be considered preliminary and is subject to change.

For the most current information, including other sustainability performance indicators and disclosures prepared in accordance with the Global Reporting Initiative (GRI) standard, visit [www.resolutefp.com/sustainability](http://www.resolutefp.com/sustainability).

2016 COMMITMENTS	2016 PERFORMANCE	2016 RATING	2017 TARGETS
Set new GHG reduction target using accepted best practices	Evaluated potential impact of GHG reduction and transformation projects, as well as gained better understanding of reduction objectives in the jurisdictions where we operate	>	Set new GHG reduction target – a longer term objective through 2030 to align with FPAC’s “30 by 30” Climate Change Challenge, as well as GHG reduction targets in the jurisdictions where we operate
Provide disclosure on regulatory infractions in woodlands operations, and set a maximum of 3 regulatory infractions in each province, with a long-term goal of 0 incidents	Reported 0 regulatory infractions for Ontario Reported 0 regulatory infractions for Quebec	++	Report no more than 3 infractions in each province, with a long-term goal of 0 infractions
Report 41 or fewer environmental incidents, with a long-term goal of 0 incidents	Recorded 29 environmental incidents	++	Record 38 incidents or less, with a long-term goal of 0 incidents
Implement ISO 14001-certified EMS at all pulp and paper mills, wood products facilities and Canadian woodlands operations	Maintained ISO 14001 EMS certification at already-certified pulp and paper mills, wood products facilities and Canadian woodlands with the exception of our Produits Forestiers Mauricie (Quebec) sawmill, which was temporarily closed during its recertification audit  Obtained ISO 14001 certification for Atikokan and Ignace sawmills in Ontario  EMS at Thunder Bay (Ontario) pulp and paper mill among the first in Canada to be successfully recertified under recently released ISO 14001:2015 standard	>	Conduct gap analysis for eventual ISO 14001 EMS certification of 3 U.S. chip production facilities and newly acquired Atlas Tissue (Florida) operations  Complete ISO 14001 certification of Menominee (Michigan) pulp mill

++ Surpassed commitment + Achieved commitment = Maintained achievement > Ongoing progress X Commitment unattained

**45**  
**MILLION**  
CUCUMBERS  
PRODUCED EACH YEAR



ACCOMPLISHMENTS

# TOUNDRA GREENHOUSE

Whether you prefer English or Lebanese cucumbers in your salad, Quebec’s newest and largest vegetable greenhouse has got the right mix for you. The world-class Toundra Greenhouse is set to grow 45 million cucumbers a year, with a little help from Resolute and the people of Saint-Félicien.

**25%**  
of heating requirements to be met through exchange of hot water from Saint-Félicien pulp mill



**11,000 MT**  
of GHG emissions avoided annually – equivalent to removing 2,300 cars from the road



**90%**  
of greenhouse water requirements fulfilled by recovering rain water and snow



## Toundra Greenhouse

Located on land adjacent to our Saint-Félicien (Quebec) pulp mill, Toundra Greenhouse is a state-of-the-art complex in which Resolute owns a 49% equity interest.

The \$100 million complex, slated for completion by 2020, already covers about 1 million square feet (8.5 hectares), produces 45 million cucumbers annually and employs over 100 workers. Once all four construction phases are completed, the greenhouse will cover about 4 million square feet (34 hectares) and create 400 jobs in the Lac-Saint-Jean region.

Toundra Greenhouse was formed in 2014 as a partnership between Resolute, the City of Saint-Félicien and local investors. Over 50 Saguenay–Lac-Saint-Jean businesses were involved in making the project a success.

To achieve carbon emission reductions, Resolute has entered into an agreement with CO<sub>2</sub> Solutions to deploy leading enzyme-enabled carbon capture technology, capturing up to 30 metric tons of CO<sub>2</sub> per day from our Saint-Félicien pulp mill. The majority of the CO<sub>2</sub> will then be transported to the neighboring Toundra Greenhouse. This C\$7.4 million project not only improves the greenhouse’s performance while reducing our mill’s carbon emissions, it also actively supports the scale-up of an innovative, low-cost carbon capture technology with the potential for broader deployment.



### What else is unique about this technologically advanced greenhouse complex?

- Hundreds of high pressure sodium lights are used to maintain lighting 20 hours a day, 365 days a year. The roof, made of diffuse glass panels, allows for natural light optimization by filtering in the most favorable wavelengths of light for plant and cucumber growth.
- The ultimate goal is to reduce cucumber imports from outside the province of Quebec, as well as greenhouse gas emissions linked to transportation.

# ACCOMPLISHMENTS

**100%**  
coal-free operations  
(scope 1)



**73%**  
reduction  
in GHG emissions  
(scope 1 and 2)  
since 2000



Inaugural  
Canadian member  
of the CPLC



## Reducing our carbon footprint

Forests are among Earth's largest natural storehouses of carbon, which helps mitigate climate change. Therefore, according to the Intergovernmental Panel on Climate Change, the best long-term strategy to reduce carbon emissions is to increase forest carbon stocks – that is, plant more trees and “grow” more forests – while responsibly harvesting those stocks to expand the use of wood products and displace more fossil fuel intensive products. A recently published Yale study concludes, for example, that simply using wood in place of other materials in construction could eliminate up to 31% of global CO<sub>2</sub> emissions and up to 19% of global fossil fuel consumption.

## Partnering with industry associations

Resolute welcomes the opportunity to work with others to support global carbon emission reduction efforts. As a member of the Forest Products Association of Canada (FPAC), we have signed on to its “30 by 30” Climate Change Challenge, which commits the Canadian forest products industry to removing 30 megatons of CO<sub>2</sub> per year by 2030 – more than 13% of the Canadian government's total emission reduction target. In the United States, we are working with the American Forest and Paper Association (AF&PA) to support its goal of achieving at least a 20% reduction of member GHG emissions (intensity) from 2005 levels by 2020.

## Joining the Carbon Pricing Leadership Coalition

In July 2016, Resolute became an inaugural Canadian member of the Carbon Pricing Leadership Coalition (CPLC), a voluntary global partnership that brings together leaders to help address climate change by putting a price on carbon. Resolute supports carbon pricing as a market mechanism that drives competitiveness, creates jobs, encourages innovation and delivers meaningful emission reductions. A market price for carbon is included in decision-making at our facilities currently or shortly subject to cap-and-trade regulations. We advocate, however, for an equivalent carbon price across North American jurisdictions to avoid carbon leakage and competitive issues.

## Prioritizing energy efficiency

The Tennessee Valley Authority (TVA) recognized Resolute's leadership in the area of environmental performance by honoring our Grenada (Mississippi) newsprint mill in 2016 as its top performer for most kilowatt-hours (kWh) saved among its large customers. A three-year initiative to improve energy efficiency at the mill – known as the thermomechanical pulp inter-stage screening project – resulted in savings of 32 million kWh in 2015 alone, and 85.1 million kWh since its inception. The project's success has reduced Grenada's refining energy use by 15%, qualified the mill for TVA incentives totaling \$8 million, and contributed to Resolute's absolute scope 1 and 2 emission reductions of 73% over a year 2000 baseline.

**74%**  
of total energy needs  
met using  
renewable sources



**80%**  
of fuel energy derived  
from biomass sources



Average  
**36%**  
of pulp and paper mill  
residues redirected toward  
beneficial uses



## Producing renewable energy

Resolute's hydroelectric generation and transmission network, Hydro-Saguenay, has an installed capacity of 170 MW and helps power our Alma and K enogami (Quebec) paper mills. In 2016, we produced 1,110 GWh of electricity.

The company's seven cogeneration facilities are located at our pulp and paper mills:

- Calhoun (Tennessee)
- Catawba (South Carolina)
- Coosa Pines (Alabama)
- Dolbeau (Quebec)
- Gatineau (Quebec)
- Saint-F elicien (Quebec)
- Thunder Bay (Ontario)

The growth of Resolute's clean power cogeneration business and our diversification into renewable energy products, like wood pellets, have benefited our market position and our bottom line.

Producing renewable energy is a major component of our long-term strategy to proactively manage our carbon footprint by continuously improving the energy efficiency of our operations and increasing our use of lower carbon fuels. This approach places Resolute ahead of potential regulations, and positions the company as a leader in GHG reductions and in the development of new, sustainable products that have a lower carbon footprint.

## Reducing waste to landfill at our mills

It is the nature of the forest products business that manufacturing mills generate solid residues. Throughout 2016, our pulp and paper mills identified beneficial uses for this waste to reduce our environmental footprint and improve our bottom line, by avoiding costly disposal to landfills.

A significant amount of the waste we produce is used as fuel at our operations, helping to reduce our reliance on fossil fuels and supporting our production of green energy. Individual operations have also sought out innovative partnerships in the communities where we operate to find uses for the by-products of our processes.

Our K enogami (Quebec) paper mill, for example, has partnered with local farmers to find beneficial uses for the solid residues produced on-site. As part of the paper-making process, a sludge by-product is produced that is rich in nitrogen and phosphorus, two important nutrients for growing plants. Dehydrating and pressing more than 90% of this waste product turns it into useful fertilizer, diverting 20,000 metric tons from landfills every year. Thirty farmers in the region are now receiving deliveries of fertilizer made from the paper mill's by-products year-round to help grow their crops.

Other projects include a mine site rehabilitation project at our Fairmont (West Virginia) recycled pulp mill and a partnership with local composting facilities at our Ponderay (Washington) newsprint mill.

# SOCIAL INDICATORS OF SUSTAINABILITY

**COMMITTED**  
TO OUR PEOPLE AND  
OUR COMMUNITIES

37	Highlights
37	Performance
39	Accomplishments

# HIGHLIGHTS

## Performance by the numbers

KEY PERFORMANCE INDICATORS <sup>21</sup>	2016 PERFORMANCE
Lost time incident rate <sup>22, 23</sup>	0.31
Total OSHA recordable incident rate <sup>24</sup>	0.77
Severity rate <sup>25</sup>	26
Fatalities – employees	0
Fatalities – contractors	0
Fatalities – total	0
Community spending (charitable contributions)	\$1,018,138
Total employees <sup>26</sup>	8,456
Voluntary employee turnover, including retirement	10.8%
Involuntary employee turnover <sup>27</sup>	2.9%
Employees unionized	64.4%
Women in workforce	10.0%
Women in management roles	1.0%

21. Social performance data is for all Resolute operations. Data includes Ponderay Newsprint Company (Washington), an unconsolidated partnership in which we have a 40% interest. Some of this information is preliminary and subject to change; data will be confirmed on our website.

22. The lost time incident rate is calculated by multiplying the number of incidents that were lost time cases by 200,000, divided by total number of hours worked.

23. Safety data excludes Senneterre–Lac-Clair (Quebec) sawmill, acquired on October 31, 2016, as well as Opitciwan (Quebec) sawmill.

24. The total incident rate is calculated by multiplying the number of recordable incident cases by 200,000, divided by total number of hours worked.

25. The severity rate is calculated by adding the number of workdays lost to the number of restricted workdays due to injury, multiplied by 200,000 hours worked, divided by total number of hours worked.

26. Employee data includes Senneterre–Lac-Clair and Opitciwan sawmills.

27. Employees who leave the organization due to dismissal or death in service.

## SOCIAL PERFORMANCE

### New and ongoing commitments

Resolute Forest Products' role in our operating communities extends well beyond the jobs we create, the taxes we pay and the charitable support we provide. We work to build reciprocal business relationships, grassroots support and positive government relations through transparency and information-sharing, as well as through active involvement in local organizations and community projects.

We regularly engage with First Nations, customers and key stakeholders such as employees/unions, retirees, investors, governments, environmental non-governmental organizations, local communities and suppliers/partners in order to ensure our sustainability strategy, public commitments and reporting continue to reflect the interests and needs of our stakeholders and other interested parties.

To maintain effective sustainability oversight and management practices, we continue to monitor our sustainability performance and recommend areas for improvement through our corporate

sustainability committee. In 2016, we created an internal product stewardship committee – with representatives from the environment, operations, legal and sales departments – which has a mandate to support compliance with product stewardship regulations and to expand the possible end uses of our products.

A tracking initiative was launched in January 2017 to report more detailed quantitative information on outreach in our operating communities, including volunteer activities, charitable contributions, stakeholder engagement and other activities.

## Social performance update

Our commitments and performance for all the operations the company owned or operated as at December 31, 2016, are presented in the following table. This performance data should be considered preliminary and is subject to change.

For the most current information, including other sustainability performance indicators and disclosures prepared in accordance with the Global Reporting Initiative (GRI) standard, visit [www.resolutefp.com/sustainability](http://www.resolutefp.com/sustainability).

2016 COMMITMENTS	2016 PERFORMANCE	2016 RATING	2017 TARGETS
Maintain annual sustainability reporting and transparency	<p>Published fifth combined annual report with substantial sustainability content</p> <p>Maintained reporting online in accordance with Global Reporting Initiative (GRI) framework</p> <p>Reported to CDP (formerly Carbon Disclosure Project), earning scores of “B” (Management) for our climate and water disclosures and “A-” (Leadership) for our disclosure to the forests program</p>	+	<p>By year-end 2018, transition to the recently released GRI Standards for sustainability reporting developed by the Global Sustainability Standards Board</p> <p>Continue reporting to the CDP Climate, Water and Forests programs</p>
Roll out communications on supplier guidelines and measure dissemination	<p>Communicated supplier guidelines to 2,293 suppliers, representing 80% of total annual procurement-relevant purchasing volumes</p>	>	<p>By year-end 2017, review Resolute’s environmentally responsible procurement and supplier engagement practices in order to track and report on supply chain sustainability in key procurement sectors</p>
Launch a quality culture and customer satisfaction initiative in an effort to share best practices and continue to maintain a high level of satisfaction with company products and services	<p>Launched initiative within pulp and paper business segments whereby a “champion team” at each operation has set specific key performance indicators (KPIs) that are tracked, reported and used to develop action plans for continuous improvement</p> <p>Discussed product quality, service, customer feedback and best practices during monthly conference calls, supporting organization-wide accountability</p>	>	<p>In 2017, develop additional customer satisfaction KPIs, institute a root cause problem elimination process, and share best practices across the company</p> <p>Set targets for 2018 based on tracked KPIs to improve on-time delivery and order fulfillment, as well as work towards improved customer satisfaction</p>
Achieve an Occupational Safety and Health Administration (OSHA) incident rate of 0.92 or less, with a long-term goal of zero injuries; achieve a severity rate of 25 or less	<p>Achieved an OSHA incident rate of 0.77 and a severity rate of 26</p>	>	<p>Set 2017 targets to achieve an OSHA incident rate of 0.90 or less and a severity rate less than or equal to 24</p>
Ensure employees submit 2 to 3 near-miss incident reports annually	<p>Attained an overall near-miss incident ratio of 4.0 per employee (29,739 near misses reported)</p>	++	<p>Set 2017 target for 100% of hourly employees to submit 3 proactive near-miss incident reports annually</p>

++ Surpassed commitment + Achieved commitment = Maintained achievement > Ongoing progress X Commitment unattained



# ACCOMPLISHMENTS

## Safety a core value at Resolute

Ensuring our employees' safety is a core company value. We are committed to fostering a "total safety organization," with a long-term goal of zero incidents and zero injuries across our operations. Implementing exceptional health and safety standards is inextricably linked to operational excellence in all aspects of our business.

We take a proactive approach to risk control by combining safety leadership with individual accountability, supported by a stringent safety management system that includes employee training and awareness, audits and monitoring, as well as employee participation through each operation's joint health and safety committee.

Overall near-miss incident ratio of **4.0** per employee



ADRIQ Innovation Award in the health and safety product category



At Resolute, safety and community relations go hand in hand. Through our Board of Directors Safety Award program, Resolute operations can earn \$5,000 to add to their annual community contributions for every 250,000 hours worked without a recordable injury. In 2016, we donated nearly \$190,000 to charitable and community organizations chosen by our employees, who contributed to the company's outstanding safety performance. The following significant safety milestones were reached during the year at our operations:

- Our Thorold (Ontario) newsprint mill achieved 1.25 million consecutive operating hours without a single recordable injury, while our Grenada (Mississippi) newsprint mill celebrated 1 million incident-free hours.
- Nearly 20 of our other operations reached important milestones of 250,000, 500,000 or 750,000 hours without a recordable injury.

Our employees were also instrumental in Resolute winning two major safety awards in 2016. Resolute and our Kénogami (Quebec) and Calhoun (Tennessee) mill employees received the Innovation Award from the Association pour le développement de la recherche et de l'innovation du Québec (ADRIQ) for developing a safer, more comfortable and eco-friendly chemical protective suit, which has been adopted by others in the industry.

Additionally, our Resolute-LP Larouche and Saint-Prime (Quebec) joint-venture engineered wood facilities were honored by APA—The Engineered Wood Association with a Safest Company Award, having been injury-free for over six and eight years, respectively.



## Resolute sponsors world champion speed skater

Our commitment to community health and safety led to our 2016–2019 partnership with Marianne St-Gelais, world champion and winner of three Olympic medals in short track speed skating.

A native of Saint-Félicien (Quebec), Marianne grew up in a family of foresters. It was only natural for Resolute to sponsor Marianne's journey to the 2018 Winter Olympics in PyeongChang, South Korea.

In such a fast and intense sport, Marianne must carefully plan her races to protect against crashes and injury. Her dedication to safety and preventive measures makes her an ideal Resolute Safety Ambassador.

**PARTNERSHIP WITH  
CAMBRIAN COLLEGE FOR  
MILLWRIGHT TRAINING  
PROGRAM FOR  
ABORIGINAL STUDENTS**



Signature of a memorandum of agreement with Confederation College to promote training for Aboriginal students



## Building partnerships with First Nations

Resolute respects the importance of Canada's land, water and forests to its Aboriginal peoples, and we understand how integral these natural resources are to the prosperity of Aboriginal communities. We are committed to nurturing constructive relationships, and respecting treaties, traditions and rights.

As outlined in our Aboriginal Peoples Policy, we pursue mutually beneficial commercial relationships, consult on decisions that impact Aboriginal communities, and support meaningful employment and economic sustainability.

Resolute has many other existing partnerships and mutually beneficial business ventures with First Nations. Some examples include:

- Memorandums of agreement signed in 2016 with Confederation College in Thunder Bay (Ontario) and with the Anishinabek Employment & Training Service (AETS), an Aboriginal employment and training organization that supports Aboriginal peoples who are transitioning into the workforce.
- A partnership with Cambrian College in Sudbury (Ontario) that encourages First Nations students to pursue trade careers. In January 2016, six students entered the industrial millwright program.
- Encouraging students from First Nations in northern Ontario studying at Dennis Franklin Cromarty High School to consider a career in the trades and supporting the region's efforts to open a First Nations trades facility.

- Memorandums of agreement that have resulted in C\$100 million in economic opportunities for seven of our First Nations partners in Ontario.<sup>28</sup> These groundbreaking agreements include significant contracts for construction and transportation.
- Our Thunder Bay (Ontario) sawmill, located on Fort William First Nation land and leased to Resolute on a long-term basis, that employs some 200 workers, many from this First Nation community. The Thunder Bay facility is the first in Canada to work under regulations created by the First Nations Commercial and Industrial Development Act, which facilitates industrial development with First Nations on their land.
- Our Opitciwan joint-venture sawmill located in Obedjiwan (Quebec), in operation since 1999. The Atikamekw Council of Obedjiwan has a 55% interest in the joint venture, while Resolute owns 45%.
- Forest management and harvesting activities we carry out, and stumpage fees we pay in exchange for volumes allocated to the Kitigan Zibi Anishinabeg First Nation (Quebec) by the provincial government.
- More than 1.5 million seedlings purchased annually from a tree nursery established by the Wabigoon Lake Ojibway Nation in Ontario in the late 1990s, with the company's support.

## Collaborating on forest management planning

Public consultation is an essential step in the sustainable forest management planning process. In Canada, the legal responsibility to consult with First Nations and harmonize forest management practices with their traditional land uses lies with government. Within this framework, Resolute actively engages First Nations in the review of our harvesting plans. We maintain close ties with nearly 40 First Nations communities across the areas where we operate, collaborating on the development of mutually acceptable management plans.



28. Nigigoosiminikaaning, Kiashke Zaaging Anishinaabek, Lac des Mille Lacs, Seine River, Couchiching, Mitaanjigamiing and Lac La Croix First Nations.

1,109  
new employees hired



Over  
\$1 million  
in donations and  
sponsorships



More than  
5,400  
employees  
covered by collective  
agreements



## Supporting workforce renewal and retention

Resolute's long-term competitiveness is tied to our ability to attract results-driven and action-oriented employees, and to allow natural leaders to learn and grow within our organization. To achieve this goal, we closely manage and track our performance in a number of key areas, including health and safety, employee demonstrated effectiveness, and labor relations.

In 2016, we hired 1,109 new permanent and temporary employees and raised our employer profile through targeted recruitment practices, such as our engineering graduate program. Since the creation of this program in 2013, Resolute has hired 63 engineering graduates to work in our network of facilities. Each graduate works on a six-month rotation in various areas of an operation and is assigned a mentor, who provides guidance and support throughout the training process.

In the past year, we renewed or entered into a number of agreements with unions, covering approximately 1,300 employees, primarily in our sawmills and woodlands in Canada. The collective agreements covering approximately 250 employees in Canada either expired in 2016 or are scheduled to expire in 2017, mainly affecting one sawmill and two woodlands operations.

We continue to train our employees on Resolute's Code of Business Conduct. All new and existing employees receive communications about the company's diversity, equal employment, anti-discrimination and harassment policies.

## Engaging with our operating communities

Resolute strives to have a positive and meaningful impact on the communities in which we operate, targeting philanthropic contributions to two key pillars of sustainable development: social (community health and education) and environmental (community projects and education). Our contributions can take many forms, including financial and material support, and countless volunteer hours by our employees.

In 2016, Resolute committed to further integrate our community engagement programs to reinforce collaboration with a range of business and community partners. We launched a program to track employee volunteer hours and community outreach events at all of our operations in order to share best practices among facilities and to better understand how we contribute to the communities where we operate.

In 2016, our donations and sponsorships – at both the local and corporate levels – totaled over \$1 million. The following examples provide a snapshot of the range of organizations we supported across our operating communities:

- Resolute donated C\$400,000 to the Domaine-du-Roy and Maria-Chapdelaine (Quebec) regional county municipalities under a five-year agreement to support economic development projects in the Lac-Saint-Jean region. The annual Resolute golf tournament also raised funds for the area, contributing C\$105,000 for equipment purchases for the Leucan Cancer Foundation, the CSSS Domaine-du-Roy Foundation and the Maria-Chapdelaine Center Foundation.

Launch of an integrated program to track donations, sponsorships and volunteerism across our operations



- Our Coosa Pines (Alabama) pulp mill hosted its 22nd annual Log A Load for Kids golf tournament, raising \$32,000 in support of the Children’s Hospital of Alabama CHIPS (Children’s Hospital Intervention and Prevention Services) program to assist with treatment of children who have been abused or neglected. To date, the Coosa Pines facility has raised over \$400,000 for the program.
- Resolute sponsored a fundraising breakfast that raised a record \$16,000 for local youth in need in Dolbeau-Mistassini (Quebec). Over 1,000 people were served by staff and students at Jean-Dolbeau High School, with all profits going to purchase clothing and food for disadvantaged students, as well as to address medical needs.

### Supporting education and academic research

Over the years, Resolute has provided substantial financial support to universities and colleges to help spark innovation in the forest products sector and to provide ongoing scholarships to students studying biology, natural product chemistry, geography, renewable resources and environmental science. In 2016, Resolute donated funds for scholarships, research grants, buildings and other needs totaling over \$280,000. Here are some examples of our support for education:

- In early 2017, the company announced a donation of C\$1 million over five years toward the creation of a prestigious industrial research chair sponsored by the Natural Sciences and Engineering Research Council of Canada at the University of Quebec at Chicoutimi (UQAC). Our contribution, along with that of the Government of Quebec and

UQAC, will support research into the boreal forest and the impact of changes in the landscape on black spruce growth in the context of climate change, with a particular focus on the spruce budworm infestation.

- At the University of South Carolina, we provide entrance award scholarships totaling up to \$3,000 each year to students who are interested in the paper manufacturing field, with a preference for employees or dependents of our Catawba operation.
- Resolute is a long-time supporter of the First Nations Natural Resources Youth Employment Program, a partnership with Outland Camps Inc. and others in Northwestern Ontario. In 2016, in addition to providing work experience in the field of forestry, Resolute toured the 48 program participants through our Thunder Bay sawmill and wood pellet plant, and discussed career opportunities at the facility with an emphasis on trades training.



## BOARD OF DIRECTORS

### **Bradley P. Martin**<sup>2, 3</sup>

Chairman of the Board of Directors;  
Vice President for Strategic Investments  
Fairfax Financial Holdings Limited

### **Richard Garneau**

President and Chief Executive Officer

### **Michel P. Desbiens**<sup>2, 3</sup>

Corporate Director

### **Jennifer C. Dolan**<sup>1, 4</sup>

Corporate Director

### **Richard D. Falconer**<sup>1, 2, 3</sup>

Corporate Director;  
Senior Partner, Lazard Canada

### **Jeffrey A. Hearn**<sup>2, 4</sup>

Corporate Director

### **Alain Rhéaume**<sup>1, 3</sup>

Lead Director;  
Managing Partner, Trio Capital Inc.

### **Michael S. Rousseau**<sup>1, 3, 4</sup>

Executive Vice President and  
Chief Financial Officer, Air Canada

### **Ambassador David H. Wilkins**<sup>2, 4</sup>

Partner, Nelson Mullins  
Riley & Scarborough LLP;  
Former U.S. Ambassador to Canada

### **Board Committees**

- 1 Audit Committee
- 2 Environmental, Health and Safety Committee
- 3 Finance Committee
- 4 Human Resources, Compensation and  
Nominating and Governance Committee

## CORPORATE OFFICERS

### **Richard Garneau**

President and Chief Executive Officer

### **Steve Bonifero**

Senior Vice President  
Human Resources

### **Yves Laflamme**

Senior Vice President  
Wood Products, Procurement and  
Information Technology

### **Jo-Ann Longworth**

Senior Vice President and  
Chief Financial Officer

### **André Piché**

Senior Vice President  
Tissue Group, and Calhoun,  
Catawba and Mokpo Operations

### **Richard Tremblay**

Senior Vice President  
Pulp and Paper Group

### **Jacques P. Vachon**

Senior Vice President  
Corporate Affairs and  
Chief Legal Officer

# SHAREHOLDER INFORMATION

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## Annual General Meeting

Our annual meeting of stockholders will be held on Thursday, May 25, 2017, at 10:00 a.m. (Eastern) at the Museum Center at Five Points, 200 Inman Street East, Cleveland, Tennessee 37311, United States.

## Transfer Agent for Common Stock

Computershare Trust Company, N.A.  
P.O. Box 30170, College Station,  
Texas, 77842-3170, United States  
866 820-6919 (toll-free within  
the United States and Canada)  
781 575-3100  
[www.computershare.com/investor](http://www.computershare.com/investor)

## Co-Transfer Agent – Canada

Computershare Investor Services Inc.  
100 University Avenue, 9th Floor,  
Toronto, Ontario, M5J 2Y1, Canada  
800 564-6253 (toll-free within  
the United States and Canada)  
[www.computershare.com/investor](http://www.computershare.com/investor)

## Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
1250 René-Lévesque Boulevard West,  
Suite 2800, Montréal, Quebec,  
H3B 2G4, Canada

## Investor Information and Financial Reporting

Alain Bourdages  
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Investor Relations  
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[ir@resolutefp.com](mailto:ir@resolutefp.com)

## Media Inquiries

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Vice President  
Corporate Communications,  
Sustainability and Government Affairs  
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*Vous trouverez la version française de ce rapport au [www.pfresolu.com](http://www.pfresolu.com).*

## Form 10-K

Resolute Forest Products Inc. files its annual report on Form 10-K with the U.S. Securities and Exchange Commission (SEC), a copy of which is included with this annual report to stockholders. Free copies (without exhibits) are available upon request to Resolute's Investor Relations department. The company's SEC filings, annual reports, news releases and other investor information can be accessed at [www.resolutefp.com/investors](http://www.resolutefp.com/investors).

## Stock Listings

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

## Resolute Forest Products

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Montréal, Quebec, H3C 2M1, Canada  
514 875-2160 or 1 800 361-2888

For a full list of contacts, visit [www.resolutefp.com/contact](http://www.resolutefp.com/contact).

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

