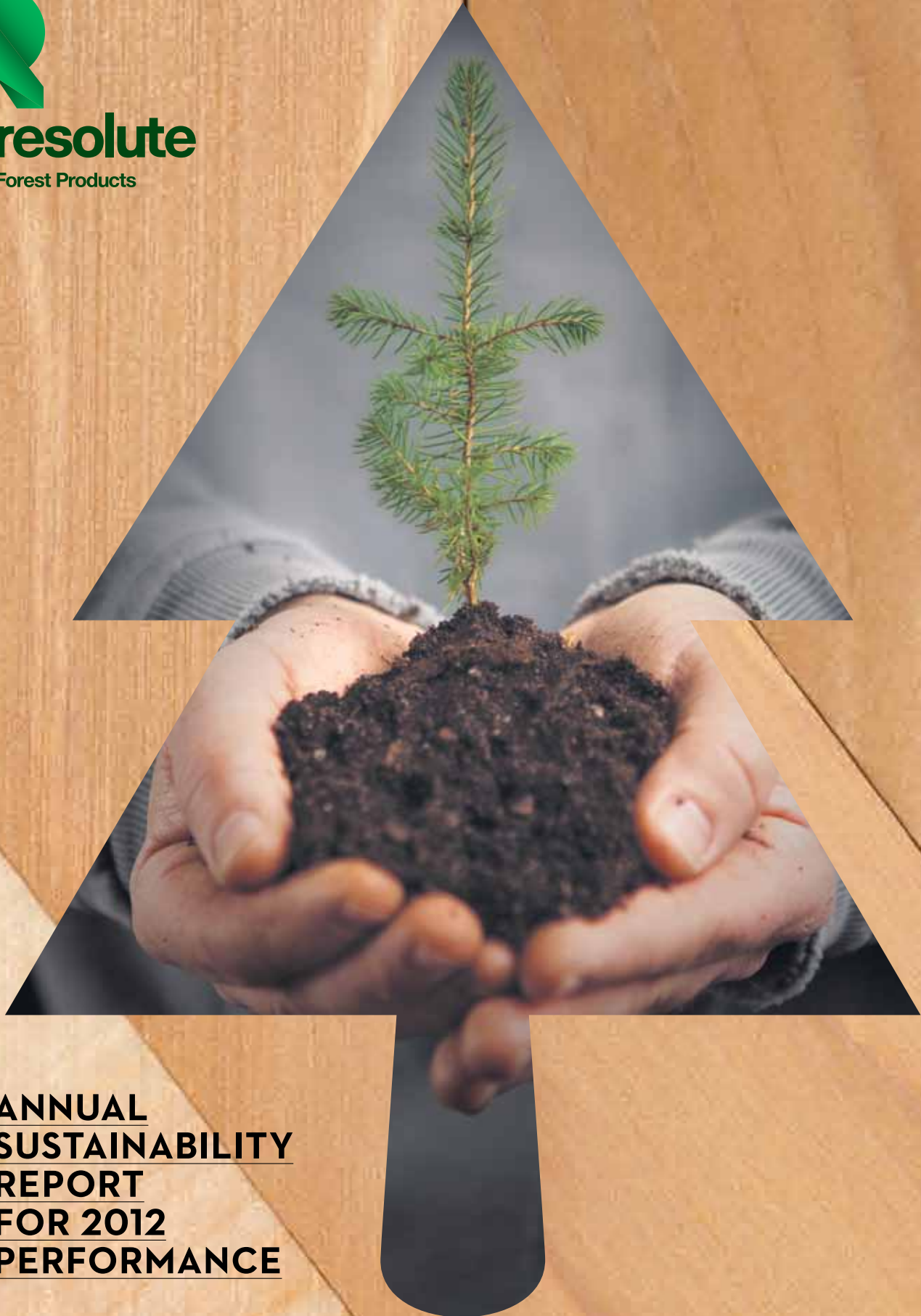


resolute

Forest Products



**ANNUAL
SUSTAINABILITY
REPORT
FOR 2012
PERFORMANCE**

SECTION

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OUR APPROACH TO SUSTAINABILITY

CEO PERSPECTIVE

At Resolute Forest Products, we believe that to be a truly sustainable company we must look beyond regulatory compliance to mitigate our environmental and social impacts. In fact, equally balancing environmental, social and economic responsibilities is fundamental to Resolute's long-term competitiveness.

In the years since our restructuring, we have strengthened our financial position and the competitiveness of our operating assets, diversifying our product portfolio and growing the segments with better long-term potential. We have also taken tangible steps to further ensure that we operate in a sustainable manner, aligning our business objectives with our efforts in environmental stewardship and social responsibility. This approach to sustainability is reflected in our company's vision, our corporate values and in the way we do business every day.

Earlier this year, for the first time, we issued an annual report that combined both financial and sustainability performance reporting in one document, in keeping with our belief that the two are connected. This 2012 sustainability report contains more detailed information on our annual sustainability objectives, management practices and performance, providing broader disclosure and additional figures for certain material indicators.

2012 PERFORMANCE

Throughout 2012, we made significant progress toward achieving our sustainability goals. Key examples include:

- As a member of the World Wildlife Fund (WWF) Climate Savers program since 2011, we have committed to reduce our absolute greenhouse gas (GHG) emissions by 65% by 2015, compared to 2000 levels. In 2012, we made progress toward this goal, further decreasing our emissions, and we are proudly closing in on our target, ahead of schedule.

- Fiber certification continued to be an important focus, with 100% of the woodlands we manage certified to internationally recognized standards. In 2012, Resolute became the largest manager of Forest Stewardship Council® (FSC®)-certified forests in the world. However, in November 2013, the company received notice of a possible temporary suspension on certain FSC® certificates in place. If this proves to be the case, Resolute will work to reinstate these certificates and remains committed to our goal of certifying 80% of our forestlands to FSC® by 2015. In fact, in the same month, a dual FSC® and Sustainable Forestry Initiative® certification was awarded for the Abitibi River Forest in Ontario, Canada, a large tenure in which Resolute holds significant harvest rights and where the company played an active role in achieving this milestone.
- We launched Align™, an eco-efficient, budget-friendly line of mechanical papers that uses 25% to 63% less total energy to produce than the average freesheet grade produced with chemical pulp. These grades have a carbon footprint that is 35% to 86% lower than that of competitive grades made with chemical pulp.
- Safety remains a key element of our company culture, and in 2012, our Occupational Safety and Health Administration (OSHA) incident rate was 1.13, down from 1.43 in 2011. This significant progress came in part thanks to an increased focus on prevention and a broad rollout of a near-miss reporting system as well as a more stringent policy on the use of personal protective equipment.

We fell short of our commitment to reduce environmental incidents by 20% in 2012 compared to 2011, recording a 6% increase in the total number of incidents year-over-year. Corrective measures have been implemented to improve performance in this area.

1.]

CEO PERSPECTIVE

SUSTAINABILITY STRATEGY

Also in 2012, the company's sustainability committee, which includes senior managers and issue experts from across the organization, drafted our first formal sustainability strategy that was presented to and approved by the executive team. The strategy leverages our environmental, social and economic performance in order to maintain and enhance our competitive position. Resolute's sustainability strategy has three areas of primary focus:

1. Reinforce our environmental credentials, taking appropriate steps to responsibly manage our environmental footprint;
2. Position Resolute as a competitive employer, attracting and retaining employees based on opportunities to quickly learn and grow within a dynamic organization; and
3. 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 company commitments made in a number of key performance areas, which are outlined in detail in this report.

MEASUREMENT OF SUCCESS

We believe our long-term success will be measured by the value we create for our stakeholders. This value will be a direct result of our ability to meet our current sustainability goals and further improve our performance by setting new aggressive targets, all while balancing environmental, social and economic imperatives along the value chain.

There will, of course, be bumps along the road. Earlier this year, regional negotiations in Northwest Ontario and Quebec under the Canadian Boreal Forest Agreement (CBFA) broke down. Parties were unable to reach agreement on a plan to jointly further conservation efforts while balancing environmental, social and economic considerations. Clearly, this has been a disappointing development. Nonetheless, Resolute remains committed to the process and proposals made for conservation efforts, and we are hopeful for renewed discussions with all CBFA members, including communities, First Nations and the government. We believe that while environmental concerns must be addressed, regional social and economic impacts must also be part of the sustainability equation.

What follows is a comprehensive online report of Resolute's sustainability performance for 2012, prepared in accordance with Global Reporting Initiative guidelines, which are endorsed by the United Nations Global Compact. It supports our pledge to be open, transparent and accountable. It also upholds our view that what gets measured gets done.

Sincerely,



Richard Garneau
President and Chief Executive Officer

1

OUR APPROACH TO SUSTAINABILITY

1.2

2012 PERFORMANCE HIGHLIGHTS

Resolute's focus on continuous improvement starts with a serious commitment to operating sustainably by carefully balancing the three pillars of sustainability: environmental, social and economic. This approach is a critical foundation to being a competitive organization.

ENVIRONMENTAL HIGHLIGHTS ¹	2012	2011	2010
Class 1 environmental incidents	2	3	3
Fuel energy used, TJ	81,376	94,665	97,754
Electricity used			
Purchased, GWh	11,613	12,636	12,904
Self-generated, GWh	2,152	2,394 ²	2,684
Renewable energy, % of total energy (including purchased electricity)	68	70	69
Greenhouse gas (GHG) emissions, ³ mt CO ₂ e (scope 1 and 2)	3,975	4,445	4,707
Water used, ⁴ m ³	354,233	385,169	406,565
Biochemical oxygen demand (BOD ₅), mt	6,698	7,871	8,656
Total suspended solids (TSS), mt	8,646	11,967	11,691
Fiber loss, mt ⁴	257,700	267,383	291,316
Managed forest certification, ⁵ %	100	100	100
Mills with chain of custody certification, ⁶ %	100	100	100
SOCIAL HIGHLIGHTS	2012	2011	2010
Employees	9,200	10,572	10,470
Occupational Safety and Health Administration (OSHA) incidents, rate per 100 employees	1.13	1.43	1.51
Employee turnover, %	12.5	9.94	8.06
Employee wages and benefits, \$ millions	775	901	895
Donations, \$ millions	1.2	0.5	0.6
ECONOMIC HIGHLIGHTS	2012	2011	2010
Sales of cogenerated electricity, GWh/year	152 ⁷	8	41
Certified paper sales, % of total of North American paper sales ⁸	15	13	6
Align™ sales products, % of total commercial printing paper sales	5.3	4.6	4.7

¹ Environmental data is for pulp and paper mills only, except for environmental incidents, which are shown for all operations. The data presented in these tables excludes the acquisition of Fibrek Inc.

² 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.

³ The GHG emissions exclude emissions from mill landfills.

⁴ Resolute returns more than 95% of the water it withdraws. The balance remains within the product or evaporates in the manufacturing process.

⁵ All of Resolute's forests are managed using at least one of three internationally recognized sustainable forest management (SFM) certification standards: Forest Stewardship Council® (FSC®), Sustainable Forestry Initiative® (SFI®) and Canadian Standards Association (CSA).

⁶ Resolute instituted fiber-tracking systems at all of our facilities, and all tracking systems are third-party certified according to one or more of three internationally recognized chain of custody (CoC) standards: FSC®, SFI® and Programme for the Endorsement of Forest Certification (PEFC). Excludes Dolbeau (Quebec) and Gatineau (Quebec). These mills became CoC certified in 2013.

⁷ Includes sales during trial periods.

⁸ Includes commercial printing papers and newsprint. Certified papers refer to grades that are third-party certified according to FSC®, SFI® and/or PEFC standards.

1.3

RISKS AND ASSOCIATED OPPORTUNITIES

As a company managing the care of natural resources, we recognize that our operations have a direct and material impact on the environment, biodiversity, economy and the social fabric of the communities in which we operate. At the same time, sustainability trends at both the macro and micro levels are rapidly impacting the business landscape.

The assessment of sustainability trends in terms of both related risks and opportunities on our business today and in the future plays an important role in Resolute's focus on sustainability and continuous improvement.

The following table lists the main macro-level sustainable trends deemed to be material to our business and their related impacts. Each issue is linked to one or more of our sustainability strategy's areas of primary focus. We are currently undertaking a rigorous update of our materiality analysis in order to identify pressing issues, risks and opportunities using stakeholder inputs and company insights. We will report the results of our materiality assessment in 2014.

This list is not complete and focuses mainly on risks stemming from sustainability trends. Resolute also conducts a more thorough assessment of risk factors that could adversely affect our operations, financial condition or future results. A more detailed description of risk management is included in Item 1A, "Risk Factors" of our [2012 Annual Report on Form 10-K](#).

FIG. 1.3 A | SUSTAINABILITY TRENDS AND IMPACTS

KEY TRENDS IMPACTING RESOLUTE	MOST MATERIAL ISSUES AFFECTING BUSINESS	STRATEGIC SUSTAINABILITY AREAS OF PRIMARY FOCUS
CLIMATE CHANGE	<ul style="list-style-type: none"> • Environmental regulatory compliance • Energy consumption • Environmental incidents • Lower environmental impact products • Biodiversity • Operational efficiency 	<ul style="list-style-type: none"> • Reinforce our environmental credentials, taking appropriate steps to responsibly manage our environmental footprint
RESOURCE SCARCITY	<ul style="list-style-type: none"> • Water consumption and protection of water resources • Sustainable forest management (to third-party certification standards) • Fiber supply access 	
PUBLIC ENVIRONMENTAL AND SOCIAL CONSCIOUSNESS	<ul style="list-style-type: none"> • Lower-environmental-impact products • Code of conduct and business ethics • Green, responsible procurement/ investment policies 	<ul style="list-style-type: none"> • Position Resolute as a competitive employer, attracting and retaining employees based on opportunities to quickly learn and grow within a dynamic organization • Build solid community relations, recognizing that economically viable and civically involved companies support long-term regional prosperity
DEMOGRAPHIC CHANGES	<ul style="list-style-type: none"> • Workforce turnover and recruitment needs • Pension obligations • Community and stakeholder engagement, including First Nations • Employee health and safety • Labor relations 	

1.4

OUR APPROACH TO SUSTAINABILITY

REPORTING
OUR PROGRESS**APPROACH TO REPORTING**

Since 2008, Resolute has published an annual report on sustainability performance in an effort to demonstrate our commitment to continuous improvement. This year, we have undertaken a new approach to reporting in order to present sustainability information more clearly and in a way that is more accessible to interested parties. For the first time, our 2012 annual report, published earlier this year, contained key sustainability information relevant to all company stakeholders. This online 2012 sustainability report contains more detailed information on our sustainability management and performance, and progress against targets. We welcome your feedback on our sustainability reporting at eco.info@resolutefp.com.

**THE GLOBAL REPORTING INITIATIVE (GRI)
SUSTAINABILITY REPORTING FRAMEWORK**

Since 2010, Resolute has reported its sustainability performance in accordance with the GRI's voluntary guidelines for sustainability reporting. Our 2012 disclosures have been prepared in accordance with the GRI's G3.1 guidelines at an application level B. A [GRI Content Index](#), available at the end of this report, contains a list of all GRI disclosures reported on for the 2012 year.

In 2013, the GRI published the latest edition of its voluntary guidelines, the G4. While the G3.1 guidelines are valid through 2015, Resolute plans to review the G4 and integrate it into its future approach to sustainability reporting.

For more information on the GRI, visit globalreporting.org.

BOUNDARY AND PRESENTATION OF DATA

Performance data is collected for the calendar year and covers all of Resolute's operations where we have a controlling interest.⁹ Deviations from this line of demarcation are clearly identified where they occur. Where appropriate, we report time-series data for comparative purposes, as well as data normalized to metric tons of production for a given year. All dollar values are expressed in U.S. currency, unless otherwise indicated. The most recent sustainability performance data being reported is for the 2012 year ended December 31st.

ASSURANCE AND DATA MEASUREMENT TECHNIQUES

We gather company-wide and mill-by-mill statistical data (e.g., energy, water, waste, GHG/air emission levels, etc.) via Excel datasheets. Data is compiled by our mill environmental managers before being centralized and analyzed by our corporate managers and directors from the Environment Department. Data parameters and calculation methods are established according to a combination of international, government, industry and company standards and protocols. Regarding corporate GHG emission data, Resolute documents, through a centralized management system, the calculations (i.e., formulas), assumptions and techniques underlying the compilation of GHG-related performance indicators.

Pursuant to our commitment to the WWF Climate Savers program, we retained Stantec Inc. to perform an external audit of our scope 1 and 2 GHG emission inventory for 2011.¹⁰ Stantec's audit concluded that Resolute's 2011 GHG emission calculations did not include emissions associated with the operation of company-owned landfill sites in our scope 1 (direct emissions) inventory. These emissions have now been calculated and are currently being audited. Adjusted and audited figures will be presented in 2013 performance reporting. We do not expect any change to be material.

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 on our website and in this report, in order to understand their interests and concerns.

⁹ For a complete list of operations, see the company's Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities. Subject to exceptions clearly indicated, data presented in this report includes the three Fibrek Inc. mills acquired and the restart of operations at the Dolbeau (Quebec) paper mill during the course of 2012. Data related to these specific mills will cover the period stretching from August 1, 2012, to December 31, 2012. Data excludes our Opitciwan (Quebec) and Produits Forestiers Petit Paris (Quebec) joint ventures. Data also excludes the Mersey (Nova Scotia) paper mill and Oakhill (Nova Scotia) sawmill, which were sold in December 2012.

¹⁰ Scope 1 GHG emissions are greenhouse gas emissions that come from sources owned or controlled by the company, such as the combustion of fuel at mills to generate heat to dry paper or generate electricity. Scope 2 GHG emissions are greenhouse gas emissions that are the result of company activities occurring at sources owned or controlled by third parties, associated with the production of purchased electricity or steam. Scope 2 emissions physically occur at the facility where electricity or steam is generated.

1.4

REPORTING
OUR PROGRESSFIG. 1.4 A | TYPES OF STAKEHOLDER
OUTREACH

STAKEHOLDER GROUP	TYPE OF ENGAGEMENT
CUSTOMERS	<ul style="list-style-type: none"> • One-on-one meetings • Customer surveys
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
INVESTORS	<ul style="list-style-type: none"> • One-on-one meetings • Investor conferences • Quarterly telephone and web conferences • Annual shareholder meeting
CIVIL SOCIETY LOCAL COMMUNITIES FIRST NATIONS	<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 and board regional visits
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
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
SUPPLIERS/PARTNERS	<ul style="list-style-type: none"> • One-on-one meetings • Industry association meetings/conferences • Supplier evaluation and auditing • Joint ventures

1.4

OUR APPROACH TO SUSTAINABILITY

REPORTING OUR PROGRESS

DETERMINING PRIORITY AREAS

Resolute defines “material” sustainability issues to be those that 1) are of high concern to internal and external stakeholders, and 2) have the potential to impact our business financially.¹¹ As the materiality of issues can change over time, our objective is to monitor materiality on a continuous basis, for example, through regular interactions with stakeholders. In addition, since 2011, we have undertaken several initiatives to conduct a focused analysis of materiality.

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

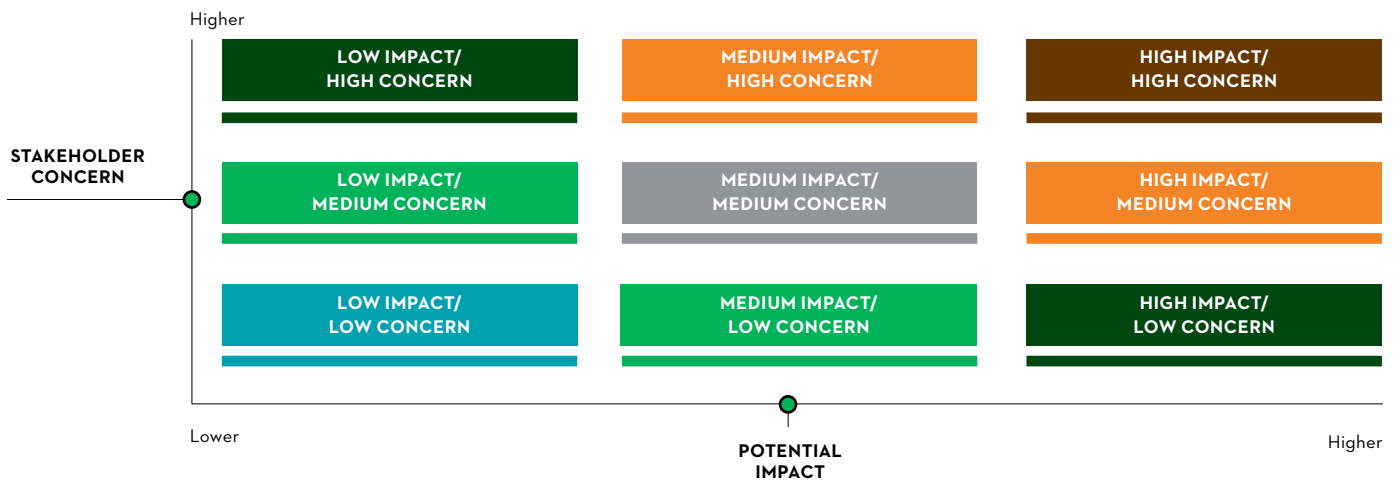
Stakeholder expectations were identified and prioritized through a series of confidential, one-on-one, in-depth interviews with individuals representing the research community, industry, government, customers, ENGOs, organized labor and investors. The interviews were conducted by a third party to ensure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

In 2012, we evaluated the need to update our materiality results 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 earlier results of our materiality analysis, confirming we had no significant changes in our material issues. The results of the materiality analysis processes in 2011 and 2012 have informed the development of our sustainability strategy, and how we have reported on performance for 2012.

In 2013, we undertook a comprehensive refresh of our materiality analysis. Via a third party, we undertook one-on-one interviews with representatives from key stakeholder groups, benchmarked our sustainability performance against North American and international peers as a follow-up to the benchmark completed in 2011, and our sustainability committee held a workshop to discuss sustainability issues and their impact on our business. The results of this analysis will inform our future priority-setting under our sustainability strategy and our reporting on performance in 2014.

FIG. 1.4 B MATERIALITY GRID



¹¹ 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

REPORTING OUR PROGRESS

FIG. 1.4 C MATERIALITY ISSUES

HIGHLY MATERIAL ISSUES			MODERATELY MATERIAL ISSUES			LESS MATERIAL OR IMMATERIAL ISSUES		
High Impact/ Medium Concern	High Impact/ High Concern	Medium Impact/ High Concern	High Impact/ Low Concern	Medium Impact/ Medium Concern	Low Impact/ High Concern	Medium Impact/ Low Concern	Low Impact/ Low Concern	Low Impact/ Medium Concern
ENVIRONMENTAL <ul style="list-style-type: none"> • 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) 			ENVIRONMENTAL <ul style="list-style-type: none"> • Green, responsible procurement/ investment policies • Non-GHG emissions, effluent and waste • Renewable energy (biofuels) • Environmental impacts of transportation 			SOCIAL <ul style="list-style-type: none"> • Child labor, forced or compulsory labor • Philanthropy • Customer health and safety • Customer privacy • Responsible marketing 		
SOCIAL <ul style="list-style-type: none"> • Community and stakeholder engagement • Employee health and safety • Labor relations • Impact of entering or exiting operating communities • Pension obligations • Workforce turnover and recruitment needs 			SOCIAL <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Anti-competitive behavior • Compliance with laws and regulations (non-environmental) 		
ECONOMIC AND GOVERNANCE <ul style="list-style-type: none"> • Corporate economic viability • Code of conduct and business ethics 			ECONOMIC AND GOVERNANCE <ul style="list-style-type: none"> • Economic risks associated with climate change • Involvement in public policy • Policies on bribery and corruption 					

1.5

OUR APPROACH TO SUSTAINABILITY

STRATEGY AND COMMITMENTS

SUSTAINABILITY STRATEGY

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, Resolute established a sustainability committee composed of senior managers and issue experts tasked with developing this strategy, among other efforts. This sustainability strategy has been approved by Resolute’s executive team and is summarized below.

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, in the way we do business every day.

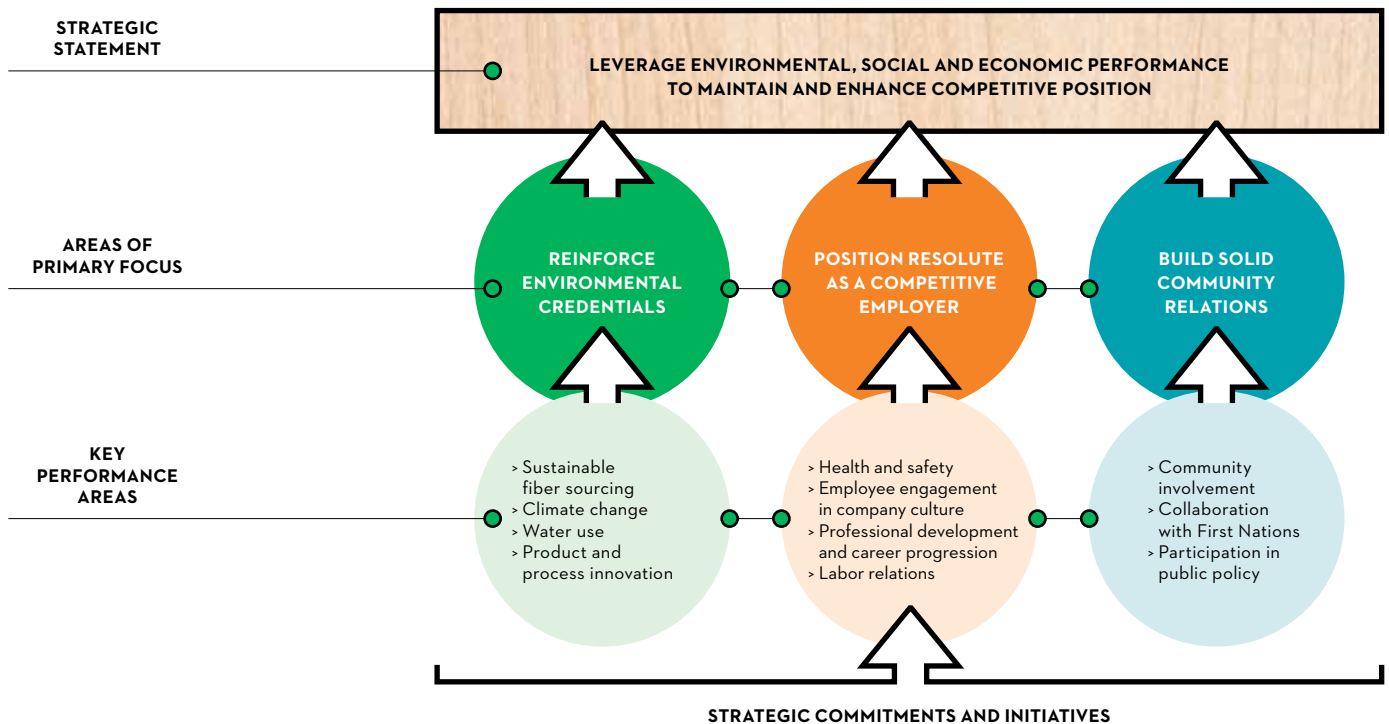
Resolute’s sustainability strategy leverages our environmental, social, and economic performance in order to maintain and enhance our competitive position. The company’s sustainability strategy has three areas of primary focus, supported by commitments made in a number of key performance areas.

Our sustainability disclosures are organized according to these three pillars, which include:

- 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.

Success in our sustainability efforts will be measured by the ability of our organization to meet commitments that 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.

FIG. 1.5 A | SUSTAINABILITY STRATEGY



1.5

STRATEGY
AND COMMITMENTS**REINFORCE 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 residual materials 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 mitigation, 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.

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 APPROACH TO SUSTAINABILITY

1.5

STRATEGY
AND COMMITMENTS

FIG. 1.5 B | OUR CURRENT COMMITMENTS

ISSUE	COMMITMENT	READ MORE
FIBER SOURCING	> Increase Forest Stewardship Council® (FSC®) forest certification of managed forests from 18% in 2010 to 80% by 2015.	P. 19
CARBON MANAGEMENT	> Achieve a 65% absolute reduction of scope 1 and 2 ¹² GHG emissions by 2015 over the 2000 base year.	P. 23
	> Implement standard scope 3 ¹³ accounting and begin full scope 3 reporting by 2015.	P. 23
WATER	> Improve our understanding of our water footprint and voluntarily report to the Carbon Disclosure Project's Water Disclosure program. ¹⁴	P. 27
ENVIRONMENTAL COMPLIANCE	> Reduce environmental incidents by 10% in 2013 compared to the 2012 baseline, with a long-term goal of zero incidents.	P. 27
HUMAN RESOURCES	> Through 2015, implement new human resource practices to support workforce renewal and retention, and engage employees in the company's sustainability-focused vision and values.	P. 33
HEALTH AND SAFETY	> Achieve an Occupational Safety and Health Administration (OSHA) incident rate of 1.0 or below in 2013, with a long-term goal of zero incidents, zero injuries.	P. 37
STAKEHOLDER ENGAGEMENT	> By end of 2013, establish information-sharing community groups at company operations to further enhance community relations efforts.	P. 39

1121 Scope 1 GHG emissions are greenhouse gas emissions that come from sources owned or controlled by the company, such as the combustion of fuel at mills to generate heat to dry paper or generate electricity. Scope 2 GHG emissions are greenhouse gas emissions that are the result of company activities occurring at sources owned or controlled by third parties, associated with the production of purchased electricity or steam. Scope 2 emissions physically occur at the facility where electricity or steam is generated.

1131 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.

1141 We have revised our 2012 deadline to complete this commitment. We voluntarily reported to the Carbon Disclosure Project on water in 2012, but the company continues to have a strong interest in advancing the understanding of our water footprint.

OUR APPROACH TO SUSTAINABILITY

1.5

STRATEGY
AND COMMITMENTSFIG. 1.5 C | COMMITMENTS COMPLETED
IN 2011-2012

Throughout 2012, we achieved a number of the commitments we made in our 2011 sustainability report. These include the following:

ISSUE	COMMITMENT
FIBER SOURCING	> Obtained 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 ¹⁵ and wood products facilities under company management.
PRODUCT STEWARDSHIP	> Launched a marketing strategy in 2012 to promote Align™ eco-efficient products made with mechanical pulp that provide more value with less environmental impact. > Offered products that help our customers reduce their carbon emissions.

FIG. 1.5 D | UNREALIZED COMMITMENT
IN 2012

One commitment made in our 2011 sustainability report was unrealized in 2012. Following the examination of our performance, corrective measures have been put in place in order to close future performance gaps.

ISSUE	COMMITMENT	PROGRESS TO DATE
ENVIRONMENTAL COMPLIANCE	> Reduce environmental incidents by 20% in 2012 compared to 2010 baseline, with a long-term view of zero incidents.	Recorded a 6% increase in 2012 in comparison to 2011, missing our 20% reduction target.

15 Excludes Dolbeau (Quebec) and Gatineau (Quebec).

1.6

OUR APPROACH TO SUSTAINABILITY

GOVERNANCE AND MANAGEMENT SYSTEMS

CORPORATE GOVERNANCE

Resolute has adopted corporate governance principles related to certain key areas such as director qualifications and responsibilities, board committee responsibilities, and director compensation. We have also adopted a **Board of Directors Code of Business Conduct and Ethics**, and a **Code of Business Conduct** for all employees, including our president and chief executive officer, chief financial officer and chief accounting officer. The **company's board** of directors is currently composed of eight men and one woman; no visible minority group is represented.

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 (EH&S) Committee's mandate and provides oversight of the company's overall performance. The EH&S 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. At the operating level, all of our pulp and paper mills are supported by an environment coordinator who is responsible for the site's environmental compliance and day-to-day management.

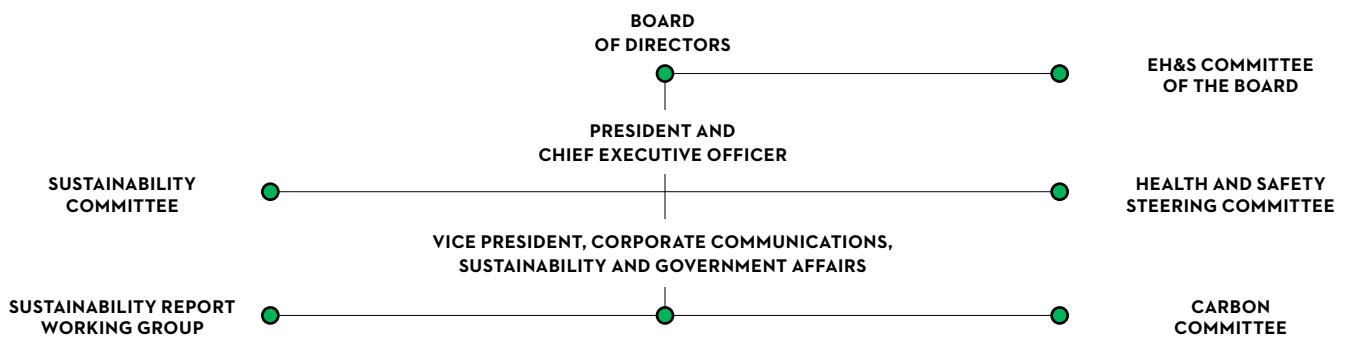
The company has adopted an **Ethics Reporting Policy** and put in place an independent **ethics reporting** service, which allows employees to raise issues of concern on a confidential basis. When a concern is raised, a designated case manager performs a review and provides feedback to the employee. The case manager then formulates recommendations, which are reviewed by the Case Management Committee for implementation.

MEMBERSHIPS AND EXTERNAL STANDARDS

Resolute subscribes to several external environmental, social and economic charters. Most notably, we are a member of the Canadian Boreal Forest Agreement (CBFA). We are involved with a number of other initiatives that promote sustainable development, including membership in the **WWF Climate Savers** program, certification to internationally recognized **sustainable forest management (SFM) standards** and adherence to the **ISO 14001 standard**. The company is publicly listed on the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX), and is therefore subject to all applicable listing requirements.

Resolute is a member of several industry associations and research institutions, including FPInnovations, American Forest & 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.

FIG. 1.6 A | SUSTAINABILITY GOVERNANCE STRUCTURE



1.6

GOVERNANCE AND
MANAGEMENT SYSTEMS**CORPORATE SUSTAINABILITY COMMITTEE**

The overall responsibility for our sustainability performance resides with our president and chief executive officer, but Resolute relies on its sustainability committee, established in 2011, to ensure we deliver on our key commitments and implement our strategies in this area. The committee is a cross-functional group comprised of senior managers from sales and human resources to purchasing, engineering and environment, among others. It is accountable to the executive team and 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.

In 2012, the sustainability committee began its first series of meetings, and accomplished the following:

- Developed a formal sustainability strategy.
- Created a system to identify commitment risks, identified key risks related to current commitments and worked to establish contingency plans.
- Expanded sustainability reporting disclosure under the GRI framework.
- Tracked progress on current commitments, and identified potential future commitments for human resources, environment and community issues that are currently under review.

CLIMATE AND ENERGY OVERSIGHT

Resolute's corporate carbon committee serves as a training and information mechanism on various climate change issues. All risks and opportunities related to our carbon strategy are reviewed by the committee, which is chaired by our director, environment and climate change.

The Energy Network, an ad hoc committee of energy specialists across the company, meets via conference call every second month to review 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.

At the operating level, all our facilities are supported by an Energy Champion who is responsible for the continuous improvement of our operational performance in terms of energy consumption. As such, Energy Champions play a key role in the implementation of energy efficiency projects.

2.

REINFORCE ENVIRONMENTAL CREDENTIALS

2.1

FIBER AND FORESTRY

KEY HIGHLIGHTS

In August 2012, we celebrated the planting of our one billionth tree in northern Ontario. This milestone was the result of collective efforts made by the company, our employees, our contractors and suppliers, and the government over the past 30 years.

Accomplishments resulting from our responsible forest management include the following:

- 100% of Resolute-owned or managed woodlands are certified to sustainable forest management (SFM) certification standards.
- 100% of wood and virgin fiber inputs originate from North American operations.
- 100% of North American manufacturing facilities have certified chain of custody systems.¹⁶
- 92% of wood for sawmills and 44% of virgin fiber inputs for pulp and paper mills are SFM-certified.
- 33% of total fiber inputs for pulp and paper mills are sourced from sawmill chips.
- 10% of total fiber inputs for pulp and paper mills are sourced from recovered paper.

FOREST LIFECYCLE

Paper originates from a renewable, recyclable and biodegradable resource—trees. After harvesting, forests are regenerated. Sustainable forestry and deforestation are fundamentally opposite. Deforestation is the practice of removing woodlands to change their purpose such as for construction or agricultural projects, whereas sustainable forestry aims to make productive use of forestlands while protecting the natural regeneration of forests and equally balancing social, environmental and economic considerations.

Forest regeneration is shaped by a series of natural phenomena. Every year, approximately 0.2% of the boreal is affected by harvesting.¹⁷ In comparison, about five times that amount is naturally disturbed every year by insects, forest fires or disease.¹⁸ Nature itself is responsible for the rejuvenation of thousands of hectares of forest. In fact, approximately 75% of the area harvested grows back naturally. Our foresters ensure that the rest is promptly reforested via seeding or planting of seedlings. Responsibly managing timberlands and recuperating wood before natural disturbances occur can safeguard the forest's natural lifecycle and ensures its sustainability.

Resolute 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.

¹⁶ Excluding Dolbeau (Quebec) and Gatineau (Quebec) paper mills.

¹⁷ Natural Resources Canada (NRCan), *The State of Canada's Forests: Annual Report 2012*. Canadian Forest Service, Ottawa, 2012, p. 7. Available at: cfs.nrcan.gc.ca/publications.

¹⁸ Natural Resources Canada (NRCan), *Boreal Forest, Natural Disturbances*. Canadian Forest Service, 2012. Available at: <http://cfs.nrcan.gc.ca/pages/258>.

2.1

FIBER AND FORESTRY

**SUSTAINABLE FORESTRY
AND RESPONSIBLE FIBER SOURCING**

As of April 1, 2013, Resolute managed 4.7 million hectares (11.5 million acres)¹⁹ of timberland in Canada and the United States. Woodlands managed by the company provide approximately 32% of our required supply of wood fiber (chips and roundwood) for pulp and paper, with the remaining 68% purchased from external sources.

Our sawmills source 100% of their wood from forests in Canada—mostly from Resolute’s managed forests, and some from external suppliers. Canada has a solid track record when it comes to sustainable forest management—and in fact, a Yale University study identified Canada’s forestry laws and regulations as being among the most stringent in the world.²⁰ Out of all the virgin fiber consumed by our pulp and paper operations in 2012, 33% originated from sawmill chips and 57% from roundwood. The rest of our fiber supply came from recovered fiber (10%), which includes ONP (old newspapers), SOP (sorted office paper) and OMG (old magazines).

Our adherence to third-party-verified forest certification standards gives us an important competitive edge. It provides our customers with the assurance that our forests are responsibly managed according to rigorous standards developed specifically for local forest conditions. In fact, 100% of our managed forests are certified to one or more of three internationally recognized sustainable forest management (SFM) certification standards in which the precautionary approach²¹ constitutes an important element. These standards include **Forest Stewardship Council® (FSC®)**, **Sustainable Forestry Initiative® (SFI®)**, and **Canadian Standards Association (CSA)**. The standards require third-party audits and are aimed at protecting biodiversity, water quality, wildlife habitat, species at risk and forests with exceptional conservation value. External SFM audits for FSC®, SFI® and CSA are conducted at our operations on a yearly basis, depending on the standard(s) used.

We have also instituted fiber-tracking systems at all of our facilities,²² all of which are third-party certified according to one or more of three internationally recognized **chain of custody (CoC)** standards, namely FSC®, SFI® and Programme for the Endorsement of Forest Certification (PEFC). This approach helps ensure that all of our wood and fiber inputs meet either the FSC® Controlled Wood standard,²³ the SFI® fiber sourcing requirements or the PEFC due diligence requirements and, in some cases, a combination of all three. CoC is a third-party confirmation that the company has the systems and controls necessary to track the source of certified fiber in its products. Internal and external audits are conducted at each of our CoC-equipped operations on an annual basis.

Most of the virgin fiber consumed by our operations in Canada is sourced from Resolute’s managed forests. For our operations in the United States, the majority of the fiber is sourced externally, through a supplier network, from numerous small, non-industrial private forest (NIPF) landowners, most of whom have chosen not to pursue third-party certification for their typically small-size parcel holdings due to the applicable costs and administrative requirements involved. Nonetheless, we are continually working with suppliers and industry trade associations to encourage these small landowners to certify their properties to SFM standards that are designed specifically for them (including the American Tree Farm System and the FSC® Family Forest Program). Our own certifications require us to work only with suppliers who are trained in the use of best management practices (BMPs) for timber harvesting, and who commit to being accountable for implementing these practices. This helps ensure that environmental concerns, such as protection of water quality, soil and endangered species, are addressed within the areas from which we source our timber, even though the non-industrial private forest landowners may not themselves be certified.

1191 We previously reported a total area managed of 14.7 million hectares (36.3 million acres). In Quebec, as of April 1, 2013, the timber supply and forest management agreements, initially covering a period of 25 years, were revoked and replaced by five-year timber supply guarantees. Responsibility for forest management and non-commercial silviculture has been taken over largely by the provincial government. Industry remains primarily responsible for harvesting, forest roads and “commercial” silviculture (generating merchantable volumes), and it also still retains a role in the operational planning of harvesting activities, remaining the holder of sustainable forest management certificates.

1201 *Global Environmental Forest Policies: Canada as a Constant Case Comparison of Select Forest Practice Regulations*, Cashore, Benjamin. Yale University, 2004. See more at: <http://www.fpac.ca/index.php/en/environmental-progress#sthash.Pb9DhKlm.dpuf>.

1211 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.

1221 Excludes Dolbeau (Quebec) and Gatineau (Quebec).

1231 FSC® Controlled Wood: Virgin wood or wood fiber that has been verified as having a low probability of including wood from any of the following categories: a) illegally harvested wood; b) wood harvested in violation of traditional and civil rights; c) wood harvested in forests in which high conservation values are threatened by management activities; d) wood harvested in forests being converted from natural and semi-natural forests to plantations or non-forest use; e) wood from forests in which genetically modified trees are planted.

2

REINFORCE ENVIRONMENTAL CREDENTIALS

2.1

FIBER AND FORESTRY

RECYCLED FIBER

Resolute is one of the leading recyclers of old newspapers and magazines in North America. Resolute operates four 100% recycled pulp and paper mills, and has recycling collection programs in 20 metropolitan areas across the United States and in the province of Ontario, Canada, with approximately 20,000 collection sites. In fact, as stated above, 10% of our fiber supply comes from recovered fiber.

We manufacture approximately 30 different paper grades with recycled content, and seven of our pulp and paper mills have de-inking facilities: Augusta (Georgia), Calhoun (Tennessee), Fairmont (West Virginia), Menominee (Michigan), Mokpo (South Korea), Ponderay (Washington) and Thorold (Ontario). We also operate one (Thorold) of only two 100% recycled newsprint mills in North America, and we are the only producer (Fairmont and Menominee) of air-dry recycled bleached kraft pulp in North America.

In addition to meeting customer requirements with recycled content collected from "urban forests," our recycling activities provide direct environmental benefits by reducing deposits to solid waste landfills, which, in turn, reduces methane emissions, a highly polluting product. The use of recycled fiber also reduces the amount of energy required to manufacture many paper products.

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 over 70 plant and animal species that currently appear on state, provincial, national or international species-at-risk or threatened and endangered lists. 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.

Providing protection for forest biodiversity is an important part of all SFM standards, and is a key component 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. Annual surveillance audit reports for each of our woodlands operations are available on the certification standards' websites. The audit reports contain detailed information on the biodiversity value of each area and our forest management practices.

In addition, each woodlands operation maintains species-at-risk lists to support legislated forest management plans and applicable forest certification requirements. As species listings change periodically with the availability of new information, lists are maintained on databases that remain current, credible and auditable.

All of the initiatives and actions we undertake build from our core commitment to protect, manage and renew the forest through responsible management. Our company recognizes that it is possible to carefully harvest trees while maintaining biodiversity and protecting the forest values we all respect. Strategies to protect biodiversity and forest habitat include the identification of protected areas, caribou conservation strategies as well as natural and planted forest regeneration.

2.1

FIBER AND FORESTRY

For example:

- Resolute actively protects biodiversity and species at risk by identifying and maintaining a proportion of over-mature stands in the forests we manage.
- The company participates in woodland caribou research and recovery plans and ensures forest health, including regeneration after harvest.
- We protect watersheds, water resources, and the fish and wildlife that depend on them.
- We also partner in government and private sector research to improve forest management.
- Our ISO 14001-certified management systems help us manage and mitigate impacts on biodiversity.
- Our forest certification and certified chain of custody systems ensure that our timberlands provide protection for forest biodiversity and habitat, and that the fiber contained in our products is sourced from responsible sources.
- We are also using cutting-edge 3D digital imagery with our geographic information system (GIS) and Global Positioning 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.

UPDATE ON QUEBEC AND ONTARIO FOREST REGIME CHANGES

NEW FORESTRY REGIME IN QUEBEC

Tenure regulatory changes in Quebec resulted in about 30% of our timber supply being removed from current company allocations and sold through public auction. As of April 2013, responsibility for forest management planning and silviculture was taken over by the provincial government. Industry will retain a role in the operational planning of harvesting activities and will remain the holder of the sustainable forest management certificates.

The new system will increase the cost of harvesting timber and likely reduce supply. In light of this change, Resolute will continue to closely monitor and assess the effects of forest-related regulatory developments in Quebec. We will work to competitively position the company in the timber auction market and take advantage of any opportunity which could flow from these regulatory shifts.

CHANGES IN ONTARIO FORESTRY

In Ontario, the province is gradually moving towards a shareholder co-op model over the next five years, which will see responsibility for forest management and certification transferred to a new managing entity. Resolute Forest Products' timber supply allocations will be fully maintained under the new system, and the company will become a shareholder in the co-op group. SFM certification will be maintained by the managing entity and will be directed according to the interests of the shareholders. Customers should not notice any changes, as the SFM-certified fiber will continue to be transferable through the chain of custody systems at our mills.



In 2006, Resolute gifted two parcels of land we owned in the Mauricie (Quebec) region to the Nature Conservancy of Canada. In 2012, the two parcels were recognized as a nature reserve by the Quebec government, making the area the biggest peatland nature reserve in the province—a crucial habitat for many rare plants such as the white-fringed orchid.

2.

REINFORCE ENVIRONMENTAL CREDENTIALS

2.1

FIBER AND FORESTRY

2012 PERFORMANCE AND DATA

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

ISSUE	COMMITMENT
FIBER SOURCING	Increase Forest Stewardship Council® (FSC®) forest certification of managed forests from 18% in 2010 to 80% by 2015.

In 2010, Resolute made a commitment to increase FSC® certification of our managed forests from 18% to 80% by 2015. As of December 31, 2012, and taking into account an update to our accounting methodology, 63% of our tenures were FSC® certified. In June 2012, we achieved the distinction of being the largest manager of FSC®-certified forests in the world. However, in November 2013, the company received notice of a possible temporary suspension on certain FSC® certificates in place. If this proves to be the case, Resolute will work to reinstate these certificates and remains committed to our 80% FSC® certification target. In fact, in the same month, a dual FSC® and SFI® certification was awarded for the Abitibi River Forest in Ontario, Canada, a large tenure in which Resolute holds significant harvest rights and where the company played an active role in achieving this milestone.

ISSUE	COMMITMENT
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.

We achieved our target to expand CoC certification for all of our pulp and paper mills and wood products facilities in Canada and the United States. All of these tracking systems are third-party certified²⁴ to one or more internationally recognized standards.



Resolute planted approximately 60 million seedlings in 2012. By law, our managed woodlands must be promptly regenerated after harvesting, and we use various harvesting techniques to further ensure the natural regeneration of the forests entrusted to our care.

²⁴ Excludes Dolbeau (Quebec) and Gatineau (Quebec).

2.1

FIBER AND FORESTRY

FIBER SOURCING²⁵

In 2012, we used 7,246,731 oven-dry metric tons (odmt) of virgin and recovered fiber. For the same year, 44% of the total virgin fiber we used was certified to one or more SFM standards, primarily originating from the forests we manage directly in Canada. Most of the remaining fiber came from external suppliers, primarily in the U.S., most of which are small, private landowners. For both internal and external sourcing, 100% of our fiber is procured through the FSC® Controlled Wood standard, the SFI® fiber sourcing requirements or the PEFC due diligence requirements, and in some cases, a combination of all three.

FIG. 2.1 B | **2012 CONSUMPTION AND SOURCING OF VIRGIN FIBER (PULP AND PAPER MILLS IN NORTH AMERICA)**

	Total Consumed (odmt)	Total Consumed Fiber With SFM Certification, %	Total Externally Sourced (odmt)	Total Externally Sourced With SFM Certification, %	Fiber Procured Through FSC®/SFI® Controlled Sourcing, %
Canada	3,084,342	76%	1,068,131	43%	100%
United States	3,424,505	16%	3,335,657	14%	100%
TOTAL	6,508,847	44%	4,403,788	21%	100%

WOOD SOURCING

In 2012, our operations consumed 7,482,078 cubic meters (m³) of wood to manufacture lumber and value-added wood products. 100% of this wood originated from forests in Canada. Approximately 12% of our wood is purchased from external suppliers. In total, approximately 92% of our wood is certified.

FIG. 2.1 C | **2012 CONSUMPTION AND SOURCING OF WOOD (SAWMILLS)**

	Total Consumed (m ³)	% Sourced Externally	% of Total Consumed Fiber Certified	% Non-Certified Fiber Consumed From Controlled Sources
Canada	7,482,078	12.3% ²⁶	92.1%	7.9%

RECYCLED CONTENT

In 2012, we used 942,000 air-dry metric tons (admt) of recycled fiber, and diverted approximately 1.2 million admt of old newspapers, magazines and telephone directories from landfills.

²⁵ Includes Fairmont (West Virginia), Menominee (Michigan) and Saint-Félicien (Quebec) mills as at August 1, 2012, to December 31, 2012. Excludes Mersey (Nova Scotia) mill, sold in December 2012.

²⁶ Excludes Oakhill (Nova Scotia) sawmill.

2

REINFORCE ENVIRONMENTAL CREDENTIALS

2.2

CLIMATE AND ENERGY

KEY HIGHLIGHTS

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. As part of our membership in the [WWF Climate Savers](#) program, we are committed to achieving a reduction in absolute GHG emissions (scope 1 and 2) of 65% below 2000 levels by 2015. This is an industry-leading GHG reduction target, and is the equivalent of taking 1.45 million cars off the road.²⁷ We are committed to reducing GHG emissions across our operations by implementing programs and adopting technologies that reduce energy use and improve efficiency as well as through sustainable forest management. In 2012, we:

- Reduced total GHG emissions by approximately 65% since 2000 and are closing in on our reduction target ahead of schedule.
- Sourced 68% of our total energy needs from renewable sources.
- Derived 75% of our fuel energy usage from biomass.

ENERGY SOURCING

Pulp and paper production is an energy-intensive process. The cost and reliable supply of energy are key considerations for us due to the impact on our margins. Energy costs account for approximately 21% of our manufacturing costs. We see rising energy costs and power supply disruptions as risks that must be managed. For this reason, we are focusing on improving the energy efficiency of our mills and maximizing internal cogeneration of heat and power from renewable sources.

We purchase fuel, electricity and steam from external suppliers, and also generate electricity internally. While hydroelectricity is our primary energy source, our cogeneration facilities produce thermal and electrical energy from biomass, allowing us to extract more energy from every ton of biomass and thereby reducing the amount of greenhouse gases released into the atmosphere.

In 2012, a small portion 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.



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, maximizing energy efficiency in its manufacturing processes and exploring opportunities in a number of key value-added technologies.²⁸

[27] Based on an estimated reduction of 7,545,935 metric tons of CO₂ (11,608,256 in 2000 minus 4,062,321 in 2015). Visit epa.gov/cleanenergy/energy-resources/calculator.html.

[28] 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.

2.2

CLIMATE AND ENERGY

ELECTRICITY AND COGENERATION

Most of the electricity that we consume is 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.

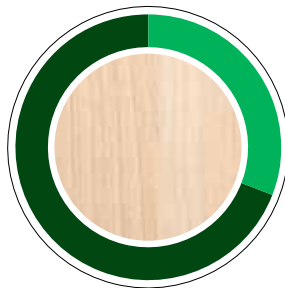
We produce electricity at eight cogeneration facilities and seven hydroelectric dams. The output is consumed internally, sold at contracted fixed prices and/or sold on the spot market. This allows us to reduce our costs by generating energy internally at a lower cost compared to open-market purchases, and by producing revenue from sales of some of the power.

To further diversify our interests in biofuel, in 2012 we announced the construction of an industrial wood pellet plant. This new plant, adjacent to our sawmill in Thunder Bay (Ontario), will convert a currently underutilized residual material into a reliable source of renewable energy. Construction of the plant is scheduled for completion in 2014, and we have a 10-year agreement to supply Ontario Power Generation's Atikokan station with 45,000 metric tons of pellets annually.

We are also improving our energy management best practices through the **Northern Industrial Electricity Rate (NIER) Program**. This program provides financial support in exchange for the implementation of energy management programs and regular oversight. Our energy costs were favorably impacted by approximately C\$19 million from the NIER's retroactive rebate recorded in 2012.

FIG. 2.2 A | **CARBON FOOTPRINT** PULP AND PAPER MILLS 2012

- **31%** Scope 1: Direct emissions from production
- **69%** Scope 2: Indirect emissions related to purchased electricity and steam



CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

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** and follows the 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). Scope 2 emissions account for 69% of our carbon footprint, compared to 31% for scope 1 emissions.

We are progressing toward our commitment of improving the knowledge of our scope 3 emissions, more specifically, around GHG emissions from transportation and from our chemical suppliers. Full accounting and reporting of our scope 3 emissions is planned starting in 2015.



As part of our membership in the **WWF Climate Savers program**, Resolute made several additional **commitments** to help the company achieve a reduction in GHG absolute emissions of 65% below 2000 levels by 2015, including the development of innovative and value-added products with lower GHG footprints.

2.2

CLIMATE AND ENERGY

2012 PERFORMANCE AND DATA

FIG. 2.2 B | **PROGRESS ON CARBON MANAGEMENT COMMITMENTS**

ISSUE	COMMITMENT
<p>CARBON MANAGEMENT ></p>	<p>Achieve a 65% absolute reduction of scope 1 and 2 GHG emissions by 2015 over the 2000 base year.</p> <p>Implement standard scope 3 accounting and begin full scope 3²⁹ reporting by 2015.</p>

In 2011, the company joined the WWF Climate Savers program and put in place industry-leading GHG reduction targets. At the end of 2012, our total GHG emissions were reduced by 65.8% since 2000, and our total yearly GHG emissions amounted to 3,974,743 metric tons of carbon dioxide equivalents (CO₂e), a decrease of 10.7% from 2011.³⁰ As stated earlier in this report, we are currently verifying our calculations, accounting for landfill GHG emissions.

To reduce GHG emissions, we have implemented energy blitz programs at our pulp and paper mills to manage and reduce energy consumption and costs. 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 enhance 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 2012, the vast majority of our pulp and paper mills had undergone energy blitzes and identified a range of energy-reduction and cost-saving opportunities. At press time for this report, many of these opportunities have already been implemented.

Ensuring a robust emission inventory is essential to identifying opportunities to reduce our carbon footprint. We are progressing toward our commitment of improving the knowledge of our scope 3 emissions, more specifically around GHG emissions from transportation and from our chemical suppliers. A complete inventory is planned for the end of 2015. Moreover, as part of our WWF Climate Savers commitment, we have been working intensively to close minor gaps in scope 1 and 2 emissions identified in our inventory, including tracking sawmill emissions and the allocation of emissions from our cogeneration facilities according to contractual agreements as well as the inclusion of emissions from our landfill sites.

[29] 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.

[30] These numbers do not include emissions from the 2012 acquisition of the Fairmont (West Virginia), Menominee (Michigan) and Saint-Félicien (Quebec) pulp mills, which are reflected in 2013 reporting.

2.2

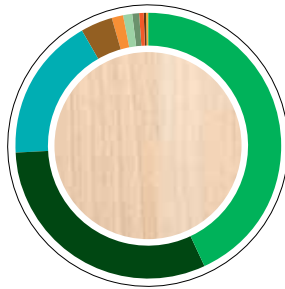
CLIMATE AND ENERGY

FIG. 2.2 C FUEL ENERGY AND ELECTRICITY CONSUMPTION

	2012	2011	2010
Fuel energy used, TJ	81,376	94,665	97,754
Electricity used			
Purchased, GWh	11,648	12,636	12,904
Self-generated, GWh	2,187	2,394 ³¹	2,684
Renewable energy, % of total energy (including purchased electricity)	68	70	69

FIG. 2.2 D FUEL USE PULP AND PAPER MILLS 2012

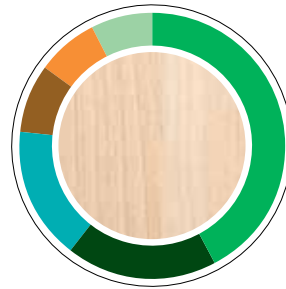
- 43.1% Black liquor solids
- 31.4% Bark and biosolids
- 17.5% Natural gas
- 3.9% Coal
- 1.3% Steam
- 1.1% Bunker C oil
- 0.7% Landfill gas
- 0.6% Tire-derived fuel
- 0.4% Plastics
- 0.1% Light fuel oil



Graph does not add up to 100% due to rounding

FIG. 2.2 E ELECTRICITY USE PULP AND PAPER MILLS 2012

- 42.4% Purchased-Hydro
- 18.3% Purchased-Nuclear
- 16.3% Purchased-Coal
- 8.2% Self-generated cogen power
- 7.4% Owned hydro power
- 7.3% Purchased-Other



Graph does not add up to 100% due to rounding

³¹ 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.

2.2

CLIMATE AND ENERGY

FIG. 2.2 F COGENERATION SALES

	2012	2011	2010
Sales of cogenerated electricity, GWh/year	152	8 ³²	41

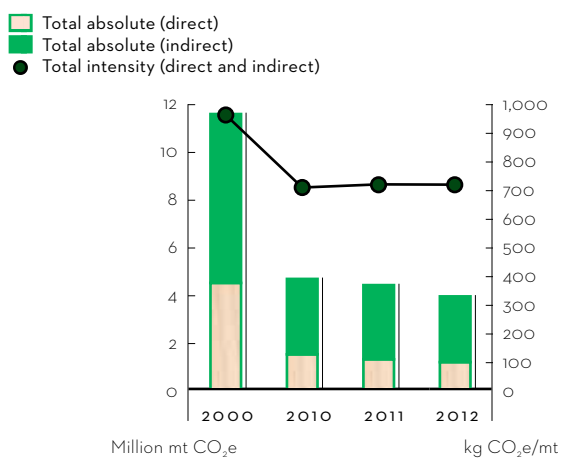
In 2012, our Fort Frances (Ontario) and Saint-Félicien (Quebec) facilities produced power for sale. In December 2012, our Dolbeau (Quebec) facility began operations following the restart of the paper mill, and we completed the installation of a new turbine at Saint-Félicien, adding an additional 9.5 MW of capacity. Our Thunder Bay (Ontario) condensing turbine began production in the first quarter of 2013, and the Gatineau (Quebec) cogeneration facility began selling power in the second quarter of 2013.

FIG. 2.2 G GREENHOUSE GAS EMISSIONS

	2012	2011	2010
Greenhouse gas (GHG) emissions, ³³ mt CO ₂ e	3,975	4,445	4,707

FIG. 2.2 H GREENHOUSE GAS EMISSIONS OVER 2000 LEVELS

PULP AND PAPER MILLS
2000-2012



³² Does not include Gatineau (Quebec), which was closed from April 2010 to May 2013.

³³ The GHG emissions do not include emissions from mill landfills.

2.3

ENVIRONMENTAL MANAGEMENT SYSTEMS

At Resolute Forest Products, environmental performance is managed at the local level with oversight from the highest levels of the organization. Guided by the company's **Environmental Policy**, our environment coordinators have on-the-ground responsibility to ensure compliance with local laws and regulations, as well as to facilitate continuous improvement. Corporate environment managers work closely with each mill environment coordinator to identify and manage the issues most relevant to a specific operation. On an annual basis, each facility identifies two key performance indicators (KPIs) for which reduction targets are 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, GHG emissions, water usage, air emissions as well as waste generation are the most material areas of focus.

All of our operations have environmental management systems (EMS) in place, most of which are certified to the International Organization for Standardization's ISO 14001 Environmental Management System Standard. In 2012, 18 out of 22 paper mills and 11 out of 21 wood products facilities had implemented an ISO 14001-certified EMS. Two of the Fibrek Inc. mills acquired in 2012 as well as our Dolbeau (Quebec) and Gatineau (Quebec) paper mills, which resumed operations during the course of 2012, are in the process of implementing an ISO 14001-certified EMS.

FIBER, ENERGY AND WATER (FEW) TEAM

The FEW team is responsible for leading our operational continuous improvement efforts in the areas of fiber, energy and water. Led by our vice president, operational excellence, engineering and energy, the team works in close collaboration with operational specialists across the company and meets to discuss items such as best practices, training, and performance against fiber, energy and water reduction targets. To ensure consistency with our business strategy, FEW initiatives are discussed during corporate carbon and sustainability committee meetings.

The FEW team conducts blitzes based on a Kaizen approach, a systematic process aimed to analyze our operations and achieve concrete results in a short period of time. Blitzes focus on reducing fiber, energy and water consumption at our pulp and paper operations, thereby improving their overall environmental performance and competitiveness through reduced GHG emissions and costs.

MILL ENVIRONMENTAL PERFORMANCE**WATER MANAGEMENT**

While a significant amount of water is required to make paper, our operations return more than 95% of the water withdrawn back to the environment. The water is also reused in order to maximize efficiency as much as possible. The balance remains within the product or evaporates during the manufacturing process. All the water we use in the pulp and paper making process passes through primary and secondary effluent treatment prior to being returned to the environment. Non-contact cooling water that does not mix with the process effluent may be returned without treatment, but it is monitored, sampled and reported to regulatory authorities.

ENVIRONMENTAL INCIDENTS

We classify environmental incidents as having either significant risk (class 1), moderate risk (class 2) or low risk (class 3). Regardless of their level of significance, incidents are tracked at all paper mills, sawmills and woodlands operations, as well as at our hydroelectric power facilities.

Resolute has strengthened its approach to incident management, now requiring that a full investigation be carried out for each incident. Investigation findings are systematically shared among operations.

For 2013, we set a new target to reduce environmental incidents by 10% over 2012. To this end, we are in the process of incorporating environmental risk audits into the three-year audit cycle to identify improvement areas. Individual mills will be assessed using a risk matrix that assigns a score of 1 to 5, the latter being equivalent to "world class" standards, the former indicating that processes at the mill need significant improvement, and 3 being the company's expectations. Mills that fall below company expectations, need to develop and implement an action plan in order to reach a score of 3. Mills that scored 3 or higher are encouraged to improve their risk score as part of their continuous improvement efforts. In this regard, best practices will be shared across the company.

2.

REINFORCE ENVIRONMENTAL CREDENTIALS

2.3

MILL ENVIRONMENTAL PERFORMANCE

AIR EMISSIONS

Atmospheric emissions from pulp and paper mills result mainly from the combustion of fossil fuels. These emissions include air contaminants such as sulfur dioxide (SO₂), nitrogen oxides (NO_x) and total particulate matter (TPM). We manage our air emissions as part of the environmental management system at each mill, and we continue to invest in pollution control technologies to maintain regulatory compliance and to improve odor control.

The U.S. Environmental Protection Agency passed the Boiler Maximum Achievable Control Technology (MACT) rule in December 2012 that imposes new limits on emissions of particulate matter, carbon monoxide, mercury and hydrogen chloride from boilers as of 2016. We are in the process of developing our compliance strategy for this new rule.

MATERIAL AND WASTE GENERATION

Resolute's greatest opportunity to reduce waste is rooted in using resources efficiently. Reducing the amount of fiber we lose through the process means that we have more fiber available for production, minimizing the cost of effluent treatment and minimizing the waste sent to landfill. To further drive efficiency, our paper mills establish 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.

2012 PERFORMANCE AND DATA³⁴

FIG. 2.3 A | **PROGRESS ON WATER COMMITMENT**

ISSUE	COMMITMENT
WATER	Improve our understanding of our water footprint and voluntarily report to the Carbon Disclosure Project's Water Disclosure program.

We continue our work to further improve our understanding of our water footprint and, in 2012, we voluntarily reported to the Carbon Disclosure Project's (CDP) Water Disclosure program.

FIG. 2.3 B | **PROGRESS ON ENVIRONMENTAL COMPLIANCE COMMITMENT**

ISSUE	COMMITMENT
ENVIRONMENTAL COMPLIANCE	Reduce environmental incidents by 10% in 2013 compared to the 2012 baseline, with a long-term goal of zero incidents.

In 2012, we fell short of our 20% reduction target over 2011 for environmental incidents. We experienced two class 1 incidents and 36 class 2 incidents, representing a 6% increase in the total number of incidents from 2011. In response, we further enhanced our reporting and performance parameters, and set rigorous operational objectives for 2013.

³⁴ Excludes the Fibrek Inc. mills acquired in 2012. Includes Dolbeau (Quebec).

2.3

MILL ENVIRONMENTAL PERFORMANCE

FIG. 2.3 C WATER USAGE AND WASTEWATER TREATMENT PERFORMANCE

	2012	2011	2010
Water used, ³⁵ m ³	354,233	385,162	406,565
Biochemical oxygen demand (BOD ₅), mt	6,698	7,871	8,656
Total suspended solids (TSS), mt	8,646	11,967	11,691
Fiber loss, mt	256,700	267,383	291,316

FIG. 2.3 D WATER USAGE PULP AND PAPER MILLS 2010-2012

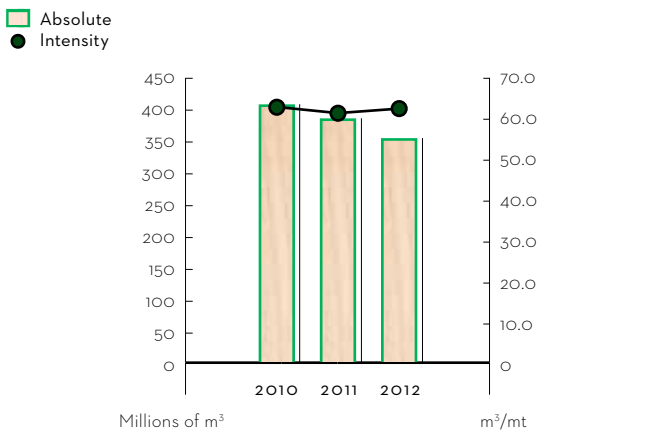
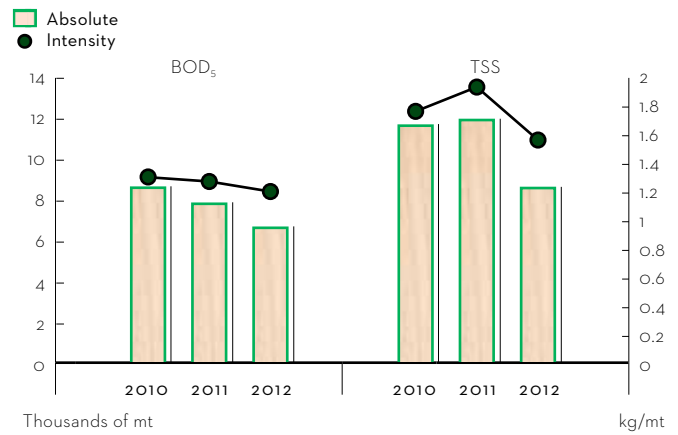


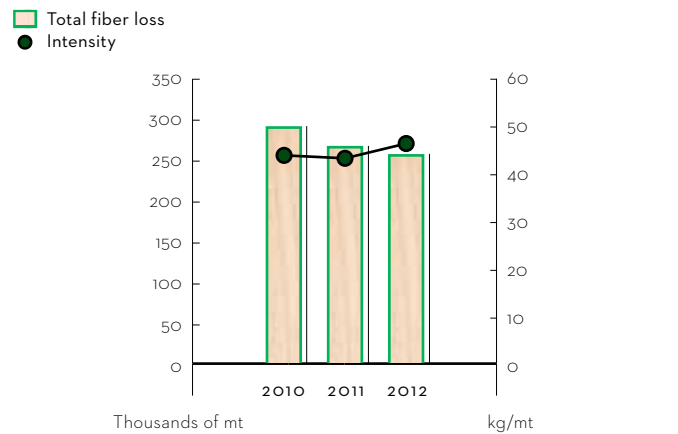
FIG. 2.3 E TOTAL SUSPENDED SOLIDS (TSS), BIOCHEMICAL OXYGEN DEMAND (BOD₅) PULP AND PAPER MILLS 2010-2012



During the course of 2012, machine closures and production downtime altered water and fiber loss circuits at some of our mills resulting in an increase of water consumption when measured on a per tonne basis.

Due to lower biochemical oxygen demand loading at our mills' treatment plants and to operational improvements of the biological effluent treatment plant at our Fort Frances (Ontario) mill, our 2012 wastewater treatment performance improved with an 18% reduction in BOD₅ and a 38% reduction in TSS.

FIG. 2.3 F FIBER LOSS PULP AND PAPER MILLS 2010-2012



[35] Resolute estimates water intake from effluent discharge using a method developed by the National Council for Air and Stream Improvement (NCASI). It is a legal requirement to report an accurate discharge flow to state/provincial authorities.

2.

REINFORCE ENVIRONMENTAL CREDENTIALS

2.3

MILL ENVIRONMENTAL PERFORMANCE

FIG. 2.3 G AIR EMISSIONS PERFORMANCE

	2012	2011	2010
Sulfur dioxide (SO ₂), mt	7,337	8,590	10,293
Nitrogen oxides (NO _x), mt	6,584	7,495	7,994
Total particulate matter (TPM), mt	2,472	2,402	2,368

FIG. 2.3 H SULFUR DIOXIDE AND NITROGEN OXIDES EMISSIONS

PULP AND PAPER MILLS 2010-2012

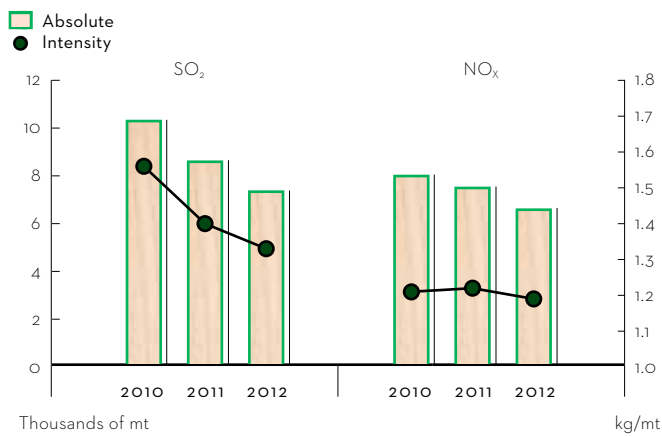
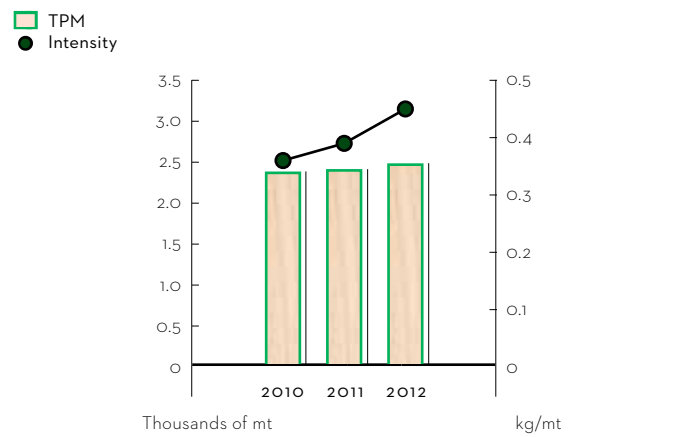


FIG. 2.3 I TOTAL PARTICULATE MATTER EMISSIONS

PULP AND PAPER MILLS 2010-2012



Thanks to lower coal and heavy oil combustion at our operations, we successfully reduced our SO₂ emissions by 17% and our NO_x emissions by 14% in 2012.

However, our 2012 TPM emissions increased due to a reduction in our overall paper production and an increase in electricity generation from our new cogeneration facilities.

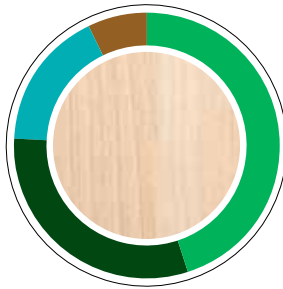
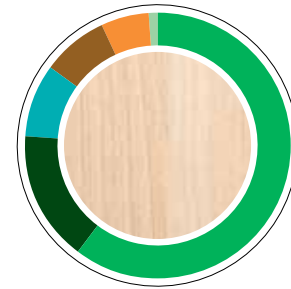
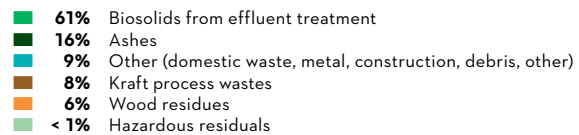
2

REINFORCE ENVIRONMENTAL CREDENTIALS

2.3

MILL ENVIRONMENTAL
PERFORMANCEFIG. 2.3 J | WASTE MANAGEMENT
PERFORMANCE

	2012	2011	2010
Solid waste to landfill, mt	294,910	390,686	518,392
Hazardous waste, % of total waste	< 1	< 1	< 1

FIG. 2.3 K | 2012 WASTE BY
DISPOSAL METHOD PULP AND PAPER MILLS
2012FIG. 2.3 L | 2012 RESIDUALS
AND WASTE PULP AND PAPER MILLS
2012

Graph does not add up to 100% due to rounding

FIG. 2.3 M | 2012
MATERIALS USED³⁶

PULPING/BLEACHING CHEMICALS	
Sulfuric acid (thousands of mt)	70.0
Sodium chlorate (thousands of mt)	82.3
Sodium bisulfite (thousands of mt)	20.0
Sodium hydroxide (thousands of dmt) ³⁷	118.0
Sodium hydrosulfite (thousands of dmt)	9.4
Sulfur (thousands of mt)	5.0
Borol (thousands of mt)	2.5
Sulfur dioxide (thousands of mt)	1.1
Urea (thousands of mt) ³⁸	9.7

[361] 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.

[371] Dried metric tons (dmt).

[381] Excludes Dolbeau (Quebec).

2

2.4

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. Indeed, eco-efficient and high-yield grades such as Resolute's **Align™** family of mechanical papers are manufactured using a thermomechanical pulp (TMP) process, whereby lignin is retained in the pulp along with cellulose and hemicellulose. This process results in fiber eco-efficiency and higher yield compared to paper made from kraft pulp. These high-brightness papers are made with up to 50% less fiber than competitive papers.



REINFORCE ENVIRONMENTAL CREDENTIALS

SUSTAINABLE PRODUCTS

A life cycle assessment (LCA) showed that the uncoated grades in the Align portfolio (Ecopaque Offset, Ecopaque Laser, Ecopaque Jet, Equal Offset and Equal Book) have a carbon footprint that is 86% lower than that of the average uncoated freesheet (UFS) over its life cycle. That means that using 100 metric tons of Align uncoated instead of UFS can eliminate the same amount of greenhouse gas emissions as produced annually by 22 passenger cars. Align uncoated grades are also produced using 63% less energy compared to the average UFS. On coated grades, the LCA found that Align's ResoluteMax paper has a carbon footprint that is 35% lower than that of the average coated freesheet over its life cycle and uses 25% less energy to produce.

Ultimately, Align helps us reduce our carbon footprint, and gives our customers access to a quality supply of environmentally conscious paper without paying a premium.

In 2012, 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.

Learn how our Align grades use less wood fiber than freesheet at alignpaper.com.

3.

POSITION RESOLUTE AS A COMPETITIVE EMPLOYER

3.1

HUMAN RESOURCES

KEY HIGHLIGHTS

Our long-term competitiveness is tied to our ability to recruit, develop and retain top-quality employees with the right skills. We are working hard to build a company made of a team of natural leaders who are results- and action-oriented, who have strong business acumen and an aptitude for problem-solving and thinking strategically. In 2012, we:

- Hired 709 new employees.
- Launched a long-term recruitment strategy: “Resolute. Jobs where you grow.”
- Launched official internship and co-op placement programs for engineers.
- Put in place an ethics hotline/helpline operated by an external independent service provider.

RENEWAL AND RETENTION STRATEGY

We believe that Resolute’s employees are its strongest asset, and that our organization is bettered through investing in the recruitment of new talent and developing the competencies of current employees.

Over the next few years, many of our long-standing workers will be taking their well-deserved retirement, and we will need to attract skilled candidates who are motivated and eager to learn. To rise to this challenge, we have built a workplace where our employees can learn, grow and contribute.

Our recently launched long-term recruitment strategy includes revitalizing our recruitment processes, leveraging social media, creating new communications tools, and promoting our employer brand: “Resolute. Jobs where you grow.” Another key aspect of our recruitment strategy is strengthening the close relationships we have with the communities in which we operate. Our human resource teams frequently participate in employment fairs, open house events at schools and other community activities. As mentioned above, Resolute partnered with Cégep (College) de Saint-Félicien (Quebec) in November 2012 to offer a certificate program in pulp and paper manufacturing.

The program includes two internships of 120 hours each at one of our mills. Partnerships such as this one will be instrumental in helping us build tomorrow’s workforce.

While recruitment is important, we are equally committed to ensuring that our current employees are consistently motivated and engaged. Our human resource teams work hard to promote individual professional development goals, support sharing of knowledge and resources across the company and create opportunities for growth and learning wherever possible.

EMPLOYEE REPRESENTATION AND LABOR ORGANIZATION

Constructive labor and management relations are at the foundation of good human resource management and, as such, very important to Resolute’s business. Regular dialogue with union leaders, local union representatives and employees at all our operations ensures that these key stakeholders are kept informed of our business realities.

The majority of our collective agreements will be up for negotiation in 2014. We are committed to the collective bargaining process and believe that considering the views of our valued employees and protecting their right to freedom of association are fundamental to our way of doing business.

We currently do not have any operations in countries where employee rights to exercise freedom of association or collective bargaining may be at significant risk.

3.

POSITION RESOLUTE AS A COMPETITIVE EMPLOYER

3.1

HUMAN RESOURCES

2012 PERFORMANCE AND DATA

FIG. 3.1 A | **PROGRESS ON HUMAN RESOURCES COMMITMENTS**

ISSUE	COMMITMENT
HUMAN RESOURCES	Through 2015, implement new human resource practices to support workforce renewal and retention, and engage employees in the company's sustainability focused vision and values.

In 2012, we made significant strides toward reaching this commitment. We partnered with Cégep (College) de Saint-Félicien (Quebec) to offer a certificate program in pulp and paper manufacturing. We also intensified the use of e-recruitment tools and social media to reach out to and secure new candidates.

We also strengthened our employer brand for use at job fairs, open houses, community events and career days. As stated above, in 2012, we launched a long-term recruitment strategy in order to drive traffic to the "Careers" section of our website and integrate and leverage our employer brand in human resource practices.

In 2012, Resolute's human resources group increased our visibility and level of involvement in communities and provided all operations with processes, tools and support to manage recruitment and retention needs. We also reinforced our ethics reporting practices by adopting and launching an independent ethics reporting service. Finally, we launched official internship and co-op placement programs for engineers.

FIG. 3.1 B | **HUMAN RESOURCES PERFORMANCE**

	2012	2011	2010
Employees	9,200	10,572	10,470
Employee turnover, %	12.5	9.94	8.06

In 2012, we employed 9,200 men and women in Canada, the United States and South Korea, along with a small number of employees in other countries. During the course of the year, we experienced a turnover rate of 12.5%, primarily as a result of retirement, but also from voluntary resignations for various reasons, including competition for workers from other industries. We hired 709 new employees in 2012 (total of 1,634 employees between 2011 and 2012). Finally, in 2012, 77.9% of our workforce was unionized, and there were no work stoppages at our operations.

3.1

HUMAN RESOURCES

FIG. 3.1 C | **TOTAL NEW HIRES, BY AGE, GENDER AND REGION—AS AT DECEMBER 31, 2012**

Age Group	Quebec		Ontario		United States		International		Total	Female	Percentage of Age Group Over Total	Percentage Females by Age Group
	Female	Male	Female	Male	Female	Male	Female	Male				
< 30	18	174	2	55	3	11	1	1	265	24	37.4%	9.1%
30-50	42	196	1	52	4	46	0	1	342	47	48.2%	13.7%
50 +	10	53	1	15	1	22	0	0	102	12	14.4%	11.8%
TOTAL	70	423	4	122	8	79	1	2	709	83	100.0%	11.7%

FIG. 3.1 D | **TOTAL EMPLOYEE TURNOVER, BY AGE, GENDER AND REGION—AS AT DECEMBER 31, 2012**

Age Group	Quebec		Ontario		United States		International		Total	Female	Percentage of Age Group Over Total	Percentage Females by Age Group
	Female	Male	Female	Male	Female	Male	Female	Male				
< 30	5	82	2	18	1	7	0	0	115	8	10.0%	7.0%
30-50	30	219	5	72	5	38	0	4	373	40	32.3%	10.7%
50 +	14	376	5	160	14	95	0	2	666	33	57.7%	5.0%
TOTAL	49	677	12	250	20	140	0	6	1,154	81	100.0%	7.0%

3.

POSITION RESOLUTE AS A COMPETITIVE EMPLOYER

3.1

HUMAN RESOURCES

FIG. 3.1 E **TOTAL NUMBER OF EMPLOYEES, BY REGION AND GENDER—AS AT DECEMBER 31, 2012**

	Total Employees	Total Females	Employees in the Region Over Total Employees	% Females by Region
Quebec	4,805	403	51.9%	8%
United States	2,714	89	29.3%	3%
Ontario	1,611	107	17.4%	7%
International	125	4	1.4%	3%
TOTAL	9,255	603	100%	7%

FIG. 3.1 F **DIVERSITY OF GOVERNANCE BODIES, BY AGE AND GENDER—AS AT DECEMBER 31, 2012**

Age Group	Board of Directors ³⁹		Executive Team		Management ⁴⁰		Total ⁴²	Female	Percentage of Age Group Over Total	Percentage Females by Age Group
	Female ⁴¹	Male	Female	Male	Female	Male				
< 30	0	0	0	0	1	0	1	1	0%	100%
30-50	0	0	0	1	43	154	197	43	41%	22%
50 +	0	8	1	5	31	241	280	31	59%	11%
TOTAL	0	8	1	6	75	395	478	75	100%	16%

[39] Including Richard Garneau.

[40] Management comprises employees in managerial positions, including the Executive Team.

[41] Does not include Jennifer C. Dolan who serves on the company's board since May 16, 2013.

[42] Without double counting.

3.2

HEALTH AND SAFETY

KEY HIGHLIGHTS

We work hard to be what we call a “Total Safety Organization.” It is a goal that inspires us to be an organization where safety is embedded in our day-to-day culture, 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. 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 as well as our [Health and Safety Policy](#), which was updated in March 2012. Our Health and Safety Policy applies to all employees and contractors worldwide. In 2012, we:

- Experienced zero employee fatalities.
- Achieved a 26% reduction in total recordable injuries.
- Implemented a near-miss reporting system to improve how we track performance.
- Achieved an OSHA incident rate of 1.13.

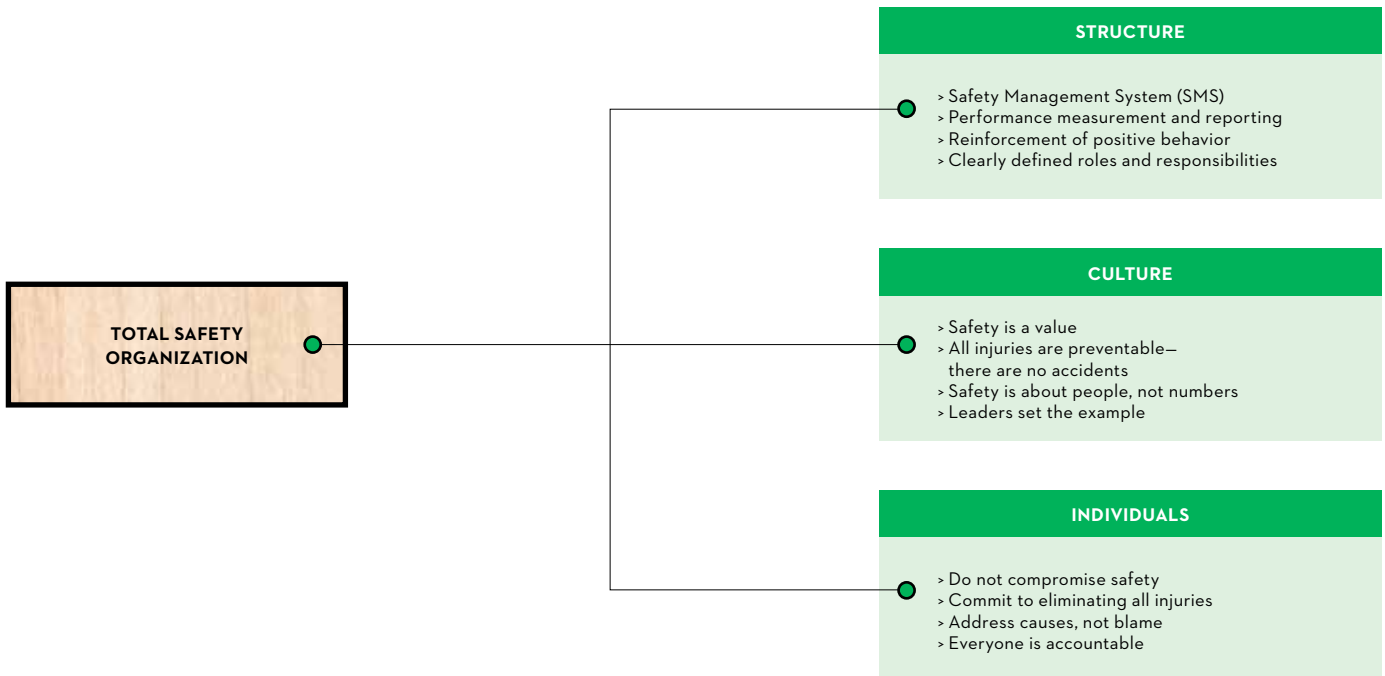
SAFETY MANAGEMENT SYSTEM

We have 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 the operations we manage.

All employees receive specific training on safety policies and procedures to ensure compliance with these requirements and expectations for performing their tasks safely. All policies are required to be reviewed annually at each operation, thereby ensuring consistent adherence to the policies.

The Board of Directors of Resolute Forest Products mandates the requirement of auditing of all operations for compliance with the Safety Management System. This is done on a three-year cycle.

FIG. 3.2 A RESOLUTE'S APPROACH TO BUILDING A "TOTAL SAFETY ORGANIZATION"



3.

POSITION RESOLUTE AS A COMPETITIVE EMPLOYER

3.2

HEALTH AND SAFETY

2012 PERFORMANCE AND DATA

FIG. 3.2 B | **PROGRESS ON HEALTH AND SAFETY COMMITMENTS**

ISSUE	COMMITMENT
HEALTH AND SAFETY	> Achieved an OSHA incident rate of 1.13, in line with our goal to be at 1.2 or below in 2012.

In 2012, we achieved an OSHA incident rate of 1.13, compared to 1.43 in 2011. This demonstrates important progress on a key safety commitment for Resolute. For eight out of those 12 months, we logged a world-class OSHA incident rate of less than 1.

FIG. 3.2 C | **HEALTH AND SAFETY PERFORMANCE**

	2012	2011	2010
Occupational Safety and Health Administration (OSHA) incidents, rate per 100 employees	1.13	1.43	1.51
Severity rate, %	34.01	36.5	N/A
Lost time injuries	38	55	77
Recordable injuries	107	145	171

During the course of 2012, no employee fatalities occurred. While our ultimate safety performance objective continues to be zero incidents, zero injuries, we did achieve a 26% reduction in total recordable injuries⁴³ (107 employees were injured, 38 fewer compared to 2011) and recorded 17% fewer lost-time days compared to 2011. The year 2012 also saw the successful implementation of a near-miss reporting system. In 2011, we instituted a company-wide injury severity rate, calculated by the number of workdays lost plus number of restricted workdays due to injury per 200,000 hours worked divided by total amount of hours worked. This severity rate allows us to measure the actual impact from injuries on the health of our employees.⁴⁴ Our 2012 severity rate was 34.01.

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

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

3.2

HEALTH AND SAFETY

FIG. 3.2 D OSHA RATE 2010-2012 PER 100 EMPLOYEES

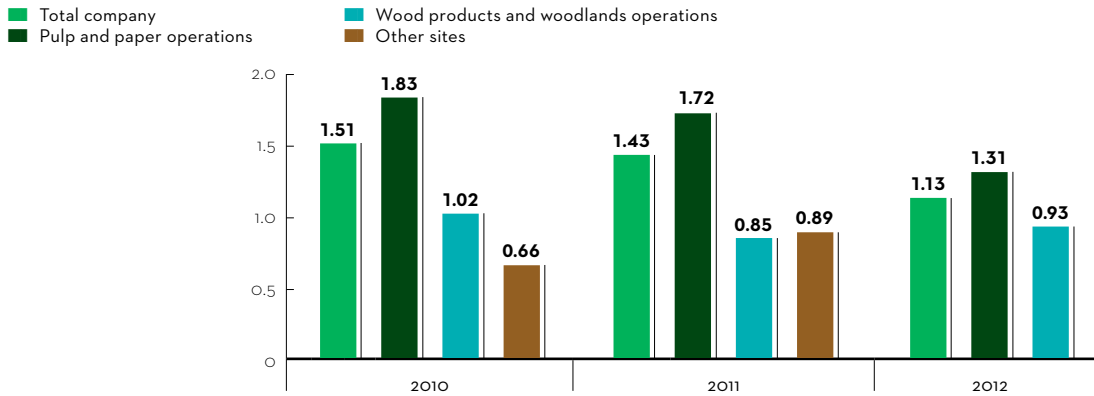
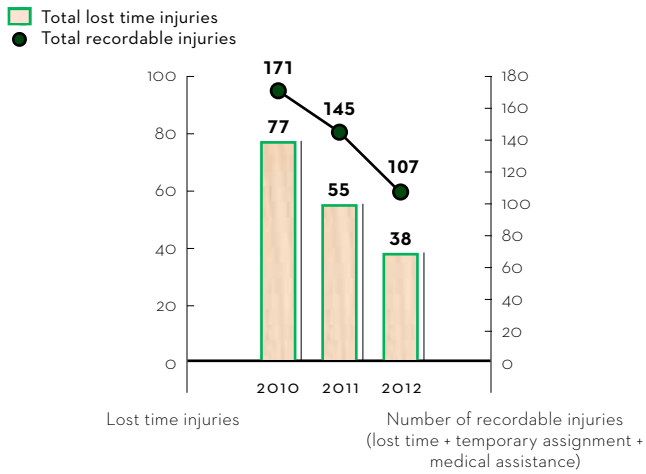


FIG. 3.2 E LOST TIME/RECORDABLE INJURIES 2010-2012



4.

BUILD SOLID COMMUNITY RELATIONS

4.1

COMMUNITY RELATIONS

KEY HIGHLIGHTS

Our operations are located in Canada, the United States and South Korea. Inasmuch as one of our operations may be an anchor for the local economy, it also relies on that same community to ensure its sustainability. Our operations and employees support and participate in local community life, and we work with community leaders to better understand local issues and concerns. In 2012, we:

- Launched an official Stakeholder Engagement Program at operating sites in the U.S. and Canada.
- Published a formal policy regarding our relations with Aboriginal groups in Canada.

STAKEHOLDER ENGAGEMENT PROGRAM

Increasing support and involvement in our operating communities is a priority for us. In 2011, we conducted external polling in several of 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.

We are training mill representatives in outreach communications and creating information-sharing community groups where we have operations. Local managers have been provided with tools to manage this outreach at each site. These community groups help provide a consistent basis for community engagement and enhance the dialogue between local stakeholders and our company on a range of issues.

Beyond our specific 2012 efforts, our operations have always had their own form of ongoing stakeholder outreach, where local general managers, human resource managers or other staff meet with local governments, business partners, chambers of commerce, ENGOs and others. Our objective is to ensure that local stakeholder outreach is conducted regularly and extensively across all of our operations.

DONATIONS

At the corporate level, we have established a formal mechanism to review all funding requests exceeding \$10,000. At the operations level, each facility manages its respective contributions budgets, provided that 50% of the funded activities fall within our strategic funding areas. Humanitarian needs are supported through participation in regional Centraide/United Way campaigns, and the company encourages employee-led regional or site-specific workplace campaigns.

In 2012, we made charitable contributions of approximately \$1.2 million, with specific emphasis on environmental stewardship, and health and education programs.

FIRST NATIONS RELATIONS

In 2012, we published an [Aboriginal Peoples Policy](#) regarding our relations with Aboriginal groups in Canada. In some of our operating communities in Canada, First Nations people make up a large portion of the population. As stated in our policy, Resolute is committed to supporting and maintaining constructive and solid relationships with First Nations in our operating regions in Canada. A key aspect of this commitment involves exploring employment and business development opportunities of mutual benefit.

In Thunder Bay (Ontario), for example, Resolute has a financial partnership with the Fort William First Nation to operate a sawmill employing approximately 170 people. Since 1998, Resolute and the Council of Atikamekw Opitciwan in Quebec have operated the Opitciwan sawmill on the territory of the Obedjiwan reserve where the forestry operations and sawmill employ 135 people.

4.]

COMMUNITY RELATIONS

ENVIRONMENTAL AND RESEARCH PARTNERSHIPS**CANADIAN BOREAL FOREST AGREEMENT**

As one of the founding partners in the Canadian Boreal Forest Agreement (CBFA), we are committed to implementing world-leading practices for sustainable forest management and conservation that will ensure the future of the boreal forest, its diverse ecosystems and biodiversity. The CBFA represents a unique and significant commitment by all of its signatories to support conservation efforts and forest management.

The CBFA was signed in 2010 by members of the Forest Products Association of Canada (FPAC), including Resolute, and a group of environmental organizations. The goal was clearly articulated, establishing a common framework to further support boreal conservation efforts while simultaneously supporting the prosperity of the forest products industry and the 600,000 workers, including 17,000 First Nations people, in communities that depend on healthy working forests for their livelihoods. This is an ambitious and challenging undertaking—a large and complex task—involving many players on a large landscape, and further complicated by the fact that “Crown lands” in Canada are not private lands as in Europe and the United States.

While it is challenging to find common ground among organizations with such diverse interests, we believe that the contributions made by Resolute to the CBFA, and our overall commitment to sustainable forestry, have had a positive impact on the process. Company employees have participated in all CBFA activities, offering concrete proposals and committing thousands of work hours to the initiative. We also provided initial funding as well as significant additional financial support to the process.

Resolute has participated in months of intense negotiations, putting forward proposals and compromises:

- In Northwestern Ontario, for example, Resolute proposed the setting aside of an additional 504,000 acres (204,000 hectares) of forest for conservation, providing additional protection for caribou and other species, and increasing the total percentage of protected areas to 16% for Resolute’s tenures. This commitment would have been on top of the approximately 4,942,000 acres (2,000,000 hectares) of Northwestern Ontario forests that have already been established as protected spaces, parks and other initiatives over the past 15 years, to which Resolute and its predecessor companies have been a major contributor. It is important to note that 40% of the continuous boreal forest in Ontario is already out of bounds for the forest products industry as it is outside allocated areas. Within the overall portion of the forest that is accessible to industry (the “managed forest”), at least 12% has already been set aside by government, while even more has been set aside by industry for riparian areas, specific wildlife habitats, marshlands, buffer strips and recreation.
- In Quebec, we proposed additional protected areas, focusing primarily on the best habitats for caribou conservation, and increasing the total percentage of protected areas to 12%, equivalent to 1,710,000 acres (692,000 hectares) in working forests. We also offered specific proposals for the Montagnes Blanches and the Broadback Valley, two areas of key interest for several ENGOs, representing additional protected areas. We made these proposals recognizing that the forest tenure system in Quebec has changed dramatically in recent months: Annual allowable cuts have been reduced, and government is proceeding with its own caribou conservation plan. As in Ontario, it is important to point out that much of the boreal forest is off limits to the forest products industry. In Quebec, the boreal region consists of continuous (dense) boreal forest, taiga and tundra. 42% of the continuous boreal forest is located north of the northern limit of allocation and is therefore inaccessible to the forest products industry. Additionally, 38% of the managed forest (that is, below the northern limit) is not available for harvesting, having been set aside for conservation or other purposes (protected areas, riparian areas, specific wildlife habitats, marshlands and buffer strips).

4

4.]

- Resolute also offered to match funds raised by participating ENGOs to further research endangered species management. It was proposed that any such funding would be jointly managed by the company and the ENGO community, and that dollars would flow to research efforts using post-secondary institutions and other research resources located in the North. This approach would further support the development of the economic and institutional capabilities of the northern regions.
- Resolute played a key role in crafting the CBFA's proposal for Northeastern Ontario, which ultimately resulted in joint recommendations to government. A major element of the proposal divided the Abitibi River Forest Management Unit into three zones, the northernmost of which proposed the establishment of a caribou conservation area covering almost 2,063,000 acres (835,000 hectares) in which industry would voluntarily and permanently avoid harvesting. The provincial government supported these recommendations, and we anticipate that they will soon move to implementation.
- Furthermore, in the company's ongoing work to improve the current network of protected spaces and to enhance existing caribou conservation plans, Resolute intends to use as reference the methodological frameworks for protected spaces and caribou conservation produced under the CBFA.

Resolute supports the principles underlying the CBFA, is committed to the CBFA process and will continue to operate in a manner consistent with a balanced approach to sustainability.

Earlier this year, regional negotiations in Northwestern Ontario and Quebec under the CBFA broke down. Parties were unable to reach agreement on a plan to jointly further conservation efforts while balancing environmental, social and economic considerations. We believe we must return to the spirit of collaboration, reason and lawful action that the CBFA was built upon, and do so with a broader group that includes all of the most affected parties. The issues we are dealing with are too complex and too important to be left only to forest products companies and ENGOs. We need to include the local communities and First Nations that are affected by these decisions, as well as the government regulators that own the boreal forest. Only with all stakeholders working together toward solutions that take a balanced approach to environmental, social and economic sustainability, will we ever achieve a sustainably managed forest in the Canadian boreal region. For more information on the CBFA, visit canadianborealforestagreement.com.

BUILD SOLID COMMUNITY RELATIONS

COMMUNITY RELATIONS

UNITED EFFORT TO PROTECT CUMBERLAND PLATEAU

Since 2005, the company has had a memorandum of understanding with the Dogwood Alliance and the Natural Resources Defense Council to enhance the protection of forests on Tennessee's Cumberland Plateau as well as in other parts of the southern United States.

RESEARCH PARTNERSHIPS

Resolute is also committed to creating strong links with government agencies, industry associations, companies, research organizations and universities to promote research projects that will further our understanding of climate change and provide mitigation solutions as well as facilitate the commercialization of innovative products such as biochemicals, bioenergy and biomaterials.

For instance, we are an active member of the Canadian Bioenergy Association, The National Council for Air and Stream Improvement (NCASI), FPIInnovations and Quebec's Industrial Bioprocess Research Consortium.

To reduce GHG emissions and diversify its product portfolio with innovative renewable products, Resolute is supporting research projects. For example, Resolute is a contributing partner in a major forestry research project conducted by the Université du Québec à Chicoutimi. This research focuses on the mitigation of GHG emissions by the afforestation of open woodlands within the continuous boreal forest. Resolute is also partnering with the University of New Brunswick on a project to reduce electricity consumption.

Resolute has also funded various research projects carried out by NCASI, including projects associated with estimating GHG emissions from landfills and alternative uses of waste as well as the development of scope 3⁴⁵ emission accounting tools. Results will support the company's calculation of GHG emissions from its landfill sites as well as the diversification of its portfolio.

In partnership with FPIInnovations and with C\$1.35 million of government funding from Ontario's Centre for Research and Innovation in the Bio-Economy, Resolute has participated in a state-of-the-art demonstration plant at its 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.

[45] 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.

4.2

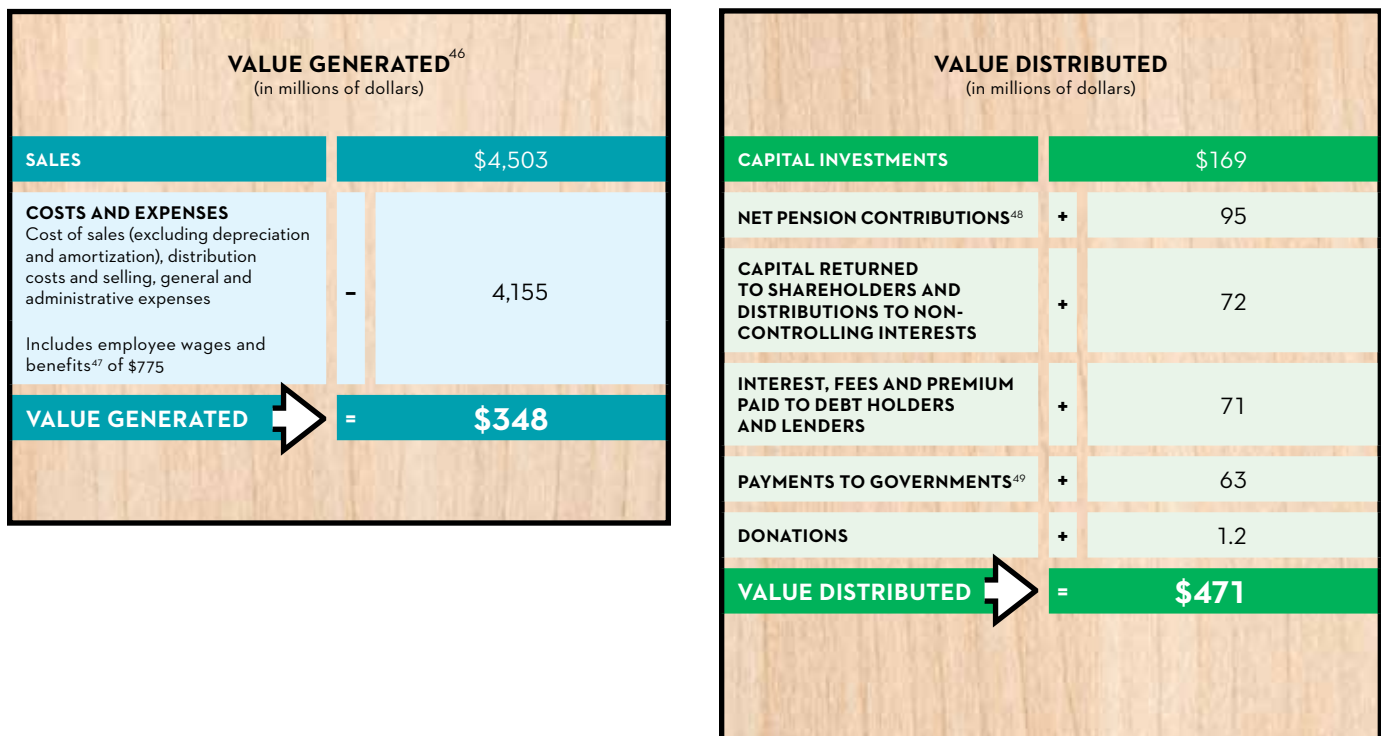
ECONOMIC IMPACTS

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 financially healthy and generate value for our shareholders and stakeholders.

FINANCIAL ASSISTANCE FROM GOVERNMENT**Northern Industrial Electricity Rate (NIER) Program**

The NIER program is designed to help Northern Ontario's largest industrial electrical consumers develop energy efficiency and sustainability programs, and to encourage comprehensive energy management planning. For complying with program conditions in 2012, Resolute received reductions of C\$19 million on electricity purchased at three of its eligible facilities: Fort Frances, Iroquois Falls and Thunder Bay.

FIG. 4.2 A | 2012 VALUE GENERATED AND DISTRIBUTED



¹⁴⁶¹For more information, see the company's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the U.S. Securities and Exchange Commission on March 1, 2013.

¹⁴⁷¹Does not include wages and benefits for wood products facilities closed over the last 3 years: Albertville (Alabama), Champneuf (Quebec), Chibougamau (Quebec), Laterrière (Quebec), Mackenzie (British Columbia), Saint-Raymond (Quebec), Produits forestiers La Tuque (Quebec) and Westover (Alabama). For paper mills, does not include Ponderay (Washington).

¹⁴⁸¹Represents contributions to defined benefit and defined contribution pension plans (including supplemental executive retirement plans) in excess of associated expenses of \$29 million included in cost of sales, distribution costs and selling, general and administrative expenses.

¹⁴⁹¹Includes corporate income taxes; refundable R&D credits; franchise/capital tax; property and school taxes; non-recoverable sales taxes; and softwood lumber products export charge return. Excludes payroll taxes.

4.2

Tax Credits and Funding Program for Roads and Bridges of Public Interest in Forest Areas

Resolute receives tax credits and funding from provincial governments to build and maintain roads in forest areas. In 2012, Quebec road tax credits amounted to C\$42.4 million. Resolute also received C\$15.3 million in funding under the Ontario provincial road funding program. These forest access roads benefit not only the forest industry, but also tourism operators, Aboriginal communities, utility and railway companies, hunters, and the general public. Additionally, these roads provide part of the rural infrastructure for emergency preparedness and response.

Pulp and Paper Green Transformation Program (PPGTP)

The Government of Canada developed this program to help pulp and paper companies make investments to improve the environmental performance of their Canadian facilities. Following qualifying capital expenditures made by Resolute for the installation of a condensing turbine at our Thunder Bay mill, an amount of C\$27.2 million was reimbursed to Resolute by Natural Resources Canada. In 2012, a total of C\$33.2 million⁵⁰ was reimbursed to Resolute for its eligible projects under the PPGTP.

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 standards, among others. Resolute's participation in the political process involves grassroots outreach, lobbying and political contributions.

The company is subject 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 several states in the United States as well as in the province of Ontario, Canada. These contributions are consistent with applicable laws. In the United States, Resolute has a Political Action Committee (PAC) that directly involves eligible employees in the political process and also financially supports political candidates.

BUILD SOLID COMMUNITY RELATIONS

ECONOMIC IMPACTS

PUBLIC POLICY 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.

U.S. Policy Issues

- Boiler MACT rule: We advocated for changes to the Boiler Maximum Achievable Control Technology (MACT) rule passed in December 2012 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.

⁵⁰This amount does not include C\$21 million of government support provided to Fibrek Inc. before Resolute acquired it in May 2012.

5.

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 = 2012 Sustainability Report
 P = Partially reported AR = 2012 Annual Report
 N = Not reported 10-K = 2012 10-K
 PR = 2012 Proxy Statement

GRI Indicator		Level of Reporting	Location of Reference
PROFILE DISCLOSURES			
1.	Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization.	F	SR 1-2; AR 7-11
1.2	Description of key impacts, risks, and opportunities.	F	SR 4
2.	Organizational Profile		
2.1	Name of the organization.	F	Resolute Forest Products Inc.
2.2	Primary brands, products, and/or services.	F	AR 18-27
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	F	10-K 5-6
2.4	Location of organization's headquarters.	F	AR Inside Back Cover
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	F	AR Gate Fold; 10-K 1
2.6	Nature of ownership and legal form.	F	AR Gate Fold; 10-K 1
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	F	AR 20-27
2.8	Scale of the reporting organization.	F	AR 1-5; 56-57
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	F	AR 7-11
2.10	Awards received in the reporting period.	F	Our company did not receive any awards throughout the reporting year.

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GRI CONTENT INDEX

GRI Indicator		Level of Reporting	Location of Reference
3.	Report Parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	F	SR 5-8; AR 36
3.2	Date of most recent previous report (if any).	F	SR 5-8; AR 36
3.3	Reporting cycle (annual, biennial, etc.).	F	SR 5-8; AR 36
3.4	Contact point for questions regarding the report or its contents.	F	AR Inside Back Cover
3.5	Process for defining report content.	F	SR 5-8
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	F	SR 5-8; AR 36
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	F	SR 5-8
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	F	SR 5-8; AR 18-19, 36; 10-K 5-7
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	F	SR 5
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	F	10-K 5
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	F	10-K 5-7
3.12	Table identifying the location of the Standard Disclosures in the report.	F	GRI Content Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	F	SR 5
4.	Governance, Commitments, and Engagement		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	F	AR 39, Inside Front Cover; PR 4-11
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	F	AR 7
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	F	SR 13, 34-35; AR Inside Front Cover; PR 4-6
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	F	Corporate Website: http://www.resolutefp.com/About_Us/Corporate_Governance/ ; PR 6
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	F	PR 17-26
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	F	Corporate Website: http://www.resolutefp.com/About_Us/Corporate_Governance/ ; PR 6
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	F	PR 8-9

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GRI CONTENT INDEX

GRI Indicator		Level of Reporting	Location of Reference
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	F	Corporate Website: http://www.resolutefp.com/About_Us/Corporate_Governance/ ; http://www.resolutefp.com/vision-values/ ; AR 13
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	F	SR 13; Corporate Website: http://www.resolutefp.com/About_Us/Corporate_Governance/
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	F	SR 13
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	F	SR 16
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	F	SR 13; 16, 40-41
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.	F	SR 13; 16, 40-41
4.14	List of stakeholder groups engaged by the organization.	F	SR 5-6, 39
4.15	Basis for identification and selection of stakeholders with whom to engage.	F	SR 5-6, 39
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	F	SR 5-6, 39
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	F	SR 7

DISCLOSURES ON MANAGEMENT APPROACH (DMAS)

DMA EC	Disclosure on Management Approach EC		
	Economic performance	F	AR 1-4
	Market presence	N	
	Indirect economic impacts	F	SR 42
DMA EN	Disclosure on Management Approach EN		
	Materials	F	SR 26
	Energy	F	SR 21
	Water	F	SR 26
	Biodiversity	F	SR 17
	Emissions, effluents and waste	F	SR 27-30
	Products and services	F	SR 31
	Compliance	F	SR 26
	Transport	N	
	Overall	N	

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GRI CONTENT INDEX

GRI Indicator		Level of Reporting	Location of Reference
DMA LA	Disclosure on Management Approach LA		
	Employment	F	SR 32
	Labor/management relations	F	SR 32
	Occupational health and safety	F	SR 36
	Training and education	P	SR 32-33, 36
	Diversity and equal opportunity	F	Corporate Website: http://www.resolutefp.com/About_Us/Corporate_Governance/
	Equal remuneration for women and men	N	
DMA HR	Disclosure on Management Approach HR		
	Investment and procurement practices	N	
	Non-discrimination	N	
	Freedom of association and collective bargaining	F	SR 32
	Child labor	N	
	Prevention of forced and compulsory labor	N	
	Security practices	N	
	Indigenous rights	P	SR 39; Corporate Website: http://www.resolutefp.com/uploadedFiles/Sustainability/Stakeholder_Engagement/Resolute-Aboriginal_Peoples_Policy.pdf
	Assessment	N	
	Remediation	N	
DMA SO	Disclosure on Management Approach SO		
	Local communities	F	SR 39
	Corruption	N	
	Public policy	F	SR 43
	Anti-competitive behavior	N	
	Compliance	F	SR 13, 43
DMA PR	Disclosure on Management Approach PR		
	Customer health and safety	N	
	Product and service labeling	F	AR 19; 41-45. Align Website: http://www.alignpaper.com/
	Marketing communications	F	SR 31
	Customer privacy	N	
	Compliance	N	

GRI Indicator		Level of Reporting	Location of Reference
PERFORMANCE INDICATORS			
ECONOMIC			
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 42
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	P	SR 4; 2012 CDP submission available: https://www.cdproject.net/en-US/Pages/CDPAdvancedSearchResults.aspx?k=resolute%20forest
EC3	Coverage of the organization's defined benefit plan obligations.	F	10-K Note 18, 03
EC4	Significant financial assistance received from government.	F	SR 43
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 39
ENVIRONMENTAL			
Materials			
EN1	Materials used by weight or volume.	F	SR 30
EN2	Percentage of materials used that are recycled input materials.	F	SR 17, 20
Energy			
EN3	Direct energy consumption by primary energy source.	F	SR 21-24
EN4	Indirect energy consumption by primary source.	P	SR 21-24
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 21-24
Water			
EN8	Total water withdrawal by source.	F	SR 26-28
EN9	Water sources significantly affected by withdrawal of water.	N	
EN10	Percentage and total volume of water recycled and reused.	N	

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GRI CONTENT INDEX

GRI Indicator		Level of Reporting	Location of Reference
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.	P	SR 17-18, 40. Corporate Website: http://www.resolutefp.com/Operations/Woodlands/
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 17-18, 40. Corporate Website: http://www.resolutefp.com/Operations/Woodlands/
EN13	Habitats protected or restored.	F	SR 17-18, 40
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	F	SR 17-18, 40. Corporate Website: http://www.resolutefp.com/Operations/Woodlands/
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 17-18, 40
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	F	SR 25
EN17	Other relevant indirect greenhouse gas emissions by weight.	P	SR 22-23
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	F	SR 21-25
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 29
EN21	Total water discharge by quality and destination.	F	SR 28
EN22	Total weight of waste by type and disposal method.	F	SR 30
EN23	Total number and volume of significant spills.	P	SR 26
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 17-18
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	F	AR 18-19; 41-44; 54-55
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	F	AR 5; 18-19; 41-44; 54-55
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	N	
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	

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GRI CONTENT INDEX

GRI Indicator		Level of Reporting	Location of Reference
SOCIAL: LABOR PRACTICES AND DECENT WORK			
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	F	SR 33-35
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	F	SR 33-35
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.	P	SR 32
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	N	
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.	P	SR 36-38
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	F	SR 36-38
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.	N	
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	AR 32
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	N	
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 33-35
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	

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GRI CONTENT INDEX

GRI Indicator		Level of Reporting	Location of Reference
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 32
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	
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 39
SO9	Operations with significant potential or actual negative impacts on local communities.	N	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	N	

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GRI CONTENT INDEX

GRI Indicator		Level of Reporting	Location of Reference
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 43
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	
Product and service labeling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	F	Align Website: http://www.alignpaper.com/
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 "Annual Sustainability Report for 2012 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. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 19 November 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a light blue circular background element.

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 13 November 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



NOTES



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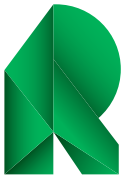
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Want to find out how switching to Resolute's Align™ grades can help your company reduce its own environmental footprint? Visit alignpaper.com for more information and contact us at alignpaper@resolutefp.com.

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