



**resolute**

Forest Products



# OVERVIEW OF 2011 SUSTAINABILITY PERFORMANCE

1.0

# OVERVIEW

This overview provides a summary of highlights of our full Annual Sustainability Report for 2011 performance and the progress we made. To download a copy of the full report or for more information on Resolute Forest Products' approach to sustainability, please visit our website at [www.resolutefp.com/sustainability](http://www.resolutefp.com/sustainability).



Now you're thinking.

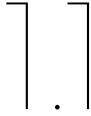
The inside pages of this report are printed on Ecopaque Offset 45 lb (66.6 g/m<sup>2</sup>) paper, part of Resolute's Align portfolio of environmentally-conscious papers. This paper was manufactured at our Alma (Quebec) mill. Ecopaque is a high-opacity grade suitable for applications where traditional offset paper would be used, such as statements, invoices, direct mail, manuals, inserts, books and reports.

Among its environmental benefits, Ecopaque:

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

Certification at Alma:

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



# COMPANY PROFILE

Resolute Forest Products is a global leader in the forest products industry with a diverse range of products, including newsprint, commercial printing papers, market pulp and wood products. The Company owns or operates 21 pulp and paper mills and 21 wood products facilities in the United States, Canada and South Korea. Marketing its products in close to 80 countries, Resolute has third-party certified 100% of its managed woodlands to sustainable forest management standards.

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

The Company is also a member of the the World Wildlife Fund (WWF)'s Climate Savers program, in which businesses establish ambitious targets to voluntarily reduce greenhouse gas emissions and work aggressively toward achieving them ([www.panda.org/climatesavers](http://www.panda.org/climatesavers)). The shares of Resolute trade under the stock symbol RFP on both the New York Stock Exchange and the Toronto Stock Exchange. For more information, please visit [www.resolutefp.com](http://www.resolutefp.com).

1.2



# LETTER FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

**RICHARD GARNEAU**

## OUR VIEW OF SUSTAINABILITY

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

- reinforcing our environmental credentials;
- positioning Resolute as a competitive employer; and
- building solid community relations in our operating locations.

### SUSTAINABILITY COMMITMENTS

Our full 2011 Annual Sustainability Report is our second report prepared in accordance with Global Reporting Initiative (GRI) guidelines, and our first since establishing the Company's Corporate Sustainability Committee. The Committee has been tasked by Resolute's Executive Team to recommend sustainability goals, track and measure progress, and ensure continuous improvement in the Company's sustainability efforts and initiatives.

Key commitments<sup>1</sup> to enhance our sustainability performance currently include:

#### Forestry and fiber

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

#### Climate change

Achieving a 65% absolute reduction in scope 1 and 2 greenhouse gas (GHG) emissions by 2015 over the 2000 base year.<sup>2</sup>

#### Environment

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

#### Employees

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

#### Health and safety

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

#### Stakeholder engagement

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

### NOTES

**[1]** For a comprehensive list of our commitments as well as updates on our progress, please refer to our full 2011 Sustainability Report, available at [www.resolutefp.com/sustainability](http://www.resolutefp.com/sustainability).

**[2]** Scope 1 GHG emissions are greenhouse gas emissions which come from sources owned or controlled by the Company, such as the combustion of fuel at the mill to generate heat to dry the paper or to generate electricity. Scope 2 GHG emissions are greenhouse gas emissions which are the result of Company activities occurring at sources owned or controlled by another company, associated with the production of purchased electricity or steam. Scope 2 emissions physically occur at the facility where electricity or steam is generated.

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# 1.2

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## LETTER FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

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### **ACHIEVEMENTS AND PROGRESS**

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

Resolute also stepped up its efforts to certify more Company-managed woodlands operations through the Forest Stewardship Council® (FSC) Sustainable Forest Management standard. As a result, on June 13, 2012, Resolute became the largest manager of FSC-certified forests in the world. As at press time for this sustainability report overview, we had reached 65% FSC certification and we are continuing to progress in line with our commitment to reach 80% by 2015. We also completed a major life cycle assessment of our eco-friendly papers, which we launched in 2012 under the Align™ brand name.

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

### **LOOKING AHEAD**

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

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

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

Sincerely,



**RICHARD GARNEAU**

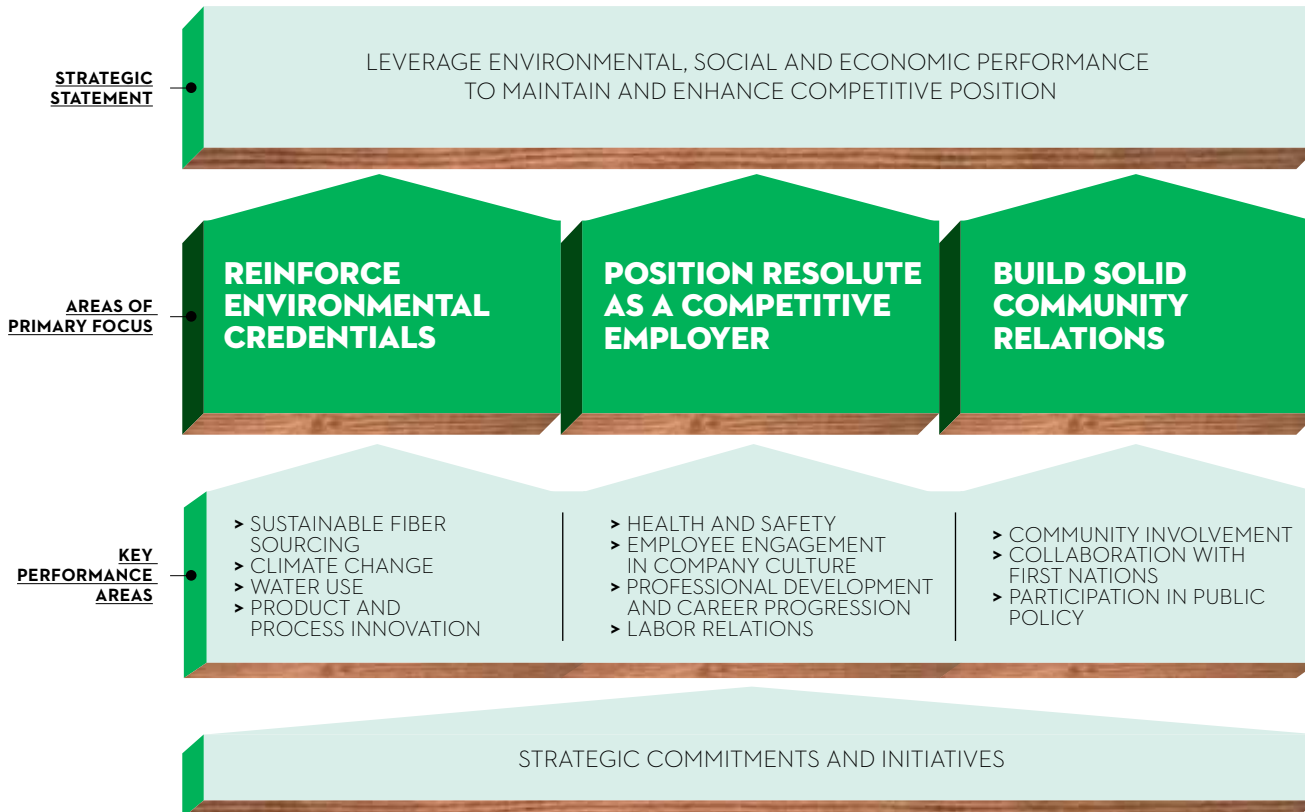
President and Chief Executive Officer  
Resolute Forest Products

## 1.3

**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, we established a Sustainability Committee composed of senior managers and issue experts tasked with developing this strategy, among other efforts. The new sustainability strategy has been approved by Resolute's Executive Team and is provided below.

FIG. 1.3 A | **SUSTAINABILITY STRATEGY**



# 1.3

## SUSTAINABILITY STRATEGY

### **RESOLUTE'S SUSTAINABILITY STRATEGY**

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

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

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

These three areas of primary focus are supported by commitments made in a number of key performance areas which are outlined in more detail in our 2011 full Sustainability Report.

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

## 2.0

**REINFORCE OUR  
ENVIRONMENTAL  
CREDENTIALS**

## 2.1

**FIBER AND  
FORESTRY**

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

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

**SUSTAINABLE FOREST MANAGEMENT**

At the end of 2011, Resolute owned or managed over 14.5 million hectares (35.8 million acres) of forestland in Canada and the United States.<sup>3</sup> 100% of Resolute's forests are managed using at least one of three internationally recognized sustainable forest management (SFM) certification standards, of which the precautionary approach<sup>4</sup> constitutes an important element:

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

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

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

In 2011, Resolute made a commitment to increase FSC certification of our managed forests from 18% to 80% by 2015. Throughout 2011, we made substantial progress on this commitment, and at press time of this sustainability report overview, 65% of the woodlands we owned or managed was FSC-certified. For more details on forest certification, visit our website at [www.resolutefp.com/certificates](http://www.resolutefp.com/certificates).

## NOTES

**[3]** 99% of the forestlands Resolute owns or manages are in Canada.

**[4]** 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.



## 2.1

## FIBER AND FORESTRY

**RESPONSIBLE SOURCING**

All of the wood and virgin fiber consumed by Resolute originates mostly from North America. In Canada, which has rigorous forestry laws and regulations, fiber used in our products is sourced primarily from public land managed by Resolute, located mainly in the boreal forest<sup>5</sup>. By law, these woodlands must be promptly regenerated after harvesting. In 2011, Resolute planted approximately 60 million seedlings. We also use various harvesting techniques to further ensure forest regeneration.

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

**CHAIN OF CUSTODY**

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

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

standards: FSC, SFI and PEFC. All of the wood and fiber procured for these operations meets either the FSC Controlled Wood standard or the SFI Fiber Sourcing requirements and in some cases, both.<sup>6</sup> Further details on the specific CoC certifications in place at each facility can be found at [www.resolutefp.com/certificates](http://www.resolutefp.com/certificates).

**BIODIVERSITY**

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

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

To meet our objective of biodiversity conservation, we have enforced a number of new rules and regulations to manage forest activities. Today, we account for wildlife needs with a special emphasis on indicator species and species at risk. We are also using cutting-edge 3D digital imagery with our geographic information system (GIS) and global position system (GPS) mapping technology. These tools allow us to better identify and address environmental and social factors, accurately lay out boundaries, and sustainably manage the resources in our care.

## NOTES

**[5]** [www.fpac.ca/index.php/en/environmental-progress](http://www.fpac.ca/index.php/en/environmental-progress)

**[6]** FSC Controlled Wood: Virgin wood or wood fiber which has been verified as having a low probability of including wood from any of the following categories: 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.

## 2.1

**FIBER AND  
FORESTRY****CANADIAN BOREAL FOREST AGREEMENT**

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

- 1) World-leading “on-the-ground” sustainable forest management practices based on the principles of ecosystem-based management, active adaptive management and third-party verification;
- 2) The completion of a network of protected areas that, taken as a whole, represents the diversity of ecosystems within the boreal region and serves to provide ecological benchmarks;
- 3) The recovery of species at risk within the boreal forest, including species such as the woodland caribou;
- 4) Reducing greenhouse gas emissions along the full life cycle, from the forest to end of product life;
- 5) Improved prosperity of the Canadian forest sector and the communities that depend on it; and
- 6) Recognition by the marketplace (e.g., customers, investors, consumers) of the CBFA and its implementation in ways that demonstrably benefit FPAC members and their products from the boreal.

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

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

# 2.2

# CLIMATE AND ENERGY

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

## ENERGY SOURCES AND CONSUMPTION

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

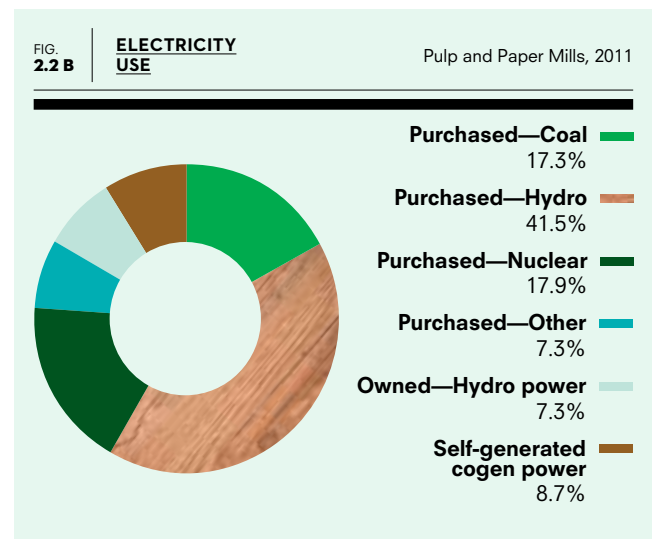
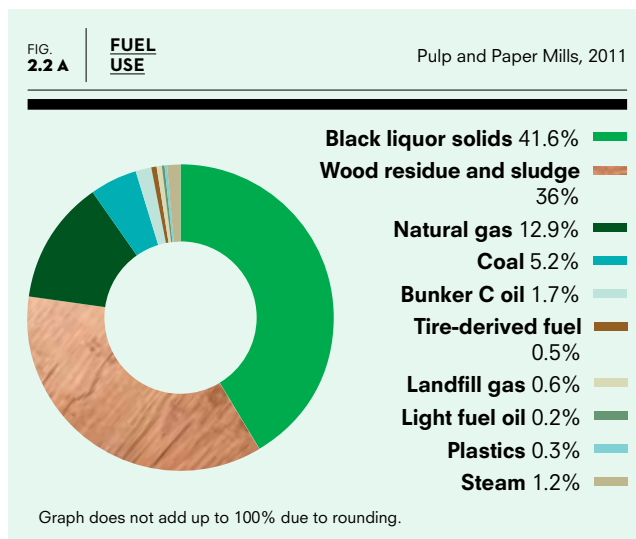
### Fuel energy

In 2011, we consumed, 94,664,948 gigajoules (GJ) of fuel energy at our pulp and paper mill operations, 78% of which came from biomass. As well, 0.8% of our fuel energy was

sourced from other alternative energy fuels, primarily used tires, waste plastics and landfill gas. Using old tires and waste plastics diverts these materials from landfills and recovers the energy value.

### Electricity

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



## 2.2

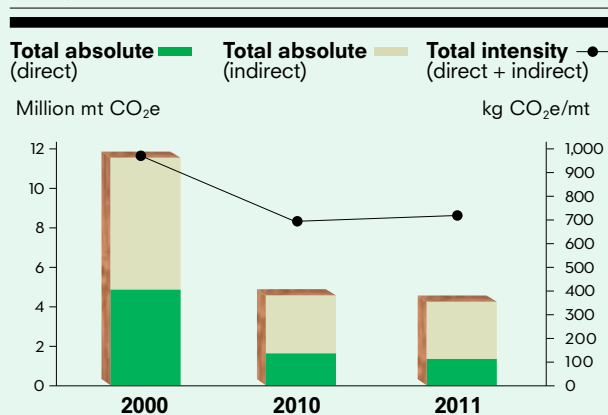
**CLIMATE CHANGE AND GHG EMISSIONS**

Resolute aims to optimize the role of the forest in mitigating climate change by applying sustainable forest management techniques. As part of our membership in the WWF's Climate Savers program, Resolute made a commitment to help the Company achieve a reduction in absolute GHG emissions of 65% below 2000 levels by 2015. Additional commitments were made to help us deliver on this commitment, including the development of innovative and value-added products with lower GHG footprints. More information on these commitments can be found on our website at [www.resolutefp.com/WWF-Climate-Savers](http://www.resolutefp.com/WWF-Climate-Savers).



Resolute's total GHG emissions have been reduced by 62% since 2000. In 2011, our total GHG emissions amounted to 4,445,422 metric tons of Carbon dioxide (CO<sub>2</sub>), a decrease of 6% from 2010. The decrease from 2010 can largely be accounted for by the shutdown of a newsprint production line at our Coosa Pines (Alabama) mill and improvements to the biomass boiler at our Fort Frances (Ontario) mill, which allowed for the reduction of natural gas as a secondary fuel. These reductions were partially offset by an increase in emissions at our Calhoun (Tennessee) mill due to a three-week downtime of the bark boiler in 2011, which required an increased use of fossil fuel. It should be noted that in order to comply with the GHG Protocol ([www.ghgprotocol.org](http://www.ghgprotocol.org)), we modified our emission factors associated with electricity consumption for 2011, 2010 and 2000. This modification, combined with operational efficiency gains, explains why we have attained such a high reduction in our emission inventory.

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

**CLIMATE AND ENERGY**

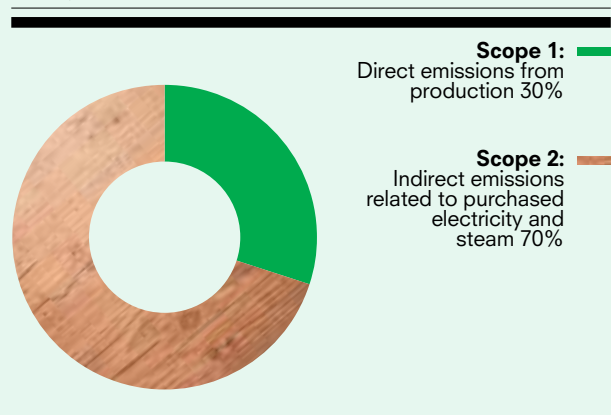
Reducing scope 2 emissions continues to be a challenge for the Company, as these are largely the result of the energy mix of the electric utilities at each mill location. Furthermore, the Company produces a considerable amount of thermomechanical pulp (TMP), which uses a fixed amount of electricity to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

**CARBON FOOTPRINT**

Resolute has been tracking and monitoring GHG emissions from our pulp and paper mills since before 2000. Our GHG accounting is based on the GHG Protocol 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). In 2011, scope 2 emissions accounted for 70% of our carbon footprint, compared to 30% for scope 1 emissions.

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

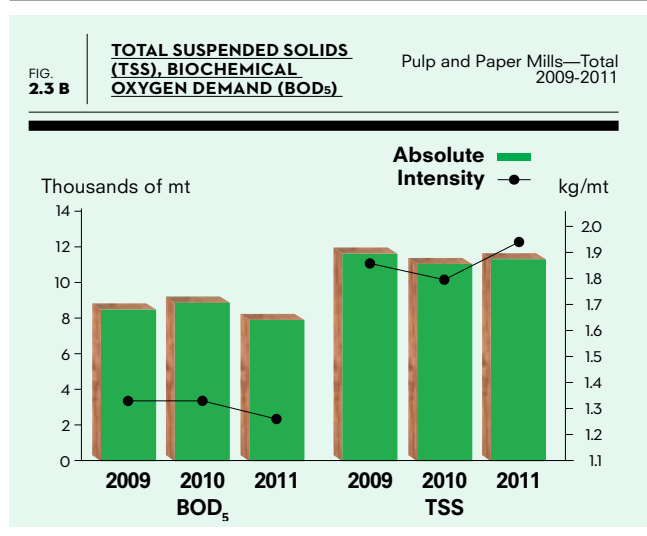
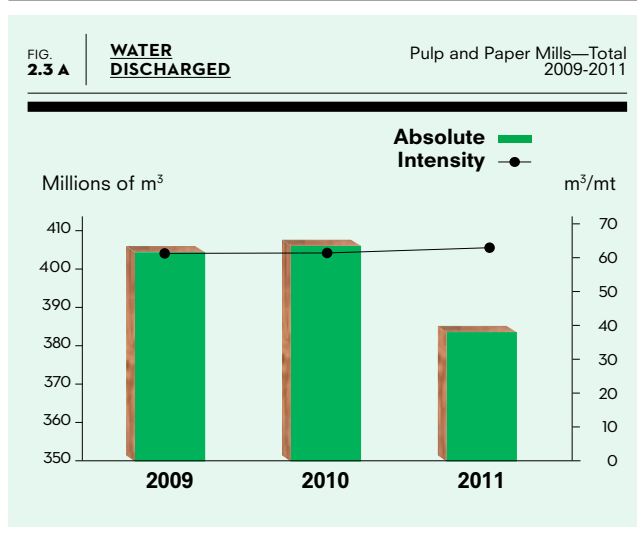
FIG. 2.2 D CARBON FOOTPRINT Pulp and Paper Mills, 2011



# 2.3

# MILL ENVIRONMENTAL PERFORMANCE

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



## ENVIRONMENTAL MANAGEMENT

All of our operations have environmental management systems in place. By the end of 2011, 15 out of 18 paper mills<sup>7</sup> and 15 out of 22 wood product facilities had an EMS that was certified to ISO 14001 environmental management standards. In 2011, each facility identified key performance indicators (KPIs) for which reduction targets were set. This approach was chosen to best reflect the different geographic and technological contexts of each operation. KPIs are monitored at both the mill and corporate levels.

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

### 1) Water

Resolute's papermaking processes discharged 385,161,896 cubic meters (m<sup>3</sup>) of water in 2011 compared to 406,564,681 m<sup>3</sup> in 2010—a 5% reduction<sup>8</sup>. This decrease is due in part to the closure of a production machine at our Coosa Pines

## NOTES

**[7]** Excludes the three Fibrek mills acquired in 2012.

**[8]** 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. It is estimated that approximately 10% of the total water withdrawn ends up in the final product or evaporates as steam.

# 2.3

## MILL ENVIRONMENTAL PERFORMANCE

mill, which resulted in the reduction of nearly 11.4 million m<sup>3</sup> of the mill's total water consumption in 2011. All water used in papermaking and pulp processes passes through primary and secondary effluent treatment systems. Non-contact cooling water that does not mix with the process effluent may be discharged without treatment, but is monitored, sampled and reported to regulatory authorities.

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

### 2) Environmental incidents

An environmental incident can represent either a spill or the exceedance of a legally allowable limit. Incidents are tracked at all paper mills, sawmills and woodlands operations. Resolute classifies environmental incidents as having either significant risk (class 1) or moderate risk (class 2). In 2011, we experienced 3 class 1 incidents and 33 class 2 incidents, representing a 14% decrease in the total number of incidents from 2010. This number was 1% below our 2011 target, which called for a 15% reduction in incidents over 2010. For 2012, we have set a new target

to reduce environmental incidents by 20% over 2011. For a summary of class 1 incidents that occurred during the course of 2011 and the corrective measures Resolute has undertaken, please refer to Figure 2.3 E in our full 2011 Sustainability Report.

### 3) Air emissions

Resolute manages its air emissions as part of the environmental management system at each mill. We will continue to invest in pollution control technologies to maintain regulatory compliance and to improve odor control. Atmospheric emissions from pulp and paper mills result mainly from the combustion of fossil fuels. These emissions include air contaminants such as SO<sub>2</sub>, NO<sub>x</sub>, and total particulate matter (TPM).

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

FIG. 2.3 C SULFUR DIOXIDE (SO<sub>2</sub>), NITROGEN OXIDES (NO<sub>x</sub>) Pulp and Paper Mills—Total 2009-2011<sup>9</sup>

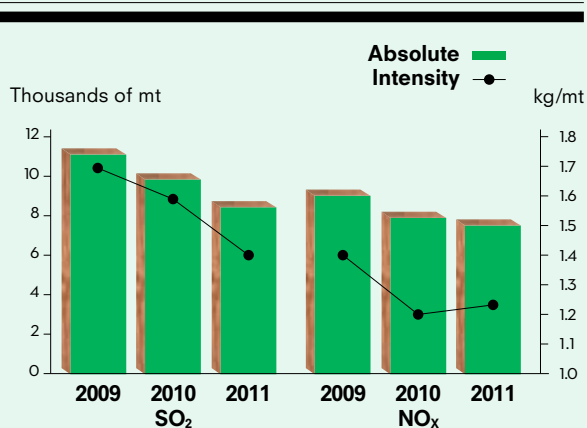
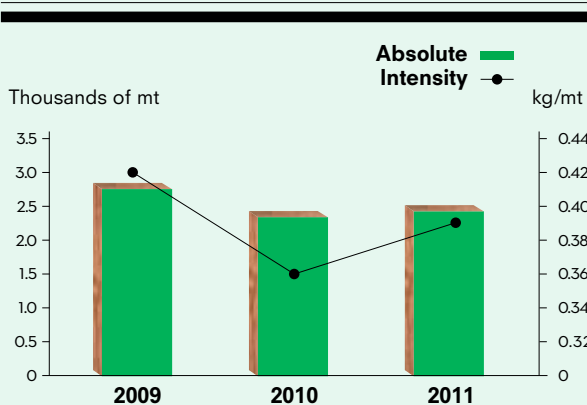


FIG. 2.3 D TOTAL PARTICULATE MATTER (TPM) Pulp and Paper Mills—Total 2009-2011<sup>10</sup>



NOTES

<sup>[9]</sup> 2009 does not include Bridgewater (United Kingdom) mill.  
<sup>[10]</sup> 2009 data does not include Bridgewater.

# 2.3

## MILL ENVIRONMENTAL PERFORMANCE

### 4) Material and waste generation

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

In 2011, Resolute generated 7 9,075 metric tons of waste and residual, a decrease of 20% from 2010. Various mills have set mill-level targets related to waste reduction and diversion from landfill. For example, in 2011 our Calhoun (Tennessee) mill diverted 90% of its ash waste from landfill by identifying alternative beneficial uses, exceeding its original target of 50%. Our Baie-Comeau (Quebec) mill reduced the amount of domestic waste sent to landfill from 26 metric tons per month to 13 metric tons per month, exceeding its annual KPI goal of 13.5 metric tons per month. Almost all of our paper mills convert biosolids, such as wood residue and effluent treatment biosolids, into energy.

Mill-specific environmental performance data can be found in our full 2011 Sustainability Report.

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

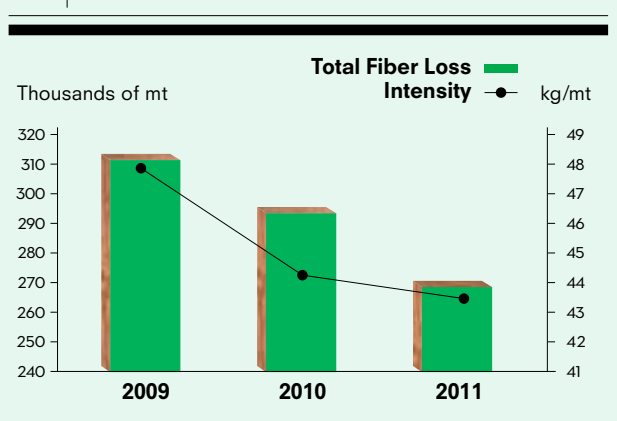


FIG. 2.3 F RESIDUALS AND WASTE Pulp and Paper Mills, 2011

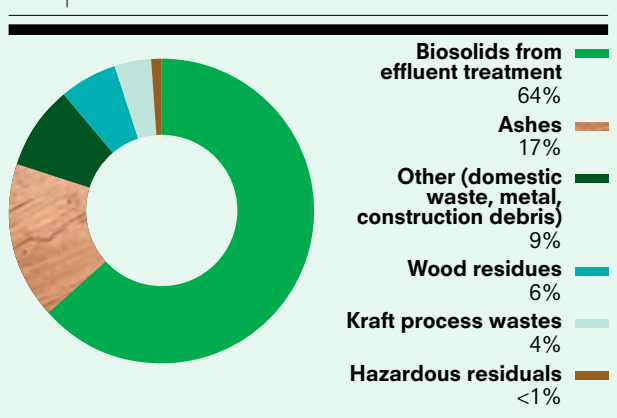
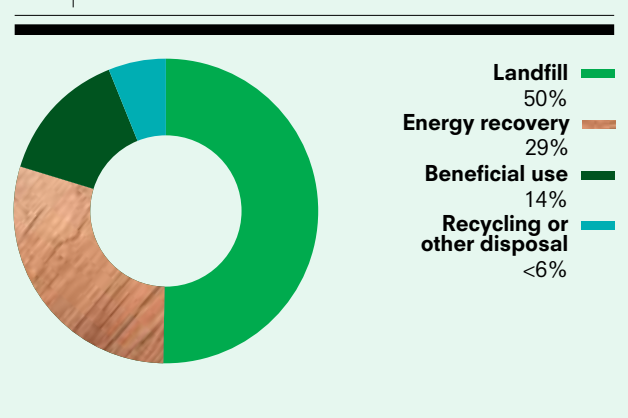


FIG. 2.3 G WASTE BY DISPOSAL METHOD Pulp and Paper Mills, 2011



## 2.4

**PRODUCTS**

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

**SUSTAINABLE PRODUCTS**

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



Now you're thinking.

Our Align uncoated paper grades use 50% less wood fiber than uncoated freesheet (UFS). The LCA found that these grades (Ecopaque Offset, Ecopaque Laser, Ecopaque Jet, Equal Offset and Equal Book) have a carbon footprint that is 85% lower than that of the average UFS over its life cycle. Using 100 metric tons of Align uncoated instead of UFS equates to eliminating the annual greenhouse gas emissions of 22 passenger cars. Align uncoated grades are also produced using

63% less energy compared to the average UFS. Furthermore, the LCA found that our Align coated grade (ResoluteMax) has a carbon footprint that is 35% smaller than the average coated freesheet over its life cycle. ResoluteMax uses 25% less energy to produce compared to the average for coated freesheet.

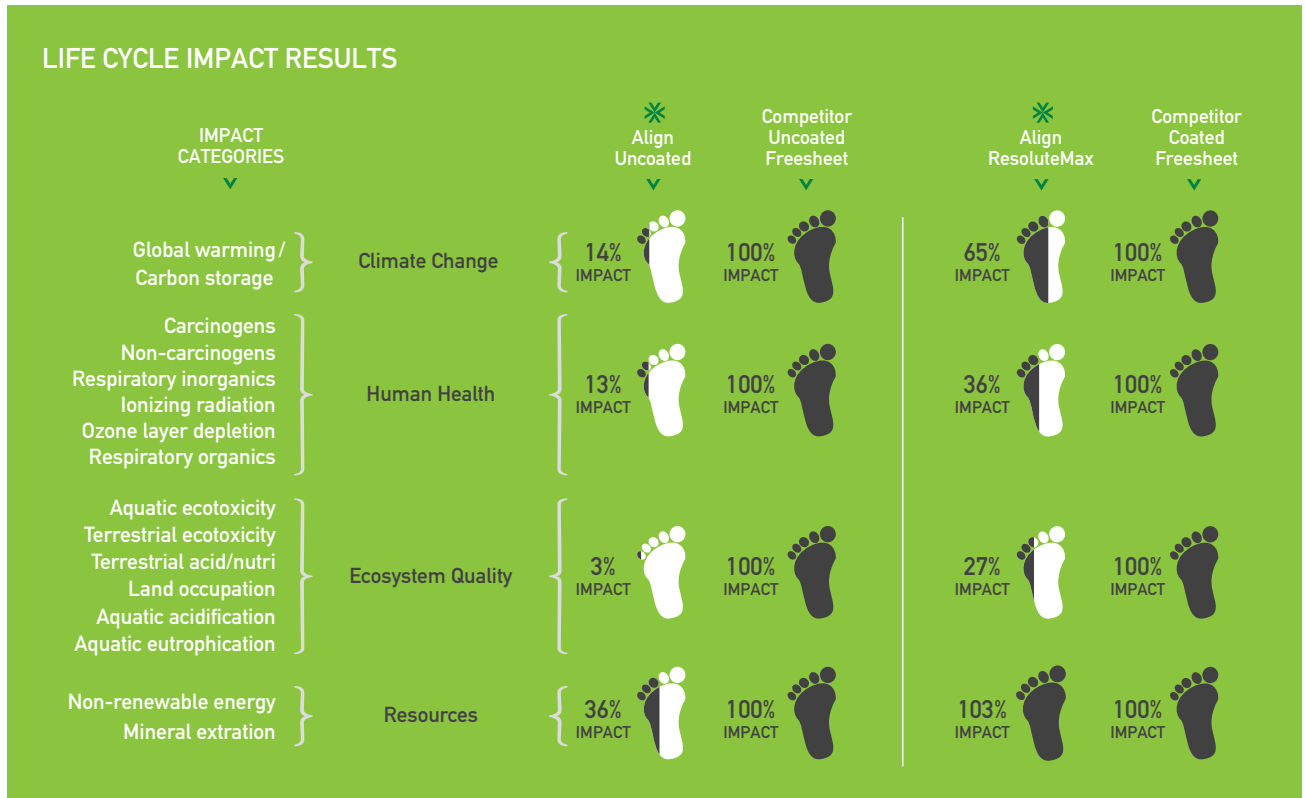
In 2011, Resolute began educating customers about the advantages of our eco-efficient paper grades, which can help them reduce their own environmental impacts, in preparation for the launch of the Align family in 2012. In 2012, we developed a website and implemented a launch and marketing strategy to 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 (see illustration 2.4 A). Visit [www.alignpaper.com](http://www.alignpaper.com) for more information.



# 2.4

## PRODUCTS

FIG. 2.4 A | LCA RELATIVE FOOTPRINT OF ALIGN COMPARED TO FRESHEET



3.0

## POSITION RESOLUTE AS A COMPETITIVE EMPLOYER

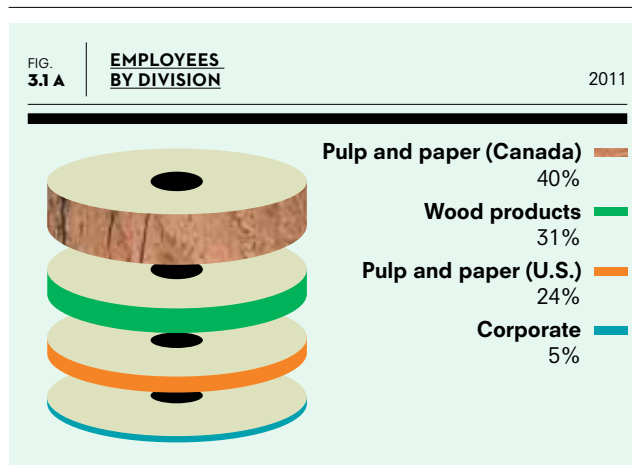
3.1

## HUMAN RESOURCES

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

### WORKFORCE AND TURNOVER

At press time of this sustainability report overview, Resolute had 9,200 employees in Canada, the U.S. and South Korea, along with a small number of employees working in international sales offices in other countries. We experienced a turnover rate of 9.9%,<sup>11</sup> primarily as a result of retirement, but also from voluntary resignations for various reasons, including competition for workers from other industries.



#### NOTE

<sup>11</sup> Figure includes resignations and retirement.

# 3.1

## HUMAN RESOURCES

### PROFESSIONAL DEVELOPMENT

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

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

### RENEWAL AND RETENTION STRATEGY

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

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

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

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

FIG.  
3.1 B

**TOTAL NEW HIRES  
BY AGE AND REGION**

As at December 31, 2011

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

## 3.2

HEALTH  
AND SAFETY

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

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

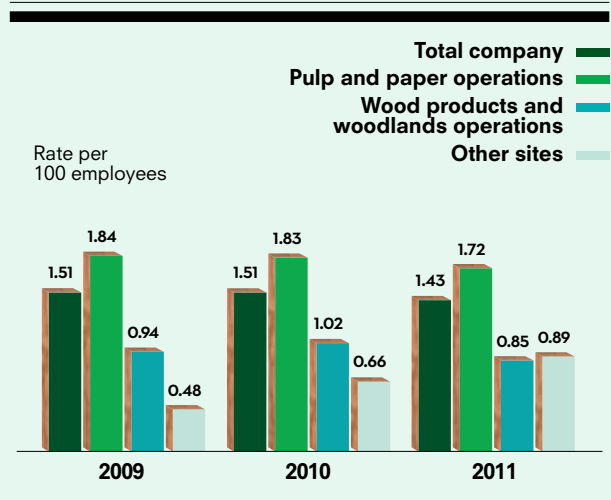
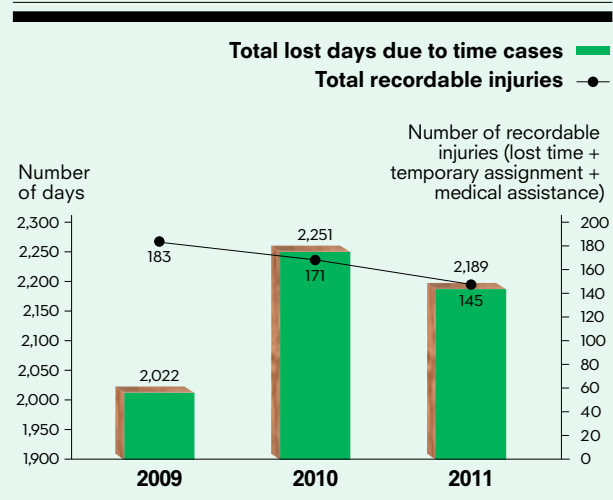


FIG. 3.2 B LOST TIME/RECORDABLE INJURIES Total Company 2009-2011



Building a world-class health and safety program is a top priority, and we strive for zero incidents and zero injuries in all our operations. Our health and safety focus is driven by our Company values and our Health and Safety Policy Statement, which was updated in March 2012 and is available on our website at [www.resolutefp.com/Sustainability/Stakeholder\\_Engagement/Safety\\_and\\_Health](http://www.resolutefp.com/Sustainability/Stakeholder_Engagement/Safety_and_Health). Our Health and Safety Policy applies to all employees and contractors worldwide.

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

## NOTES

- 1121 Recordable injuries do not include minor, first-aid level incidents.  
 1131 Lost days are calculated based on calendar days and begin the day after the incident occurs.

## 3.2

## HEALTH AND SAFETY

### SAFETY MANAGEMENT SYSTEM

Resolute has had a Safety Management System (SMS) in place for several years, which provides for training and awareness, audits and monitoring, and employee engagement through the use of joint health and safety committees at all sites managed by the Company. During the course of 2011, approximately 100 managers were trained through Company safety processes in one-day workshops, and more than 1,700 employees subsequently participated in 115 workshop sessions aimed at making safe thinking, decision-making and work actions part of the way of life for all employees. For more information on our SMS, please visit [www.resolutefp.com/Sustainability/Stakeholder\\_Engagement/Safety\\_and\\_Health](http://www.resolutefp.com/Sustainability/Stakeholder_Engagement/Safety_and_Health).

### SAFETY PERFORMANCE

During the course of 2011, no employee or contractor fatalities occurred. While we did not meet our aggressive OSHA incident rate target of 1.0 for 2011, our recorded rate of 1.43 still represented an improvement over the 1.51 rate we recorded in 2010. While our ultimate safety performance objective continues to be zero incidents, zero injuries, Resolute has set an annual OSHA rate target of 1.2 or less for 2012. Compared to 2010, we achieved a 15% reduction in total recordable injuries<sup>12</sup> and recorded 3% fewer lost-time days.

In 2011, we instituted a Company-wide injury severity rate (number of workdays lost plus number of restricted workdays due to injury per 200,000 hours worked divided by total amount of hours worked) that allows us to measure the actual impact from injuries on the health of our employees.<sup>13</sup> Our 2011 severity rate result was 36.5.

## 4.0

## BUILD SOLID COMMUNITY RELATIONS

## 4.1

## COMMUNITY

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

## 4.]

**COMMUNITY****STAKEHOLDER ENGAGEMENT PROGRAM**

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

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

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

**FIRST NATIONS RELATIONS**

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

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

In 2012, we published a formal policy regarding our relations with Aboriginal groups. To prepare this policy, Resolute surveyed and analyzed the formal Aboriginal relations policies of a variety of natural resource companies operating in Canada, the United States and Australia, as well as documented its existing on-the-ground practices. This policy is available on our website at [www.resolutefp.com/Sustainability/StakeholderEngagement](http://www.resolutefp.com/Sustainability/StakeholderEngagement).

**LOCAL CITIZENS COMMITTEES**

A good example of how stakeholder outreach is undertaken at Resolute is our Local Citizens Committee (LCC) implemented at our Thunder Bay (Ontario) woodlands operation. This committee serves as an advisory committee reporting to the Ontarian Ministry of Natural Resources. The LCC's primary purpose is to participate, as an integral part, in our Company's forest management planning process.

Effective LCC participation helps ensure that various environmental, social and economic views are considered in planning. LCCs also help increase public awareness of forestry issues and identify other interests to be considered in forest management. The volunteer members of these committees represent a range of stakeholders in the community, including First Nations, anglers and hunters, trappers and businesses. Most of the representatives of our Thunder Bay LCC have been with the committee from the start. They are a knowledgeable and dynamic group, well-suited to assist in the management of the forest and keep Resolute aligned with broader community interests.

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

**PHILANTHROPY**

In 2011, Resolute's charitable contributions were approximately \$1 million. Our contributions are aligned with the Company's commitment to the three pillars of sustainability—environmental, social and economic. Specific emphasis is placed on health and education programs as well as environmental stewardship.

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



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[pfresolu.com/Developpement\\_durable](http://pfresolu.com/Developpement_durable)

Want to find out how switching to Resolute's Align grades can help your company reduce its environmental footprint?

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