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FOUNDED IN 1964, CASCADES PRODUCES, CONVERTS AND MARKETS PACKAGING AND TISSUE PRODUCTS COMPOSED MAINLY OF RECYCLED FIBRES. CASCADES EMPLOYS NEARLY 14,000 MEN AND WOMEN WHO WORK IN SOME 100 MODERN AND FLEXIBLE PRODUCTION UNITS LOCATED IN NORTH AMERICA AND IN EUROPE. CASCADES’ MANAGEMENT PHILOSOPHY, ITS MORE THAN 40 YEARS OF EXPERIENCE IN RECYCLING, ITS CONTINUOUS EFFORTS IN RESEARCH AND DEVELOPMENT ARE STRENGTHS WHICH ENABLE THE COMPANY TO CREATE INNOVATIVE PRODUCTS FOR ITS CUSTOMERS. THE CASCADES SHARES TRADE ON THE TORONTO STOCK EXCHANGE UNDER THE TICKER SYMBOL CAS. FOR MORE INFORMATION, VISIT WWW.CASCADES.COM.

OUR GUIDING VALUES

RESPECT
TEAMWORK
AUTONOMY
ADAPTABILITY
INITIATIVE
COMMUNICATION
On April 22, Alain Lemaire was named “Personality of the Week” in the Montréal daily La Presse and on Radio-Canada. This nomination coincided with Earth Day, and underscored the commitment of Cascades’ President and CEO and the Lemaire Family to protecting the environment.
The year 2007 has been without a doubt a turning point in terms of sustainable development. Today, Cascades is at the crossroads of two major trends.

THE FIRST TREND: its commitment to sustainable development since its inception, well before the concept became part of the collective consciousness. Sustainability has always been closely related to Cascades’ business strategy and success. Its experience of nearly 50 years in recycling, the forward-thinking management of its human resources, and its continuous efforts in research and development are only just a few facets. More than ever, this approach is being recognized, appreciated and rewarded.

THE SECOND TREND: its vision, which is constantly being renewed and more than ever stimulated. Although everyone is talking today about being “green”, Cascades must continue being the industry reference and its credible, strong leader.
A MODEL.…

This report confirms it: Cascades is indeed a model… not out of vanity, but rather out of necessity at the beginning, and by conviction today and for tomorrow. The data, figures and testimonials found on these pages are proof of this, as are our employees’ many ingenious and responsible initiatives.

… FOR THE ENVIRONMENT
Once again this year, Cascades performed incredibly well in fibre recycling, ensuring water and air quality, reusing waste and reducing energy consumption. During our Environment, Innovation and Energy Conference in September, we redefined our environmental mission and stepped up our commitment: hundreds of employees symbolically signed this commitment to dedicate all their energy and talent to attaining the objectives set during this conference.

… FOR ITS EMPLOYEES
Since we are convinced that our employees are the reason for our success, we also take our employees to heart. Given that they help us move forward year after year, we are always looking to improve security in the workplace, ensure their health and well-being, offer competitive working conditions and benefits and celebrate our successes with them.

… FOR THE COMMUNITY
Even in these trying times for our industry, we make a point of being involved in our local communities. This year, Cascades was resolute in directing its donations and sponsorships to the environment and sustainable development. Through these initiatives, we were more than just sponsors; we became bona-fide partners, exchanging knowledge, findings and ideas. At the same time, we did not neglect any of our commitments to community organizations, teaching institutions and amateur athletes.

… FOR THE ECONOMY
Despite being faced with difficult conditions, from the rising Canadian dollar to the higher cost of fibre and energy, Cascades has maintained a respectable level of profit, thanks to its employees’ ingenuity and the implementation of strategic initiatives.

A VISION…

Although, and quite fortunately, more and more companies are going green, Cascades has been on the road to sustainable development since its inception. We want to maintain this lead and remain a trendsetter in this area.

OUR PEOPLE’S INGENUITY
Cascades is one of the largest investors in research and development. A true innovative management system was developed during the aforementioned conference. Thanks to our incredibly knowledgeable and enterprising employees, our products are now the environmental choice par excellence.

FULL STEAM AHEAD IN THE CARBON OFFSET PROGRAM!
Last year was marked by a few notable statements that I made in the media, in particular involving the promotion of a Canadian Carbon Offset Program. This system, the effectiveness of which has already been demonstrated elsewhere, contributes in the fight against climate change and is financially beneficial for companies investing to reduce their environmental footprint. Such a program would be more than advantageous to Cascades, who, year after year, has substantially reduced its greenhouse gas emissions.

It is therefore with a certain amount of pride that I invite you to read our 2007 Sustainable Development Report. Its content reflects well on our employees, who are the principal artisans of our performance and the primary source of inspiration for our vision.

Alain Lemaire
President and
Chief Executive Officer
of Cascades Inc.
ENVIRONMENT, INNOVATION AND ENERGY

CASCADES IS COMMITTED TO DOING EVEN MORE

To reflect its ongoing commitment toward protecting the environment, Cascades redefined its environmental mission in 2007:

- Actively promote sustainable development leadership as product manufacturer
- Communicate our environmental and energetic performances to our employees, our customers and to the public
- Tend to reduce rejects in air and water and promote the 4R’s (reduction, reuse, recycling and recovery)
- Identify improvement opportunities, implement them and quantify the benefits
- Optimize energy consumption and promote renewable energy as well as energy from waste
- Norms: comply with laws and regulations

This approach took shape during a company-wide Environment, Innovation and Energy Conference, which was held in September 2007. During this carbon-neutral event, 200 employees were challenged to make definite commitments over the next four years, based on Cascades’ strategic positioning on environmental issues. To summarize the commitments made during the conference and embraced by Cascades’ units:

A REDUCTION IN THE FINAL EFFlUENT RATES FROM 15% TO 30%

REINFORCEMENT OF THE PLANT RECOVERY PROGRAM

MONTHLY FOLLOW-UP ON ENERGY PERFORMANCE INDICATORS AND DEFINING NEW ENERGY REDUCTION OBJECTIVES PER PLANT

FOLLOW-UP ON THE COMPLETE REVIEW OF WATER, INK AND GLUE MANAGEMENT PRACTICES
TerraChoice Environmental Marketing, an organization that certifies products bearing the EcoLogo brand, has created a list of six “greenwashing sins” committed by companies that falsely claim to have marketed environmental products. In connection with this study, TerraChoice evaluated 1,018 consumer products making 1,753 environmental claims. Out of these products, only one had made 100% true environmental claims: chlorine-free Cascades Paper Towels, containing recycled fibres bearing legitimate environmental logos.

Our Papers in the Spotlight
Cascades Tissue Group produces 100% recycled tissue paper and paper towels, made in accordance with strict environmental processes, i.e., with 80% less water than the industrial average, and dried using natural gas. Last spring, the Group launched www.simplegreenaction.ca, a viral marketing campaign, which presents video capsules in which Canadian entertainers attest to the importance of making small gestures in their everyday life to save the environment. The site attracted more than 80,000 visitors, who drew inspiration from the testimonials and ideas for reducing their own impact on the environment and were asked to pass on the message to their colleagues and friends.


NORAMPAC INDUSTRIES INC., NIAGARA FALLS DIVISION, A HIGHLY DESERVING PLANT IN TERMS OF REDUCING AIR EMISSIONS BY HAVING ELIMINATED 95% OF ITS GREENHOUSE GAS EMISSIONS SINCE 2003.

CASCADES PAPIER KINGSEY FALLS, A PLANT THAT HAS MADE CONSIDERABLE INROADS IN REDUCING ITS EFFLUENT RATE BY 73% BETWEEN 2002 AND 2006.

CASCADES FINE PAPERS GROUP INC., ROLLAND DIVISION, WHICH REDUCED GREENHOUSE GASES BY MORE THAN 62% THROUGH THE USE OF BIOGAS, AN UNUSUAL SOURCE OF ALTERNATIVE ENERGY.

MASKS OFF!
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The conference was also an opportunity to point out the exceptional environmental contribution of four of our units:


NORAMPAC INDUSTRIES INC., NIAGARA FALLS DIVISION, A HIGHLY DESERVING PLANT IN TERMS OF REDUCING AIR EMISSIONS BY HAVING ELIMINATED 95% OF ITS GREENHOUSE GAS EMISSIONS SINCE 2003.

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To highlight its partnership with Jour de la Terre Québec and Earth Day Canada, Cascades launched the Eco-Hero contest for its Canadian units, to underline one employee’s remarkable gestures to preserve the environment in the course of his day-to-day activities. The top winner for 2007 was Dany Couture from the Water Treatment Plant in Kingsey Falls, Québec. Among his various environmental actions, Dany rides his bike to work, composes table waste and recovers his washing-machine water. Congratulations to Cascades’ Eco-Hero!

GREEN COMMITTEES EMERGE!
In 2007, the Laurent Lemaire Information Technology Centre formed a Green Committee. Some of the initiatives adopted by this committee include using biodegradable cleaning products, setting up additional recycling bins in the employee dining room, and disseminating information capsules for employees at the Centre. The committee intends to set up in the near future an organic waste composting system at the Centre, to replace disposable dishes with reusable items, and to obtain ICI, ON RECYCLE! (WE RECYCLE) certification issued by the Government of Québec.

Cascades’ Research and Development Centre also has its own green committee, which has taken the initiative to set up parking spaces for carpoolers, conduct an energy reduction audit, set up a compost bin and eliminate disposable cups.

NORAMPAC FOLLOWS SUIT!
Along with the Environmental Department, Norampac has launched the Envirobox Program, which will provide plants with the support needed to improve their performance in reducing water consumption, in complying with effluent levels, in recycling or in managing ink and glue. Norampac’s containerboard plants produce their paper using 80% recycled fibres.
PRODUCING PRODUCTS FROM RECYCLED PAPER SUBSTANTIALLY REDUCES THE USE OF VIRGIN FIBRES, EVEN IF IT IS STILL NECESSARY TO START OFF THE RECYCLING CYCLE. WHEN IT USES VIRGIN FIBRES, CASCADES FAVOURS SOURCES THAT ARE MANAGED IN A SUSTAINABLE MANNER.

IN THIS WAY, IT CONTRIBUTES TO MAINTAINING THE BIOLOGICAL DIVERSITY OF FORESTS, THEIR PRODUCTIVITY AND THEIR ABILITY FOR LONG-TERM REGENERATION.

CAS coseS processes 2.8 MILLION SHORT TONNES OF RECYCLED FIBRES EVERY YEAR AND 77% OF THE RAW MATERIAL USED TO MANUFACTURE ITS PRODUCTS COMES FROM RECYCLED FIBRES.

Cascad es saves an annual equivalent of 47 MILLION TREES.

Cas cad es is #1 paper collector in Canada and #11 in the world.

IS SECOND NATURE TO US!
GuARANTEEd beSTselleR!

CASCADES’ ROLLAND DIVISION PRODUCES A LINE OF HIGH-QUALITY ALKALINE PAPERS MADE OF 100% POST-CONSUMER FIBRES.

CASCADES’ ROLLAND DIVISION IS THE ONLY CANADIAN PLANT WITH CHLORINE-FREE PROCESS CERTIFICATION FROM THE CHLORINE FREE PRODUCT ASSOCIATION AND THE ECOLOGO CERTIFICATION FROM THE ENVIRONMENT CANADA ENVIRONMENTAL CHOICE PROGRAM, AN ECO-LABELLING INITIATIVE.

CASCADES WAS CHOSEN TO PRODUCE THE RECYCLED PAPER FOR PART OF THE AMERICAN EDITION AND ALL OF THE AMERICAN AND QUÉBEC DELUXE EDITIONS OF HARRY POTTER AND THE DEATHLY HALLOWS.

IN APRIL, QUEBECOR AGREED TO PRINT ALL ITS BOOKS IN BLACK AND WHITE ON PAPER MADE OF 100% POST-CONSUMER FIBRES FROM CASCADES. THIS PROJECT WILL SAVE 34,000 TREES PER YEAR.

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### RECYCLED FIBRES

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled Fibres (Millions of Short Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2.5</td>
</tr>
<tr>
<td>2006</td>
<td>2.8</td>
</tr>
<tr>
<td>2007</td>
<td>2.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Recycled Fibres (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>64</td>
</tr>
<tr>
<td>2006</td>
<td>69</td>
</tr>
<tr>
<td>2007</td>
<td>77</td>
</tr>
</tbody>
</table>

### WATER

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Consumption (M³/Metric Tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>18.7</td>
</tr>
<tr>
<td>2006</td>
<td>16.3</td>
</tr>
<tr>
<td>2007</td>
<td>10.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Plants that Consume Less Than 10 M³/Metric Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>14</td>
</tr>
<tr>
<td>2006</td>
<td>18</td>
</tr>
<tr>
<td>2007</td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Suspended Solids Returned to Effluent (kg/Metric Tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1.00</td>
</tr>
<tr>
<td>2006</td>
<td>0.94</td>
</tr>
<tr>
<td>2007</td>
<td>0.83</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Dissolved Organic Matter Returned to Effluent (kg/Metric Tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>0.56</td>
</tr>
<tr>
<td>2006</td>
<td>0.50</td>
</tr>
<tr>
<td>2007</td>
<td>0.51</td>
</tr>
</tbody>
</table>

---

1 Represents 100% of Cascades and Norampac.  
Canadian Industry Average  
Source: Forest Products Association of Canada (2005)
Cascades uses an average of 10.5 m³ of water per metric tonne of paper, i.e., 5x less than the Canadian industry, which consumes an average of 52.4 m³.

8 of Cascades’ pulp and paper plants now use less than 10 m³ of water per tonne of paper, including 8 that use less than 5 m³.

In Cascades’ plants, each drop of water will be used up to 40x before being returned to its source.

Using hydrogen peroxide and sodium hydrosulphite instead of chlorine when producing bleached pulp eliminates halogen compounds in our effluents.
Cascades does far more than recover and transform raw materials. It also recycles waste from the manufacturing process.

Perfect Marks!
Cascades’ plants recover an average of 73% of their waste. Proof that it is always possible to do better even if we are already exceeding what is done by other players in our industry, our plants in La Rochette, France, and Arnsberg, Germany, obtained perfect marks, recovering 100% of their waste in 2007.

The Hidden Virtues of Sludge
Instead of going to the landfill, de-inking sludge is re-used as a filler in multi-layered cardboard and as bulk in industrial tissue paper. A research partnership worth $500,000 over three years (2006-2008) has been formed with the University of Sherbrooke to evaluate the relevance of using de-inking sludge as a sealing layer for landfills for recovering biogas. Furthermore, this sludge is also used in agriculture to improve the soil.

Intended Objective – Zero Waste!
Launched in 2002, Cascades’ multi-matter recycling program is in full swing thanks to the active participation of all units. This tremendous collective effort aims to recycle or eliminate all kinds of waste from the mill, without hurting the environment. The program supports a well thought out management of residual matter, including hazardous and electronic material as well as the transformation of organic waste into compost. For Cascades, the ultimate objective is to give a second life to all its waste.
Boiling Over with Ideas!
On February 28, the Government of Ontario announced a $6M investment in the Norampac – Trenton containerboard production plant to build a new wood waste and cogeneration boiler. This equipment will reduce wood waste that would normally be sent to landfills and will help lower greenhouse gas emissions by more than 70,000 metric tonnes of CO₂ a year.

Full “Biogas” Ahead!
As part of the biogas energy project of Cascades Fine Papers Group Inc., Rolland Division, during the Environmental Printing Awards Gala, Cascades was the winner of the “Most Innovative Environmental Supplier”, and took home the Bronze Prize for “Supplier with the Most Innovative Environmental Process”. A first for Québec, the biogas energy project recovers gas from decomposing waste in landfills in Sainte-Sophie, Québec. During 2008, Rolland also plans to produce a carbon report on its Enviro100 paper for the benefit of consumers.

Here – and There – We Recycle!
In June, Cascades Recovery Lachine received ICI ON RECYCLE! certification from the Government of Québec. Cascades Recovery Lachine re-uses 98% of waste from its sorting operations and administrative activities.

Since good news usually come in pairs, Cascades Recovery also announced in 2007 that it was now the official partner of the Government of Québec in the ICI ON RECYCLE! program, which recognizes ICI (Industries, Commercial Establishments, Institutions) having reached program objectives. This partnership will be used as a springboard for Cascades’ units and for their clientele who want to follow the example of Cascades Recovery Lachine and Cascades Inopak, and obtain this prestigious certification.
QUALITY: A FAVOURABLE ATMOSPHERE

REDUCTION
In 2007, Cascades reduced the intensity of its greenhouse gas emissions by 5%. The company reduced its total greenhouse gas emissions by 7.3%, including 30% associated with the energy efficiency program promoted by all units. On this topic, the Fine Papers plant in Saint-Jérôme, Québec, reduced its own emissions by 76% since the advent of the biogas project. Likewise, the corrugated medium plant in Cabano (Québec) reduced its emissions by 61% by replacing an oil recovery boiler with a wood boiler.

CERTIFICATION
In May, Cascades Djupafors became the first company in the world that could provide its clients with an environmental declaration of its products, based on CO2 emissions, called EPD (Environmental Product Declaration). This Sweden-based plant produces coated boxboard.

TRANSPORTATION

INITIATIVES SHOWING THE WAY!

TRICKS OF THE TRADE
Having raised its drivers’ awareness for a good number of years now, Cascades took up the challenge to reduce its fuel consumption as proposed by the show La vie en vert, shown on the Télé-Québec network. Cascades Transport has thus set up eight trucks in its Montréal fleet so that their engines automatically stop after four minutes of idling, thus eliminating four litres of fuel per hour.

AWARDS
In April, Cascades Transport received the “Prix de la flotte de camions la plus propre” (Cleanest Truck Fleet Award) given by the Association des mandataires en vérification mécanique du Québec (Québec Association of Mechanical Inspectors). This prize is awarded to the Québec truck fleet that has been highly exemplary environmentally, based on the quality of its truck maintenance.

GREEN VEHICLES
Cascades encourages all its employees using company vehicles to increasingly drive cars that run on diesel or that have a gas consumption lower than 9 litres per 100 kilometres. These vehicles — especially hybrid cars — are also recommended for Cascades’ leased car fleet.

PARTNERSHIPS
Cascades is a partner of the Smartway program, implemented by the American Environmental Protection Agency, whose objective is to help carriers to reduce fuel consumption. The Company also participated in the Acquis Route Program, which demonstrates the importance of new technology to improve the energy performance of vehicles and thus reduce greenhouse gas emissions. In cooperation with the governments of Québec and Canada, Cascades took part in the 2007 Energotest, by providing trucks and drivers for the track tests of new eco-energetic technologies. The objective was to evaluate the relevance of certain technologies related to the reduction in fuel consumption and pollution waste.

These commitments attest to the Company’s determination to maintain its leadership status in the transportation industry regarding environmental protection.

***

CASCADeS’ 100 OR SO
HEAVY TRuCKS ONLY CONSUME
AN AVERAGE OF
36.2 LIteRS oF FUEl EVEry
100 KILOMETRES.
***

TransporTaTion

Cascades’ 100 or so heavy trucks only consume an average of 36.2 litres of fuel every 100 kilometres.
IN 2007, CASCADES REDUCED THE INTENSITY OF ITS GREENHOUSE GAS EMISSIONS BY 5%. 
Cascades’ Energy Action Group (EAG) celebrated its tenth anniversary in 2007. In creating this specialized team back in 1997, Cascades took the lead in energy efficiency long before it became a global issue. For this initiative, Cascades won the 2007 Energia Award given by the Association québécoise pour la maîtrise de l’énergie (Québec Association for Mastering Energy). The company was recognized in the category “Sustainable Gesture — Industrial Sector” for having set up the EAG.

Since 2004, in order to better support the EAG, Cascades has invested $2M annually in a fund earmarked for energy projects. In 2007, the energy investment fund injected over $9M in energy efficiency projects. For example, $1.8M were invested in lighting projects for plants using an obsolete system, which alone saved $618,000. In all, through these energy efficiency projects, the investment fund has allowed Cascades to save $1.5M in 2007.

In partnership with the EAG, a comparative analysis tool was developed so that Cascades plants could position themselves in relation to their counterparts both within the Company and in the industry in general. The EAG is also at the root of more than 170 studies, which led to the optimization or the completion of energy projects in the plants.

The 44 units at Cascades that consume the most energy have now been integrated into the SIGE (système d’information sur la gestion de l’énergie; energy management information system). Estimated savings for simply applying this real-time measuring process come in at nearly $13M. By implementing the SIGE, certain plants were able to reduce their energy costs by 20%.

“To me, Cascades has always been a model company when it comes to the environment and saving energy. I have always been fascinated by the quality of its management and its employee relations. For these reasons, helping Cascades go further toward sustainable development gives our organization a sense of pride.”

DANIEL NORMANDIN,
EXECUTIVE DIRECTOR OF CIRAIG
(Interuniversity Research Centre for the Life Cycle of Products, Processes and Services).

“As a socially responsible company, we believe it is imperative for us to use packaging that will effectively reduce the burden on the environment. Because of Bioxo™’s environment-friendly qualities, the use of it in all of our St-Hubert BBQ restaurants is an investment that meets our customers’ expectations as well as those of future generations.”

JEAN-PIERRE LÉGER,
PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ST-HUBERT GROUP.
Research and development truly drives innovation and is in an enviable position in terms of Cascades’ priorities. It also is part of the 100 Canadian companies that have invested the most in research and development according to the list drawn up by RESEARCH Infosource Inc. Cascades managed to go from 74th position in 2006 to 50th in 2007.

AN EXPERT PARTNER
Cascades has been a partner of the Interuniversity Centre for the Life Cycle of Products, Processes and Services (CIRAIG) at the École Polytechnique since May 8. Through its contribution, Cascades participates in enhancing knowledge in this scientific field that studies environmental repercussions—from raw material extraction until end of life—of a company’s products and services. This partnership has a five-year time span.

SUSTAINABLE INNOVATION
À LA CASCADES
In March, Cascades introduced Bioxo™, the first line of containers made from 100% oxo-biodegradable polystyrene foam. Bioxo™ containers are designed to degrade into a fine powder within a period of three years, when disposed in a landfill, unlike containers made of conventional polystyrene foam, which require several hundreds of years to do so. With this new product, Plastiques Cascades was awarded a Certificate of Recognition from the Canadian Innovation Awards in 2007 in the category of “new product design and marketing”.

In the spring, Cascades started its Green Play campaign to promote its multimedia packaging, made of 100% recycled fibre, for compact discs, DVDs and console video games. Cascades boxboard line is made up of 12 brands of cardboard made entirely out of recycled fibres.

Cascades Tissue Group launched its exclusive Tandem distributor program and the only paper towels (North River Ivory) made with 100% recycled post-consumer fibres.

In 2007, Cascades Tissue Group also took the initiative of including the environmental value of its products on their packaging, which is a marketing innovation and has given Cascades a competitive advantage.

Environmental Facts
per package of 12 double rolls

<table>
<thead>
<tr>
<th>Factor</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled content (majority post-consumer fibres)</td>
<td>100%</td>
</tr>
<tr>
<td>Virgin fibre</td>
<td>0%</td>
</tr>
<tr>
<td>Chlorine bleaching</td>
<td>0%</td>
</tr>
<tr>
<td>Water saved vs. paper industry manufacturing average</td>
<td>80%</td>
</tr>
<tr>
<td>Hypoallergenic properties</td>
<td>100%</td>
</tr>
<tr>
<td>Added fragrances and colours</td>
<td>0%</td>
</tr>
<tr>
<td>Environmental certifications</td>
<td>2</td>
</tr>
<tr>
<td>Quality</td>
<td>100%</td>
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### Residual Material

**Beneficial Use of Residue (% of Total)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>75</td>
<td>71</td>
<td>73</td>
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### Atmospheric Emissions

**Equivalent CO₂ (KG/Metric Tonne)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>327</td>
<td>301</td>
<td>286</td>
</tr>
</tbody>
</table>

**Particulate Matters (KG/Metric Tonne)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.37</td>
<td>0.39</td>
<td>0.31</td>
</tr>
</tbody>
</table>

### Energy

**Total Energy Consumption (Millions of GJ)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37</td>
<td>36</td>
<td>35</td>
</tr>
</tbody>
</table>

---

1. Represents 100% of Cascades and Norampac.
OUR EMPLOYEES,

ARTISANS OF OUR SUCCESS
IN 2007, CASCADES SPENT $955 MILLION ON ITS EMPLOYEES IN TERMS OF ITS GLOBAL COMPENSATION POLICY.

Profit-sharing has existed since Cascades was founded. This method of having employees enjoy the Company’s success has been recognized as providing more than just financial benefits. Moreover, all Canadian employees can become shareholders by taking part in Cascades’ share purchase plan.

In addition to competitive pay with traditional benefits, such as a complementary retirement plan, a comprehensive group insurance plan and an attractive vacation plan, Cascades employees can benefit from one or more of the following:

- Phased retirement
- Study bursaries
- Allowances for continuing education
- Sports memberships
- Employee assistance program
- Inter-company sports tournaments
- Summer jobs for employees’ children in school
- Seniority recognition program

Cascades’ corporate business model has made it an employer of choice and it has been cited as an example by many management schools. In 2007, Cascades was the subject of a few case studies at the HEC Montréal, which demonstrates its avant-garde approach to human relations.

CASCADeS TRAINING CENTRE TURNS TEN!

In 2007, training investments totalled $13M, which represent 2% of the payroll, well beyond government requirements. This fact is largely due to the exceptional contribution of the Cascades Training Centre, renamed the Alain Lemaire Skills Development Centre on the occasion of its tenth anniversary. Distance learning programs, conferences on current events, online training, interactive workshops and coaching and mentoring programs are part of the many services offered by the Centre, all carried out in a spirit of imparting the basic values of Cascades.

In 2007, with the collaboration of the Alain Lemaire Skills Development Centre’s team, 390,000 training hours were given to 10,000 employees in all job categories.

FOR A STRONG SUCCESSION

Cascades has set up a succession plan for employees who demonstrate the ability and who are interested in taking on new responsibilities. Implemented around a series of key positions, this plan first identifies potential candidates, and then evaluates their skills and designs a personalized development program for them.

Cascades also continues to promote the hiring of students and interns. In 2007, 822 young people were given the chance to acquire their first work experience in a large company.

CASCADES IS RECOGNIZED BY ITS PARTNERS

Cascades was named “Employer of the Year” by the Ordre des comptables en management accrédités du Québec (CMA, Order of Chartered Management Accountants), recognizing its contribution in promoting the title of CMA.

Several awards showcased Cascades’ excellence in human resource management, with some units having been honoured year after year in this area; for example, Cascades Boxboard U.S., Folding Cartons – Hebron, Kentucky, which won the “Best Workplace in the Americas” award for the sixth year running. This award, given by the Printing Industries of America/Graphic Arts Technical Foundation, highlights companies that have stood out in terms of working environment, organizational culture, training, benefits, recognition programs and occupational health and safety.
### REMUNERATION

**OVERVIEW OF REMUNERATION, 2007**

| Gross salaries and employee benefits (including profit-sharing) | $955M |

### TRAINING

**TRAINING SNAPSHOT, 2007**

| Number of hours of training | 390,000 |
| Number of employees trained | 10,000 |
| Amount invested in training | $13M |
| Amount invested in training / total payroll | 2% |

### WORKFORCE PROFILE

**WORKFORCE, 2007**

| Number of employees | 13,998 |
| Average number of years of seniority | 13 |
| Average age | 42 |
| Hiring of interns | 156 |
| Hiring of students | 666 |

### WORKFORCE PROFILE 1

**NUMBER OF EMPLOYEES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>15,556</td>
</tr>
<tr>
<td>2006</td>
<td>14,243</td>
</tr>
<tr>
<td>2007</td>
<td>13,998</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geographical Breakdown of Employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
</tr>
<tr>
<td>United States</td>
</tr>
<tr>
<td>Europe</td>
</tr>
</tbody>
</table>

### REMUNERATION 2

**TOTAL REMUNERATION - GROSS SALARIES, EMPLOYEE BENEFITS AND PROFIT-SHARING ($ M)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>886</td>
</tr>
<tr>
<td>2006</td>
<td>783</td>
</tr>
<tr>
<td>2007</td>
<td>955</td>
</tr>
</tbody>
</table>

### TRAINING 2

**TRAINING INVESTMENTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>12</td>
</tr>
<tr>
<td>2006</td>
<td>10</td>
</tr>
<tr>
<td>2007</td>
<td>13</td>
</tr>
</tbody>
</table>

### HEALTH AND SAFETY (OSHA) 1, 3

**LOST-TIME FREQUENCY RATE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>9.5</td>
</tr>
<tr>
<td>2006</td>
<td>8.0</td>
</tr>
<tr>
<td>2007</td>
<td>8.0</td>
</tr>
</tbody>
</table>

---

1 Represents 100% of Cascades and Norampac.
2 Represents 100% of Cascades and Norampac in 2007, and only 50% of Norampac for 2005 and 2006.
3 Cases of unemployment per 200,000 hours worked, excluding restricted activities.
With regards to occupational health and safety, Cascades is focused on the following four elements:

ACCOUNTABILITY/RESPONSIBILITY, ACTIVITIES/TASKS, EVALUATION AND CONSEQUENCES.

In this way, each manager, from president down to supervisor, knows his areas of accountability and responsibility. These elements are then translated into a series of activities that are progressively integrated into everyone’s work description on a yearly basis. The quality of these tasks is regularly evaluated and monetary consequences, whether positive or negative, are applied to the annual assessment of the manager’s accomplishments. Improvement in Cascades’ performance is thus due to a clear management system that produces concrete results!
Through its Engineering and Projects Division, Cascades can now provide a brand new machine safety intervention service for all plants in the Group. Mainly composed of engineers, this intervention cell works on designing and applying sound in-house solutions for equipment that could endanger the health and safety of employees.

Incidentally, in 2007, Cascades’ Research and Development Centre and Norampac’s Technical and Development Centre (TDC) made an exceptional contribution to Cascades’ occupational health and safety results, i.e., having had ten years without an occupational accident involving loss of time. The TDC also exhibited a unique performance—ten years without any accident on record.

For a second consecutive year, Cascades received the ALTIOUS OR AWARD from the Quebec Heart & Stroke Foundation for its contest “WHEN THE HEART IS WELL, ALL IS WELL!”

Organized for employees at the Cascades plants in Kingssey Falls, the purpose of this contest is to promote healthy habits through physical activity and a balanced diet.
IN 2007, OVER $4.5 MILLION \(^1\)
IN DONATIONS AND SPONSORSHIPS WERE PAID TO SEVERAL HUNDRED BODIES AND ORGANIZATIONS IN CANADA, THE UNITED STATES AND EUROPE.

\(^1\) REPRESENTS 100% OF CASCADES AND NORAMPAC.
The quality of life for employees of Cascades is based on sound working conditions, but also on a community setting where life is good. Cascades has contributed in different ways, especially through major investments in the communities where it operates.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT
These past few years, Cascades has resolutely focused its initiatives on donations and sponsorship in the environmental sector, which is at the very heart of all its actions. Among its new commitments, we should mention its association with Équiterre, a well-known environmental organization to whom Cascades supplies paper for all its promotional tools. In 2007, it also decided to extend its commitment during the Québec Waste Reduction Week by soliciting its employees participation in several activities related to reducing residual materials.

Since it makes it a point of honour to share its knowledge on sustainable development and is constantly on the lookout for new ways of doing more in this area, Cascades participates in many dedicated events. In 2007, it was proud to support the Forum Tremblant sur la responsabilité sociale de l'entreprise et la durabilité (Tremblant Forum on Social Responsibility and Sustainability), which was held in Mont Tremblant, Québec, as well as the Business and Sustainable Development conference held in Montréal, Québec and organized by Unisféra. Cascades also worked with the International Forum on Applied Sustainable Development of the Université de Sherbrooke.

Along the same lines, Cascades partnered with Earth Day for the fifth year in a row. This association also helps promote the “Porteurs d’espoir” (Bringers of Hope) recognition program, which rewards a person who has stood out in his contribution to the environment. Cascades is also proud to once again support the work of the Fondation québécoise en environnement (Québec Foundation of the Environment) whose mission is to educate, inform and make the public aware of environmental issues, while recommending actions and concrete solutions.

In August, Espace Sedna-Cascades-Rebut global was inaugurated in Montréal. This environmentally friendly building was built from recovered materials found, among other places, in dumps and scrap yards.

“Within the framework of the national campaign on education and actions against climate change, the SEDNA Foundation has decided to forge a partnership with the private sector to demonstrate to what extent a real partnership, with all spheres of society, has not only become possible, but all the more necessary. Cascades is a company that has always leveraged its growth policies around the basic notions of sustainable development. Its values, its social commitment and the thrust of its environmental policies make Cascades an example to follow, a jewel in our society. If someone would have told me that I would say this, one day, about a paper company, I would never have believed it. Nevertheless, today, I am proud to be associated with one of the most respected and respectable companies in Québec.”

JEAN LEMIRE, HEAD OF MISSION, SEDNA IV.

Cascades also acts as a partner in the Sustainable Development Program for the Québec hotel industry set up by the Association des hôteliers du Québec (Québec Hotel Owners Association). The purpose of this initiative is to promote socially responsible habits in this industry through the training of its members.
AMATEUR SPORTS AND PHYSICAL ACTIVITY
Sports activities are important for Cascades, which provides a generous portion of its annual investments in donations and sponsorships to amateur athletes and sporting events.

Cascades sponsors some of the best performing athletes in their respective disciplines: Stéphanie Dubois, a rising star in Canadian tennis, Alexandre Bilodeau, young freestyle skiing sensation in Canada and Pierre-Alexandre Rousseau, 2007 World Freestyle Skiing Champion, just to name a few. Moreover, Cascades, through the Fondation de l’athlète d’excellence du Québec (Québec Foundation of Athletic Excellence) donated $66,000 in bursaries to 17 other promising athletes in different disciplines, including Alex Harvey, an elite cross-country skier who has done very well, and Christelle Doyon, junior world champion in snowboarding.

SOCIAL AND COMMUNITY DEVELOPMENT
Aware of the less-privileged, Cascades and its employees have come to their aid, pooling their energy and empathy. Thus, in 2007, they collected more than $360,000 as part of a Centraide-United Way campaign.

In December, the Cascades Tissue Group participated in the Grande guignolée des médias by offering eight trailers full of products to different cities in Québec. In all, 18,480 products were donated for an approximate value of $190,000.

HEALTH
Cascades helps healthcare institutions improve their services and modernize their equipment. The foundations of the Hôpital Sainte-Justine, Maison Michel-Sarrazin and Centre Normand-Léveillé are among the major organizations that benefit from Cascades’ loyal support. In 2007, the Company also supported some brand new projects, in particular the new regional palliative care centre Au diapason, located in Bromont, Québec. Cascades also sponsored Baluchon Alzheimer, a respite and home care service provider for families who have a loved one suffering from Alzheimer’s disease.

Norampac lent its support for a fifth year to the Survivors’ Victory Lap, an activity held as part of the Relay for Life on behalf of the Canadian Cancer Society and the American Cancer Society. Employees from a dozen units in the containerboard division in Canada and the United States worked together to fight against cancer by collecting tens of thousands of dollars.

A GOOD START FOR QUÉBEC NEWBORN
In 2007, Cascades renewed its commitment to the hereditary metabolic urinary disease screening program at the Centre hospitalier universitaire de Sherbrooke. The only one of its kind in the world, this program provides very early detection of some 25 diseases or abnormalities in newborns that could have very serious consequences for their development. With Cascades’ support, the program will continue for the next four years. To date, 2.5 million newborns from Québec and Nunavut have benefited from this screening program.

“Cascades’ commitment is a major asset for all Quebec parents with regard to their children’s health. Many thanks for this large-scale social commitment which has an impact in all corners of the province.”

DR. CHRISTIANE AURAY-BLAIS,
DIRECTOR OF THE URINARY SCREENING PROGRAM FOR INHERITED METABOLIC DISEASES, Centre Hospitalier Universitaire de Sherbrooke.
### DONATIONS AND SPONSORSHIPS ($M) 

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>4.5</td>
</tr>
<tr>
<td>2006</td>
<td>3.8</td>
</tr>
<tr>
<td>2007</td>
<td>4.5</td>
</tr>
</tbody>
</table>

1 Represents 100% of Cascades and Norampac.
CLIMATE CHANGE, FROM RISK TO POSSIBLE OPPORTUNITY

After decades of environmentally-sound actions, Cascades does not see climate change as a risk, but rather more as an opportunity.

FOR EXAMPLE, IN 2007, CASCADES REDUCED ITS TOTAL GREENHOUSE GAS EMISSIONS BY 7.3%. IN FACT, SINCE 1990, A BENCHMARK YEAR ACCORDING TO THE KYOTO PROTOCOL, THE COMPANY REDUCED ITS EMISSIONS BY 26%. IN EUROPE, DUE TO THE GOOD ENVIRONMENTAL PERFORMANCE OF ITS BOXBOARD PLANTS, CASCADES HAS SOLD €1.4M WORTH OF CO₂ CREDITS OVER THE LAST THREE YEARS.

Cascades also holds a 34% interest in Boralex, a pioneer in producing renewable energy. Active in the hydroelectric, wind, biomass and solar energy markets, it also sells green energy credits in Connecticut, USA.

WITH ITS LOW VIRGIN FIBRE CONSUMPTION AND ITS OPTIMAL REUSE OF WATER, CASCADES’ RISKS ASSOCIATED WITH THE SUPPLY OF THESE MATERIALS ARE MINIMAL. THESE RISKS WOULD OTHERWISE BE EXACERBATED BY CLIMATE CHANGE.
Responsible Purchasing and Sales

In 2008, Cascades plans to develop a responsible purchasing “policy”. This step will have the primary goal of making suppliers aware of the importance of adopting socially and environmentally responsible business practices. The Company also intends to take part in a Québec group of sustainable companies, which are prepared to make firm environmental commitments and account for their activities.

Education: Major Indirect Investments

In 2007, Cascades continued with its commitments to educational institutions like the Université du Québec à Montréal and its Chair in Social Responsibility and Sustainable Development, the Université de Sherbrooke – by generously contributing to the Ensemble Campaign, the Fondation du Cégep de Trois-Rivières and Ryerson University in Toronto just to name a few.

For a second year in a row, Cascades joined forces with Forces Avenir, an organization dedicated to promoting the involvement of young university students in projects that enhance knowledge, that foster the taste for success, that encourage the surpassing of oneself, and develop an analytical sense. Thus, during a national contest, Cascades became a bursary partner and gave the “Avenir Environment” award, which rewards the best student initiative on sustainable development.

In addition to being totally committed to the environment, Cascades wishes to stimulate the entrepreneurial spirit of tomorrow’s potential employees. Therefore, it supports the Réseau québécois des écoles entrepreneuriales et environnementales (Québec Network of Entrepreneurial and Environmental Schools), the Fondation du maire de Montréal pour la jeunesse (Foundation of the Mayor of Montréal for Youth) and the Quinzaine de l’entrepreneuriat Cascades organized by the Institut d’entrepreneuriat at the Université de Sherbrooke. Cascades also supports the Fondation de l’entrepreneuriat, whose board is chaired by Alain Lemaire. For the first time this year, Cascades is supporting the Association des clubs d’entrepreneurs étudiants du Québec (Student Entrepreneur Club Association), whose mission is to make young people aware of the importance of entrepreneurship.

Healthy Retirement Plans

Cascades offers both fixed contribution plans and fixed benefit plans. In 2007, total cash payments for future benefits for these two types of plans amounted to $67M.

As at December 31, 2007, fixed benefit plans were in good financial health with assets of $626M and a deficit of $3M (i.e., only 0.3% of the Company’s shareholders’ equity).
INFLows
SALES
$3,929M

OUTFLOWS
COST OF SALES ¹
($3,201M)
TOTAL REMUNERATION
($955M)
INTEREST EXPENSE
($102M)
DIVIDENDS
($16M)
PROVISION FOR INCOME TAXES
($11M)
DONATIONS AND SPONSORSHIPS
($4.5M)

¹ EXCLUDING DEPRECIATION AND INCLUDING A PORTION OF THE TOTAL REMUNERATION
Cascades Inc.’s Board of Directors believes that a quality corporate governance policy is critical to running the company efficiently.

The Board of Directors of Cascades is made up of 13 Directors, seven of which are independent. In 2007, Robert Chevrier was appointed lead Director. He oversees the responsibilities of the Independent Directors and assumes other responsibilities that the Independent Directors might jointly assign from time to time.

During the year, the Board of Directors adopted a written description for the position of Chairman of the Board as well as that of President and CEO.

THE BOARD HAS THE FOLLOWING COMMITTEES:

Corporate Governance and Nominating Committee
Audit Committee
Human Resources Committee
Environment, Health and Safety Committee

A statement of Cascades’ corporate governance practices can be found in the management information proxy circular.

AN ACCLAIMED CITIZEN!
Cascades was voted among the top 50 Canadian corporate citizens in 2007 according to the Corporate Knights, a Canadian magazine on responsible business.

Our Directors proudly wear the green tie, which was awarded to them by the Institut des administrateurs de sociétés du Québec (Québec Institute of Company Administrators) in recognition of Cascades’ sound environment management of its operations.

For having effectively integrated ethical considerations into its business practices, Cascades was among the finalists for the 2007 Québec Corporate Citizen Award, a contest organized by Korn/Ferry and the Chair of Business Ethics at the Université de Montréal in cooperation with the magazine L’Actualité.
### SUMMARY TABLE OF PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIBRE SUPPLY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycled fibres</td>
<td>Millions of short tons</td>
<td>2.8</td>
<td>2.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Virgin fibres</td>
<td>Millions of short tons</td>
<td>0.3</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Recycled pulp</td>
<td>Millions of short tons</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Virgin pulp</td>
<td>Millions of short tons</td>
<td>0.4</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Total fibre supply</td>
<td>Millions of short tons</td>
<td>3.6</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>WATER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water consumption</td>
<td>m³/metric tonne</td>
<td>10.5</td>
<td>16.3</td>
<td>18.7</td>
</tr>
<tr>
<td>Plants that consume less than 10 m³/metric tons</td>
<td>Plants</td>
<td>15</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Total suspended solids returned to effluent</td>
<td>kg/metric tonne</td>
<td>0.83</td>
<td>0.94</td>
<td>1.00</td>
</tr>
<tr>
<td>Dissolved organic matter returned to effluent</td>
<td>kg/metric tonne</td>
<td>0.51</td>
<td>0.50</td>
<td>0.56</td>
</tr>
<tr>
<td><strong>ATMOSPHERIC EMISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equivalent CO₂</td>
<td>kg/metric tonne</td>
<td>286</td>
<td>301</td>
<td>327</td>
</tr>
<tr>
<td>Particulate matters</td>
<td>kg/metric tonne</td>
<td>0.31</td>
<td>0.39</td>
<td>0.37</td>
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<tr>
<td><strong>RESIDUAL MATERIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial use of residue</td>
<td>kg/tonne métrique</td>
<td>73%</td>
<td>71%</td>
<td>75%</td>
</tr>
<tr>
<td><strong>ENERGY CONSUMPTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas</td>
<td>Millions of GJ</td>
<td>13</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Electricity</td>
<td>Millions of GJ</td>
<td>9</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>Millions of GJ</td>
<td>13</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>Millions of GJ</td>
<td>35</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td>Energy consumption - papermaking</td>
<td>GJ/metric tonne</td>
<td>10.03</td>
<td>10.33</td>
<td>10.83</td>
</tr>
<tr>
<td><strong>WORKFORCE PROFILE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>Employees</td>
<td>13,998</td>
<td>14,243</td>
<td>15,556</td>
</tr>
<tr>
<td>Average number of years of seniority</td>
<td>Year</td>
<td>13</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Average age</td>
<td>Year</td>
<td>42</td>
<td>42</td>
<td>41</td>
</tr>
<tr>
<td>Hiring of interns</td>
<td>Employees</td>
<td>156</td>
<td>164</td>
<td>212</td>
</tr>
<tr>
<td>Hiring of students</td>
<td>Employees</td>
<td>666</td>
<td>684</td>
<td>773</td>
</tr>
<tr>
<td><strong>GEOGRAPHICAL BREAKDOWN OF EMPLOYEES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>% of total</td>
<td>61%</td>
<td>61%</td>
<td>65%</td>
</tr>
<tr>
<td>United States</td>
<td>% of total</td>
<td>29%</td>
<td>28%</td>
<td>25%</td>
</tr>
<tr>
<td>Europe</td>
<td>% of total</td>
<td>10%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>REMUNERATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross salaries and employee benefits</td>
<td>$ Million</td>
<td>913</td>
<td>749</td>
<td>855</td>
</tr>
<tr>
<td>Profit-sharing</td>
<td>$ Million</td>
<td>42</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>Total remuneration</td>
<td>$ Million</td>
<td>955</td>
<td>783</td>
<td>886</td>
</tr>
<tr>
<td><strong>TRAINING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of hours of training</td>
<td>Thousands of hours</td>
<td>390</td>
<td>320</td>
<td>369</td>
</tr>
<tr>
<td>Number of employees trained</td>
<td>Employees</td>
<td>9,954</td>
<td>7,496</td>
<td>8,119</td>
</tr>
<tr>
<td>Amount invested in training</td>
<td>$ Million</td>
<td>13</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>% of total payroll</td>
<td></td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>HEALTH AND SAFETY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency rate OSHA</td>
<td></td>
<td>8.0</td>
<td>8.0</td>
<td>9.5</td>
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<tr>
<td><strong>DONATIONS AND SPONSORSHIPS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total donations and sponsorships</td>
<td>$ Million</td>
<td>4.5</td>
<td>3.8</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>FINANCIAL DATA SELECTED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>$ Million</td>
<td>3,929</td>
<td>3,278</td>
<td>3,201</td>
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<tr>
<td>Consolidated OiBD</td>
<td>$ Million</td>
<td>350</td>
<td>315</td>
<td>262</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$ Million</td>
<td>22</td>
<td>52</td>
<td>6</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>$ Million</td>
<td>202</td>
<td>196</td>
<td>172</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$ Million</td>
<td>167</td>
<td>110</td>
<td>121</td>
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<tr>
<td>Business acquisitions</td>
<td>$ Million</td>
<td>10</td>
<td>572</td>
<td>52</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$ Million</td>
<td>102</td>
<td>78</td>
<td>76</td>
</tr>
<tr>
<td>Dividends</td>
<td>$ Million</td>
<td>16</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Provision for (recovery of) income taxes</td>
<td>$ Million</td>
<td>11</td>
<td>6</td>
<td>(8)</td>
</tr>
</tbody>
</table>

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1. Represents 100% of Cascades and Norampac.
2. Represents 100% of Cascades and Norampac in 2007, and only 50% of Norampac for 2005 and 2006.
3. Cases of unemployability per 200,000 hours worked, excluding restricted activities.
4. Excluding specific items.
5. See additional information on non-GAAP measures included in the annual report - Management's analysis.
For more information or to comment on any one of our sustainable development initiatives, please contact Christine Beaulieu, Director of Communications, at christine_beaulieu@cascades.com.

The cover of this document is produced using 100% recycled Norampac corrugated board. The center section of the document is printed on kraft paper #324, 50 lbs., 40% recycled, manufactured by Cascades East Angus. The rest of the document is printed on Rolland Envirol00, smooth finish, 160M Cover and Text. This paper contains 100% recycled post-consumer fibres and is Chlorine Free Processed. It is Environmental Choice certified and is manufactured using biogas energy.

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- Printed in Canada
- www.cascades.com

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<table>
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<tr>
<th>Year</th>
<th>Fibre Supply (Millions of short tons)</th>
<th>Water Consumption (m$^3$/metric tonne)</th>
<th>Total Suspended Solids Returned to Effluent (kg/metric tonne)</th>
<th>Dissolved Organic Matter Returned to Effluent (kg/metric tonne)</th>
<th>Atmospheric Emissions (CO$_2$ kg/metric tonne)</th>
<th>Residual Material (beneficial use of residue) (%)</th>
<th>Energy Consumption (natural gas Millions of g J)</th>
<th>Total Energy Consumption (Millions of g J)</th>
<th>Energy Consumption - Papermaking (gJ/metric tonne)</th>
<th>Workforce Profile (number of employees)</th>
<th>Average Number of Years of Seniority (years)</th>
<th>Average Age (years)</th>
<th>Hiring of Interns (employees)</th>
<th>Hiring of Students (employees)</th>
<th>Geographic Breakdown of Employees (% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3.6</td>
<td>10.5</td>
<td>0.83</td>
<td>0.51</td>
<td>286</td>
<td>73%</td>
<td>37%</td>
<td>35</td>
<td>10</td>
<td>13,998</td>
<td>13</td>
<td>42</td>
<td>156</td>
<td>666</td>
<td>61%</td>
</tr>
<tr>
<td>2006</td>
<td>4.0</td>
<td>16.3</td>
<td>0.94</td>
<td>0.50</td>
<td>301</td>
<td>71%</td>
<td>36%</td>
<td>36</td>
<td>10</td>
<td>14,243</td>
<td>11</td>
<td>42</td>
<td>164</td>
<td>684</td>
<td>61%</td>
</tr>
<tr>
<td>2005</td>
<td>3.9</td>
<td>18.7</td>
<td>1.00</td>
<td>0.56</td>
<td>327</td>
<td>75%</td>
<td>41%</td>
<td>37</td>
<td>10</td>
<td>15,556</td>
<td>11</td>
<td>41</td>
<td>212</td>
<td>773</td>
<td>65%</td>
</tr>
</tbody>
</table>

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A supplement on the Global Reporting Initiative can be found on our Web site: www.cascades.com.

In addition, you can consult our 2007 annual report on the same Web site.
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