

2008
Report on Sustainable
Development

RSD

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SUMMARY TABLE
OF PERFORMANCE
INDICATORS

	Unit	2008	2007	2006
FIBRE SUPPLY ^{1, 4}				
Recycled fibres	Millions of short tons	2.2	2.8	2.8
	% of total	73%	77%	69%
Virgin fibres	Millions of short tons	0.5	0.3	0.7
	% of total	17%	9%	18%
Recycled pulp	Millions of short tons	0.1	0.1	0.1
	% of total	3%	3%	2%
Virgin pulp	Millions of short tons	0.2	0.4	0.4
	% of total	7%	11%	11%
Total fibre supply	Millions of short tons	3.0	3.6	4.0
WATER ^{1, 4}				
Water consumption	m³/metric ton	10	10.5	16.3
Plants that consume less than 10 m³/metric ton	Number	16	15	18
Total suspended solids returned to effluent	kg/metric ton	0.79	0.83	0.94
Dissolved organic matter returned to effluent	kg/metric ton	0.44	0.51	0.50
ATMOSPHERIC EMISSIONS ¹				
Equivalent CO ₂ ³	kg/metric ton	268	286	301
Particulate matters ⁴	kg/metric ton	0.41	0.31	0.39
RESIDUAL MATERIAL ^{1, 4}				
Beneficial use of residue	% of generated total	62%	73%	71%
ENERGY CONSUMPTION ^{1, 3}				
Natural gas	Millions of GJ	11	13	13
	% of total	34%	37%	36%
Electricity	Millions of GJ	8	9	10
	% of total	25%	26%	28%
Other	Millions of GJ	13	13	13
	% of total	41%	37%	36%
Total energy consumption	Millions of GJ	32	35	36
Energy consumption - papermaking ¹	GJ/metric ton	10.09	10.05	10.33
WORKFORCE PROFILE ^{1, 4}				
Number of employees	Employees	12,529	13,998	14,243
Average number of years of seniority	Years	13	13	11
Average age	Years	44	42	42
Hiring of interns	Employees	137	156	164
Hiring of students	Employees	611	666	684
GEOGRAPHICAL BREAKDOWN OF EMPLOYEES ^{1, 4}				
Canada	% of total	63%	61%	61%
United States	% of total	31%	29%	28%
Europe	% of total	6%	10%	11%
REMUNERATION ^{2, 4}				
Gross earnings	\$ Million	626	661	534
Fringe benefits	\$ Million	255	252	215
Profit-sharing	\$ Million	37	42	34
Total remuneration	\$ Million	918	955	783
TRAINING ^{1, 4}				
Number of hours of training	Thousands of hours	333	390	320
Number of employees trained	Employees	9,203	9,954	7,496
Amount invested in training	\$ Million	11	13	10
	% of total payroll	2%	2%	2%
HEALTH AND SAFETY ^{1, 4, 5}				
Frequency rate OSHA		6.4	8.0	8.0
DONATIONS AND SPONSORSHIPS ⁴				
Total donations and sponsorships	\$ Million	4.5	4.5	3.8
FINANCIAL DATA SELECTED				
Sales	\$ Million	4,017	3,929	3,278
Consolidated OIBD ^{6, 7}	\$ Million	306	350	315
Net earnings ^{6, 7}	\$ Million	3	22	52
Cash flow from operations ^{6, 7}	\$ Million	183	202	196
Capital expenditures	\$ Million	191	167	110
Business acquisitions (disposals)	\$ Million	(5)	10	572
Interest expense	\$ Million	102	102	79
Dividends	\$ Million	16	16	13
Provision for (recovery of) income taxes	\$ Million	(32)	11	6

1 Represents 100% of Cascades and Norampac.

2 Represents 100% of Cascades and Norampac in 2008 and 2007, and only 50% of Norampac for 2006.

3 Data for 2008 include the Blendecques and Ansberg plants, which, since March 2008, have been owned by Reno de Medici, of which Cascades owns 33% of the shares.

4 Data for 2008 exclude the Blendecques and Ansberg plants.

5 Cases of unemployability per 200,000 hours worked, excluding restricted activities

6 Excluding specific items

7 See additional information on non GAAP measures included in the annual report - management's analysis.

Founded in 1964, Cascades produces, converts and markets packaging and tissue products composed mainly of recycled fibres. The Company employs nearly 13,000 men and women, who work in more than 100 modern and flexible production units located in North America and Europe.

Cascades’ management philosophy, its 45 years of experience in recycling and its ongoing research and development efforts are strengths that enable the Company to create increasingly environmentally friendly products. The Cascades shares trade on the Toronto Stock Exchange, under the ticker symbol CAS.

HEAD OFFICE:

Kingsey Falls, Québec, Canada



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**DURING
2008,
CASCADES
USED
2.2 MILLION
SHORT TONS
OF RECYCLED
FIBRES.**

5

**THE
COMPANY
IS THE
1ST
PAPER
COLLECTOR
IN CANADA.**

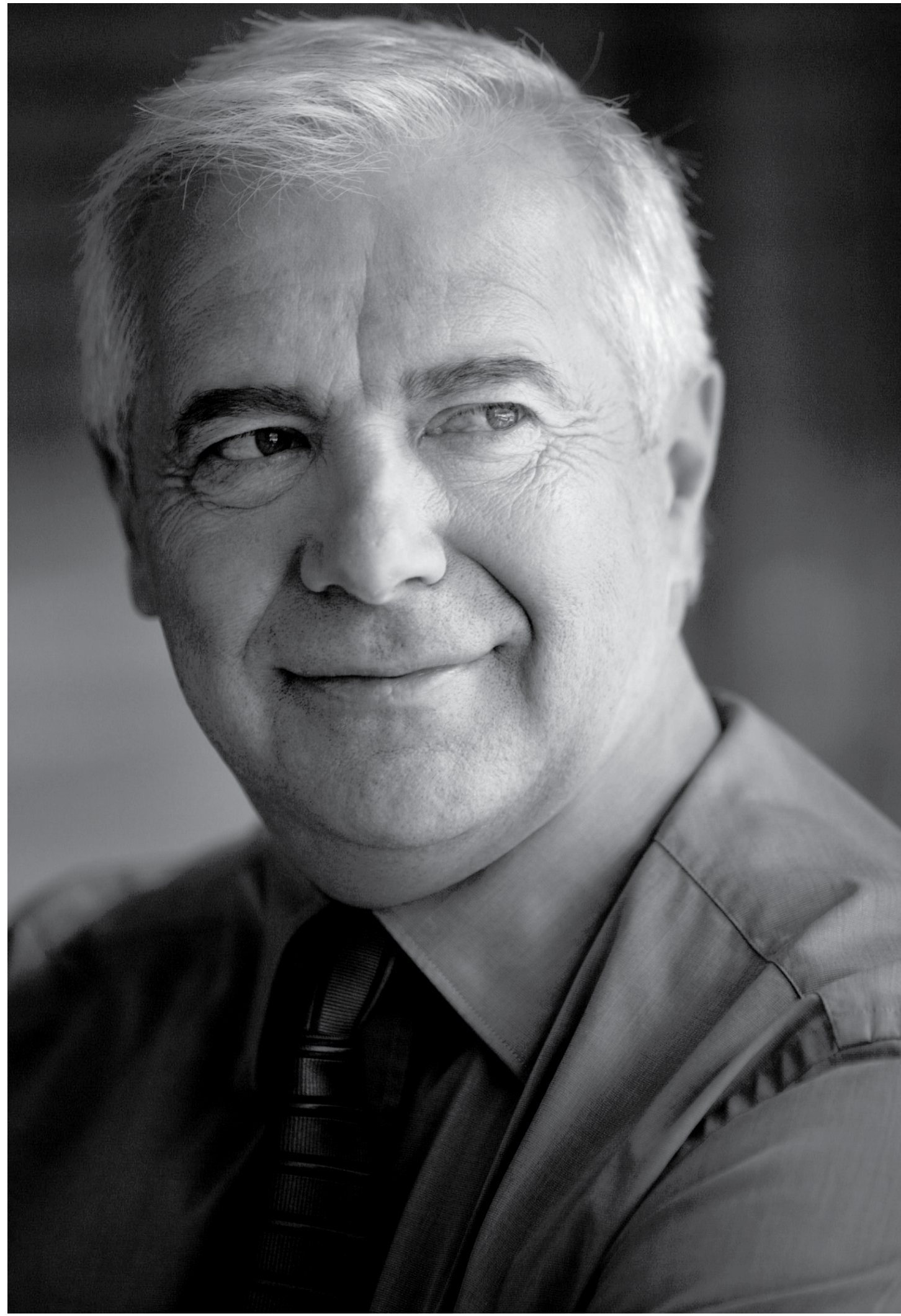
**THESE
RECYCLED
FIBRES
MAKE UP
73%
OF THE
RAW
MATERIAL
USED TO
MANUFACTURE
OUR
PRODUCTS.**





**CASCADES
IS ON
MEDIACORP'S
PRESTIGIOUS
CANADA
TOP 100
EMPLOYERS
LIST.**

Alain Lemaire was named the seventh most influential business personality in Québec by *Le Journal de Montréal* and *Le Journal de Québec*, and the fifth most inspiring leader for Québeckers in a CROP-*Les Affaires*-Knightsbridge poll. In 2008, he was also awarded an honorary doctorate from the Université de Sherbrooke, in recognition of his exceptional career.



**MESSAGE FROM
THE PRESIDENT
AND CHIEF EXECUTIVE
OFFICER**

Inspire

Undoubtedly, 2008 was a year of historic turmoil, and yet replete with all kinds of upturns, for both Cascades and the rest of the planet. Despite the need for repeated reflection and reassessment, brought on by the crises we experienced, sustainable development has remained one of our key concerns. Rather than distancing ourselves from it, we have in fact reaffirmed our commitment to it. Cascades' actions continue to be guided by our convictions and vision rather than circumstances.

INSPIRE

On the strength of its know-how, developed over 45 years, and the fulfilling partnerships it has forged with expert organizations, Cascades has now proven itself a leader—more precisely, a credible touchstone—for sustainability. The numerous awards we received for our *2007 Report on Sustainable Development*, coupled with other forms of recognition, have spurred us on to surpass our past achievements in the areas of sound practices and communications.

Having thus established itself as an authority in this sphere, Cascades, without pretention, hopes to serve as an inspiration to others. This includes, of course, other organizations, which have a duty to exercise social responsibility today, as well as individuals—because sustainable development is everyone's business.

INFORM

For this reason, we have taken on a significant awareness-building role, targeting our efforts to all parties—consumers, partners, suppliers and employees. This report is just one aspect of this initiative, complementing our simplegreenaction.ca Web site and our statements to the media explaining our concerns with raw materials sourcing.

Keeping you informed remains—and will continue to be—an essential activity, since some companies say they are going green but are taking shortcuts to achieve this end. Our recognition that you are becoming increasingly more informed, and, in some cases, wary of “greenwashing” has more than ever strengthened our commitment to transparency—the blueprint of our strategy. While our achievements could serve as models, our areas of sub-par performance could also be instructive. Therefore, we admit that we have had to delay the launch of our responsible purchasing policy, which was planned for 2008, while we intend to continue working to ensure that our efforts are in compliance with the guidelines set out in the Global Reporting Initiative.

incite

INCITE

We tirelessly seek to rally the community at large to commit to sustainable development. Reduce, re-use again, recycle much more, improve your recovery processes, make a commitment.

Instead of resting on our laurels, we are committed to taking our rationale several steps further. To this end, we present our goals for 2009 in the following pages. One of our objectives is to present our sustainable development plan sometime in the short term. We also wish to improve our compliance with the various certifications and standards available to us. Our long history of “deviating from the norm”, by setting ourselves requirements that were often far in excess of third-party suggestions, has led us to understand that our compliance will now enable even better adherence to the above transparency principle.

INSPIRING AND INNOVATIVE

The Company's ability to further strengthen our commitment to sustainable development, even in the current context of unavoidable downsizing, has—without a doubt—become a reality due to our employees. They have deployed their knowledge and parlayed their enthusiasm to propose sensible solutions, submit astonishing innovations and participate in the Company's growth. The achievements set out in each component of this report are entirely their own. Once again, I extend my thanks to them.

inform

**Alain Lemaire
President and Chief Executive Officer
Cascades Inc.**

APPROACH

Cascades’ sustainable development report was produced with joint input from various contributors representing the Company’s legal, environmental, R&D, energy, transportation, human resources, finance and communications departments. This multidisciplinary team’s ultimate objective was to report, with full transparency, on Cascades’ progress in each of the three spheres of sustainable development: the environment, the social and the economy.

In compiling the source data for this report, Cascades modeled its approach on the main parameters that were in effect in the packaging and tissue industry, as well as the government standards to which it must adhere. Cascades also relies on the indicators set out in the Global Reporting Initiative (GRI). To this end, we invite you to view a supplement to our sustainable development report, which we have posted on our Web site www.cascades.com.

Sustainable development principles also form the basis of every aspect of Cascades’ disclosure process—from the standpoint of both content and packaging. The Company’s *2008 Report on Sustainable Development* is therefore printed, using vegetable-based inks, on 100% recycled paper made in Québec by Cascades. Production of this experimental environmental paper, which is EcoLogo certified and Chlorine Free Processed, requires waste paper and kraft paper manufacturing residues, and is fuelled by biogas—a renewable form of energy.

The cover of this report was produced using Inverkote™ recyclable, biodegradable board manufactured at Cascades’ Versailles, Connecticut plant. The board is composed of 100% of recycled fibres, with at least 60% post-consumer fibres.

To ensure that the paper used to print its sustainable development report can be recycled again, Cascades chose to favour muted colours, thus guaranteeing a more efficient de-inking process. Again, for environmental reasons, the Company also decided to print the report in two colours only.

Environmental Facts^{1, 2}

per package of 500 sheets, 8 1/2 x 11, 40M

Factor	Amount
Recycled fibre	100%
Trees cut	0
Solid waste saved	1 kg
Recycled non fibre manufacturing waste (lime mud)	25%
Chlorine bleaching	0%
Water saved	116 L
Renewable energy	100%
Air emissions saved	3 kg
Environmental certifications	2
Wrapper recyclability	100%

Environmental value of paper used to print Cascades’ 2008 Report on Sustainable Development

¹ This product is only available as copy paper for retail sales.
The commercial line will be marketed in late 2009.
² Environmental value compared with the North-American average for virgin papers

BEIN

VIEWER

KNOW

KNOW

ENCOURAGE, EDUCATE, ENGAGE: RALLYING COMMITMENT THROUGH AWARENESS-BUILDING

Cascades believes that the Company's stakeholders are its best allies in working to reduce its environmental footprint and maintain its role as a leader in sustainable development. 2008 also saw a number of productive exchanges between the Company and its internal and external stakeholders, who are now better equipped to understand and support Cascades' sustainability goals.

OUR EMPLOYEES: THE PRIMARY RESOURCE FOR ACTUALIZING OUR VISION

- ➔ *The Company's Environment Department has created a sustainable development information bank for our employees' use. This resource contains an overview of Cascades' multi-matter recycling program, a data bank of environmental statistics, disclosure forms and reports, and references to all sustainable development initiatives undertaken at Cascades.*
- ➔ *Similarly, in order to spur on our employees' flair for sustainable innovation, the Norampac Packaging & Innovation Centre (P&IC) launched an intranet site that focuses exclusively on this theme and covers four major areas: the innovation management system, brainstorming methods, an inventory of innovations put in place by Cascades and a "suggestion box" for collecting our employees' innovative ideas.*
- ➔ *The Tissue Group's commercial and industrial marketing team ran a training session for its sales force, in order to build their awareness of various environment-related topics: the Carbon Exchange, energy, environmental certifications, the LEED system, greenwashing, our environmental footprint and how to "close the loop" by optimizing recovery of the raw materials used in our manufacturing processes.*

KNOWLEDGE IS POWER

The Cascades Fine Papers Group continues to innovate by publishing its Carbon Footprint report. The results are astonishing:

➔ *In North America, one metric ton of virgin paper produces, on average, a 4,245-kg CO₂ equivalent, versus the 1,791 kg created from the same amount of 100% recycled paper. Cascades totally-recycled paper far surpasses this performance, generating only 270 kg.*

In other words, carbon emission volumes generated by Cascades' paper are respectively 85% and 94% lower than the average of recycled and virgin uncoated fine papers in North America.

Underlying this success are two key factors: sourcing our raw materials from recycling bins—the urban forest, as it were—and the use of clean, renewable energy, such as hydroelectricity and biogas, to power our manufacturing processes.

➔ *Cascades reiterated its stance in favor of the Carbon Exchange in an op-ed, written by President Alain Lemaire and published in June 2008 in the Montréal daily La Presse, which critiqued the operating procedures implemented for the new Montréal Climate Exchange.*

➔ *Cascades has also proposed solutions to solve Québec's current crisis in recycling centres. An op-ed on this issue, written by Alain Lemaire, was published in November 2008 in the Montréal daily La Presse. For more details, please see the interview published on pages 16 to 19 of this report.*

➔ *Cascades' 2007 Report on Sustainable Development, produced with the graphic and strategic design company Paprika, elicited praise throughout the year, in the form of various awards: the La Presse Best annual report distinction; "Gold" at the International Annual Report Competition Awards; "Winner" in the Institutional Brochures category at the Best of Design Annual and the Design and Image Competition Awards; "Silver" at the Galaxy Awards for outstanding achievement in marketing, the Advertising & Design Club of Canada and the Spotlight Awards organized by the League of American Communications Professionals; winner of the Type Directors Club of New York international competition; inclusion among Step Inside Design magazine's 100 best pieces—all categories combined; and lastly the Grand Prize, in all categories combined, at the 12th Grafika Competition.*

“AS
CITIZENS
OF THIS
PLANET,
WHO ARE
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THROW
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50%
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RAW
MATERIALS?”

RECYCLING: TOWARDS A COMPREHENSIVE,
INTEGRATED RESIDUAL MATTER
MANAGEMENT STRATEGY

Although recovery and recycling are increasingly important environmental issues, they have become the target of a number of myths and misconceptions.



North American recovery and recycling centres, which rely on a fragile supply structure, were the primary victims of several crises over the past decade.



Since these problems have been of direct concern to Cascades, Hubert Bolduc, Vice-President, Communications and Public Affairs, met with Pascal Aguetaz, Corporate Director, Recycled Fibres Purchasing Group, and Patrice Clerc, Director, Supply of Recycled Fibres at Cascades Recovery, to hear their thoughts on this matter.



➔ *In 2008, Cascades consumed approximately 2.2 million short tons of recycled fibres. The Company is the FIRST paper collector in Canada. These recycled fibres make up 73% of the raw material used in the manufacturing process of our products.*

HUBERT BOLDUC (HB): *What are the main issues affecting recovery and recycling today?*

PATRICE CLERC (PC): The main issue for Cascades—and for users of recycled fibres overall—is “developing output from captive tonnes”, i.e., ensuring a secure supply of recycled fibres for our production plants.

PASCAL AGUETTAZ (PA): From a sustainability standpoint, what’s most important collectively is the implementation of a structure that will eliminate the burial of raw materials, while also keeping them at our facilities rather than seeing them shipped off to Asia. China, in particular, is very partial to the raw materials on the North American markets and pays a high price for them, which explains in part our dependency in this regard. To offset the waste paper tonnage being exported to Asia by the recovery industry, companies such as Cascades are obliged to seek out tonnes of waste paper on the other side of the U.S.—a completely absurd situation that, based on product life cycle analysis, is far from environmentally beneficial.

PC: The same problem exists everywhere: although we have set recovery and recycling objectives for ourselves, they cannot be met due to the lack of an adequate supply structure.

HB: *What misconceptions about recovery and recycling continue to pervade today’s thinking?*

PC: The words “recovery” and “recycling” are quite often confused. From a sustainable development perspective, a recovery facility’s obligation extends beyond simply collecting the materials: it must also sort, transform and re-use them properly. Otherwise, we end up with a short-term market driven by opportunism, rather than a focus on sustainability.

PA: Unlike a number of its competitors, Cascades has adopted a linear integration model, carrying out both recovery and recycling operations. In 2008, the Company consumed 2.2 million short tons of recycled fibres. It is the first paper collector in Canada. These recycled fibres make up 73% of the raw material used in the manufacturing process of our products. Unfortunately, too many recovery centres mislead the public by loudly asserting that they recycle millions of tonnes of residual matter, when they are, in reality, only recovering them.

HB: *What percentage of recyclable material is sent to landfills and therefore “wasted”?*

PC: Let’s take Québec as an example: 48% of waste is recovered, and 50% of recovered waste paper is exported to Asia.

PA: And that doesn’t include the contaminants found all too often in recovered papers... Aside from collecting, processing, baling and recycling waste paper, Cascades and other similar companies must bear the cost of having the waste from post-consumer paper buried. This results in another “qualitative” problem related to materials sorting, which is responsible for 5 to 10% of losses on the plant floor.

HB: *Given the current situation, what type of support can Cascades provide to the industrial, commercial and institutional sectors?*

PC: Cascades must build on its overall offering and continue proposing integrated recovery solutions that will allow its clients to have all of their residual matter management needs met by one supplier rather than several. Cascades is positioned to process—and sub-contract processing of—a wide range of materials: plastic, glass and metal, of course, as well as ink cartridges, computers, hazardous materials, etc.

HB: *What advice could we provide to the general public to encourage them to contribute more to the recovery initiative?*

PC: First of all, that they stay informed, since many people have difficulty distinguishing between recoverable and non-recoverable materials.

PA: Education is the key to success... and the basis for education is the underlying culture. As citizens of this planet, who are we to throw out 50% of our potential raw materials? The good news is that people’s mindsets are changing and public opinion regarding waste is much more critical than it was a mere decade ago. Unfortunately, the emergence of scandals and discoveries of abuse have given rise to a certain amount of scepticism and people believing—wrongly—that their recovery initiatives are futile. Once again, education is instrumental in changing this type of impression.

HB: *What responsibility should Cascades take on within this educational role?*

PA: One of Cascades’ responsibilities is to build consumers’ awareness of the impact of their environmental choices. One means of doing this is through the creation of virtual Eco calculators—a Web-based tool that users can use to conceptualize their environmental actions in terms of the number of trees saved or the quantity of water conserved, for example, when they buy recycled products.

HB: *How can Cascades improve its material recovery and recycling performance?*

PC: Cascades undoubtedly has room to further build its presence among community and environmental organizations, and to increase the number of partnerships forged with associations of this sort. We could be more actively involved with the various stakeholders in the community, so they can benefit from our know-how.

PA: What we really need is to communicate our linear integration model for recovery and recycling processes more widely, and encourage the market to follow suit.

HB: *Do you then believe that participation in public debates about residual matter management is important?*

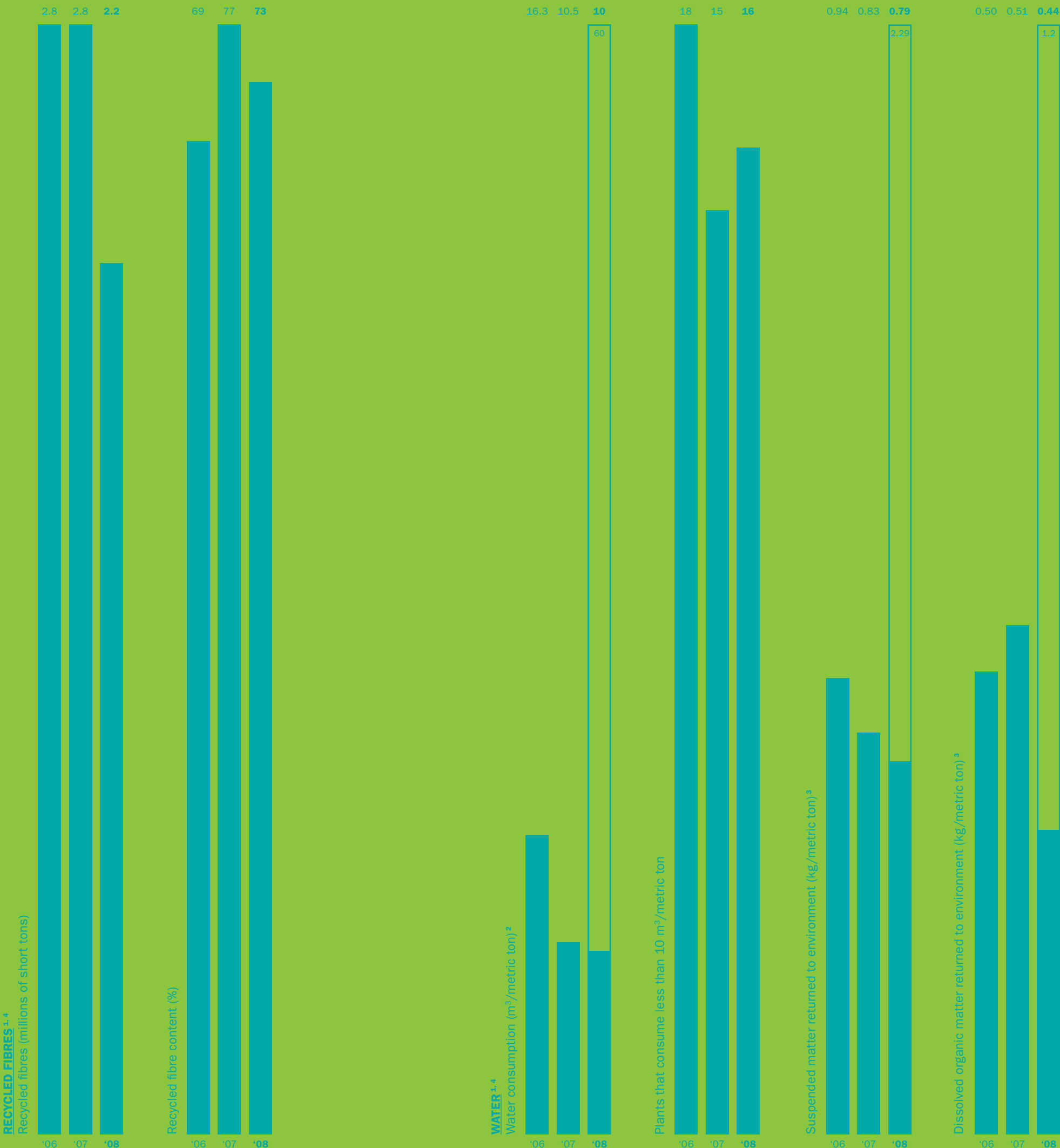
PA: We absolutely have to step up to the plate, take a stance and generate exchanges of sound practices with the other industry players. In spite of the current crisis, Cascades has the skills and authority to take the lead in finding a sustainable solution.

PC: Cascades needs to ensure that the public realizes that much remains to be done before we can achieve effective and acceptable residual matter management on a global scale. The structure underlying North American recovery and recycling operations is extremely fragile at present and could collapse in the wake of even a minor economic slowdown.

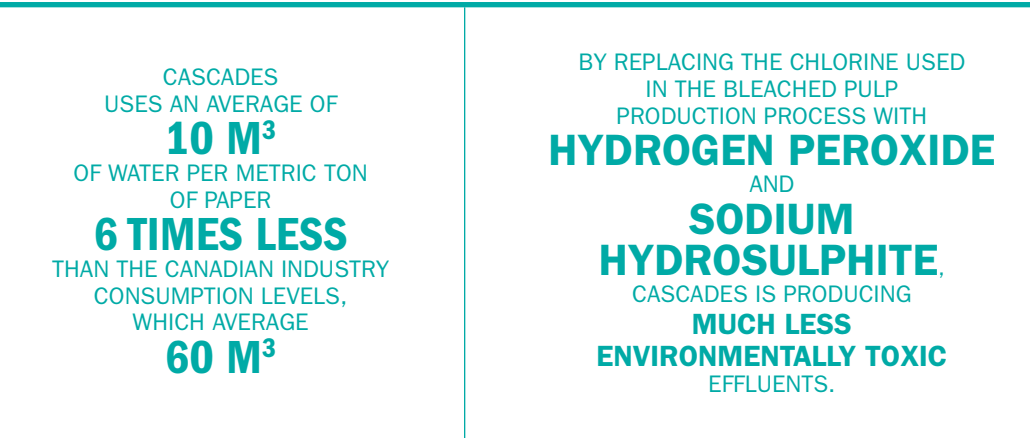
HB: *In conclusion, how optimistic do you feel about the current situation?*

PA: The present crisis will not have been in vain if it leads to greater global integration of residual matter management: Cascades and other users of recycled fibres will be able to further reduce their environmental footprint by not having to transport their raw materials supplies over thousands of kilometres. Speaking in more general terms, we are convinced that, as a responsible collectivity, we will ultimately stop throwing away our raw materials in the garbage. This is essential—it’s a matter of both protecting our economic interests and following our survival instincts.

1 Represents 100% of Cascades and Norampac.
2 Canadian industry average
Source: Forest Products Association of Canada (2008)
3 Canadian industry average
Source: Forest Products Association of Canada (2005)
4 Data for 2008 exclude the Blendeques and Ansberg plants, which, since March 2008, have been owned by Reno de Medici, of which Cascades owns 33% of the shares.



WATER:
CRYSTAL-CLEAR
RESULTS!



Cascades is Canada’s only fine paper manufacturer and the only tissue producer to be granted Processed Chlorine Free (PCF) certification by the Chlorine Free Product Association, which guarantees that the process used to manufacture our certified products is 100% chlorine-free.

As part of its ongoing “Envirobox” environmental improvement program, Norampac has performed an audit of the quality of effluent produced by its conversion plants.	This audit allows us to assess effluent compliance with sewage system waste disposal regulations.	Benchmarking for this parameter was achieved through an extensive survey of water consumption in each of Norampac’s facilities, through which the Group was able to identify the highest-volume water users and more effectively direct consumption reduction efforts.
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The Research and Development Centre and the Environment Department are part of a working group, set up by CIRAIG (the Interuniversity Research Centre for the Life Cycle of Products, Processes and Services), that is designing a “water index” as part of its life cycle analysis. This indicator would allow to measure the effects of our processes and services on water in order to ensure sufficient availability of this essential resource in terms of quality and quantity.

WASTE RECOVERY:
SCOPE FOR INNOVATION



Cascades has launched a new totally environmental multi-purpose office paper, which was used to print this report.	One new environmental benefit of this product is the recovery of lime residues resulting from kraft pulp production at the Cascades–East Angus plant, which previously would have had to be sent to a landfill.	Cascades now recovers, transforms and integrates the residue into the paper.
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As part of a major research and development project undertaken jointly with Boralex in 2008, Cascades will now be able to convert its residues to gas. Trials will be carried out on plastics and crude discharge from pulp cleaning systems, de-inking and mixed water treatment residues, demolition timber waste and other non-traditional fuels. The pilot-scale gasification facility will produce steam to be used in the manufacture of paper by the plants in the Kingsey Falls industrial complex.

ENERGY: ELIMINATING
UNNECESSARY GIGAJOULES,
AN ONGOING CHALLENGE

CASCADES IS
THE ONLY NORTH-AMERICAN PAPER COMPANY
WHOSE STAFF INCLUDES A
POOL OF EXPERTS
WORKING TO PROMOTE
ENERGY EFFICIENCY.

IN 2008,
CASCADES ACHIEVED A
0.52%
IMPROVEMENT IN ITS ENERGY
EFFICIENCY, WHICH TRANSLATES TO
166,634 GJ
OR
\$1,855,439
IN SAVINGS.

In order to reduce energy consumption in its offices, the Norampac information technology team replaced energy-consuming equipment (desktop computers, e-mail or file servers, CRT displays, etc.) with high-energy-efficiency local and central equipment.

The Environment Department and the Energy Action Group have changed the standby options on computers used by office employees in Kingsey Falls. Cascades hopes to extend this project to all of the Group’s manufacturing facilities, in order to secure the
“ENERGY STAR” CERTIFICATION
for its information technology.

→
→

The resulting energy savings would reach
\$100,000
annually, which represents a
971-TON DECREASE
in atmospheric CO₂ or the equivalent of
161 FEWER CARS
on the road.

IN PURSUIT OF ALTERNATIVE
ENERGY SOURCES

Cascades’ spirit of innovation is reflected in the way it makes optimal use of green energy sources to reduce its consumption and, consequently, its environmental footprint.

CASCADES S.A., LA ROCHETTE DIVISION,
ANNOUNCED THAT IT WILL HOST A MAJOR
ENERGY AND ELECTRIC POWER GENERATION
PROJECT FUELLED BY BIOMASS GASIFICATION.

The Tissue Group launched a campaign called “North River, powered by the wind of change”: all products sold in the United States will now be manufactured entirely by a process that uses certified wind energy.

Since June 2008, the Norampac–Mississauga plant has been buying steam generated by the Peel municipality waste incinerator located near the plant, using it to dry the paper and for heating the facility in winter.

With a 34% interest in Boralex, Cascades supports electricity generation and operation using renewable energy sources in North America and Europe. Boralex sets itself apart through its power development operations capabilities and its proficiency in carrying out community- and environmentally-friendly energy projects.

TRANSPORTATION:
GREEN BY NATURE,
THE TRUCKS OF THE FUTURE!

The Transport Division has not been overlooked in the Cascades Group’s efforts to protect the environment. A major project—installing aerodynamic side skirts on almost 250 trailers—saw start-up last year. As a result of this change, fuel consumption in the truck tractors hauling these trailers dropped 6% on average, eliminating 664 tons in greenhouse gas emissions.

New trucks purchased in 2008 feature a streamlined body, which serves to cut back on fuel consumption and pollution by reducing the rig’s resistance to air. These trucks are also equipped with standby heating and air conditioning systems that maintain an adequate temperature in the cab while the ignition is off, thereby reducing consumption of fuel.

Cascades Transport has also implemented a system for tracking its drivers’ on-road habits, using the truck’s dashboard computer. This practice promotes eco-energetic driving by truckers.

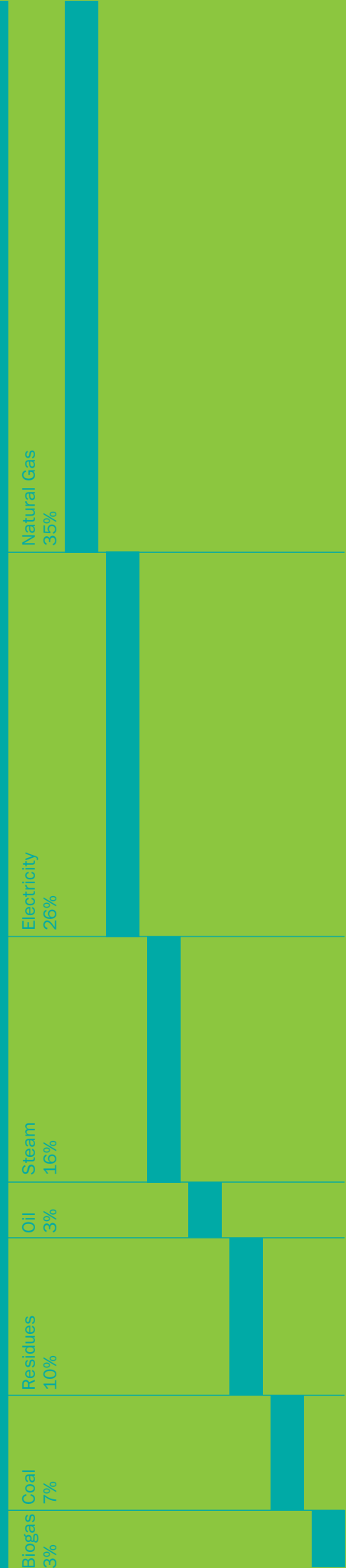
Aside from these initiatives, a number of other technologies are being tested on a limited number of units. For example, two of our trucks, equipped with automatic transmissions, have demonstrated less fuel consumption than similar vehicles with manual transmissions. A number of changes that could improve engine efficiency—including a hydrogen injection system and a fuel polarizer—are also undergoing evaluation.

→ *The vehicle fleet used by Cascades Recovery sales representatives will now be comprised of hybrids. Moreover, Cascades’ car policy provides incentives that encourage its representatives and managers to use these types of cars.*

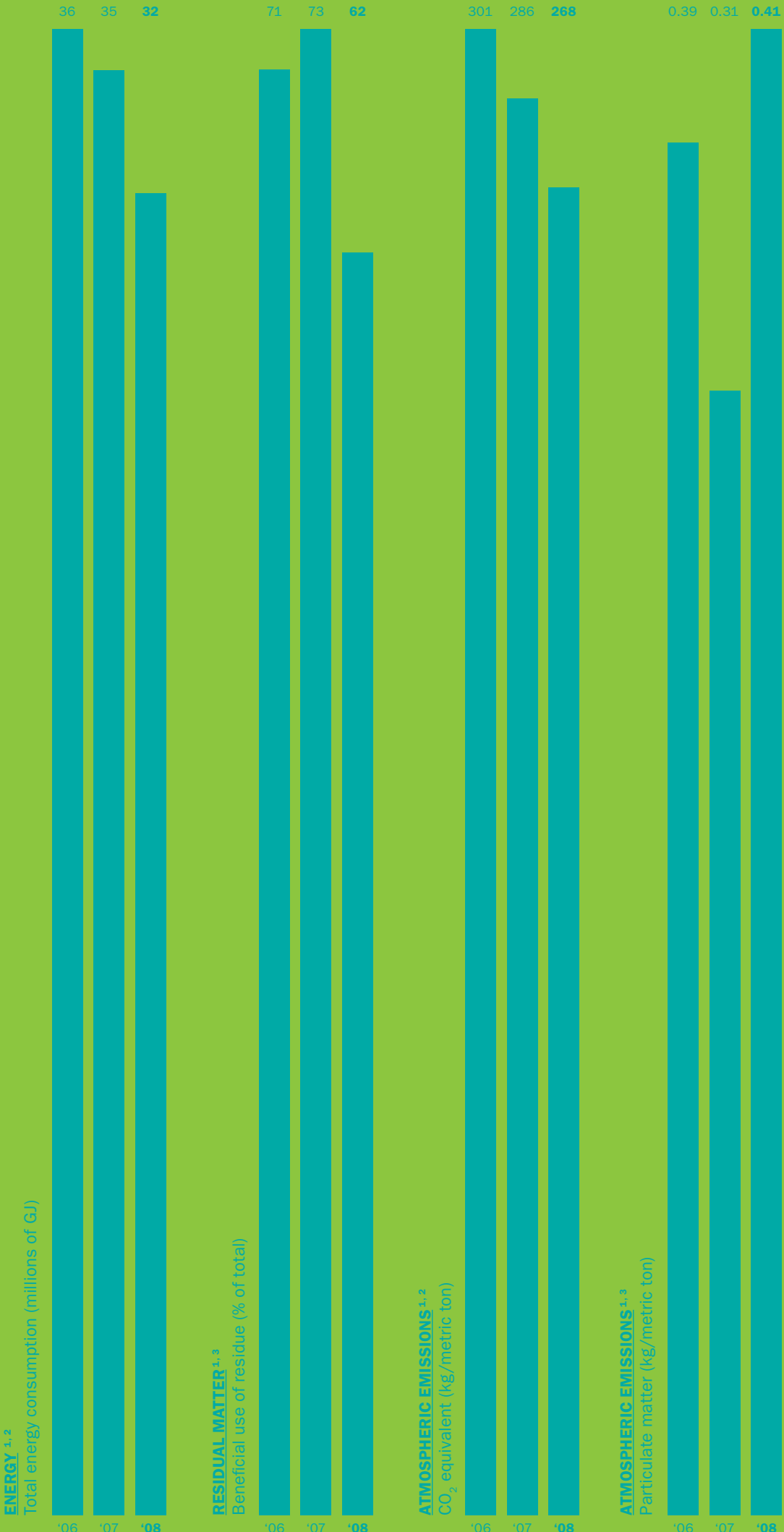
→ *Any employee wishing to reserve a car from Cascades’ vehicle fleet for business travel will now be required to register with the carpooling system through the Company’s intranet.*



CONSUMPTION BY
TYPE OF ENERGY SOURCE
(%)



1 Represents 100% of Cascades and Norampac
2 Data for 2008 include the Blendecques and Ansberg plants, which, since March 2008, have been owned by Reno de Mediol, of which Cascades owns 33% of the shares.
3 Data for 2008 exclude the Blendecques and Ansberg plants.



As a forerunner that set the stage by surpassing various types of environmental standards, Cascades has traditionally made no point of signing up for international certifications that recognize green performance. The Company has, however, re-examined its stance over the past few years, in response to consumers' growing scepticism regarding businesses that conceal dubious environmental practices beneath a so-called green image. Consequently, Cascades now substantiates a number of its environmental claims by means of internationally recognized certifications.

- ➔

Cascades is working to secure an Environmental Product Declaration (EPD), in particular for its 100% recycled fine papers. This certification—the most stringent in place worldwide—is based on an analysis of a product's life cycle. The EPD system serves as a basis for preparing standardized statements on a specific aspect of a product's environmental impact, including greenhouse gas emissions. The Cascades Djupafors folding boxboard mill has already attained this milestone, and also received an award for its Climate Declaration when it was recognized by the Swedish Environmental Management Council as the Top Green Supplier for 2008.

Cascades continues to heighten its interest in LEED (Leadership in Energy and Environmental Design) certification. The new Cascades Tissue Group building, constructed in Lachute in the fall of 2008, meets the standards of this program.
- ➔

Cascades is a participant in the Carbon Disclosure Project. Since 2006, the Company has been reporting its greenhouse gas emissions and stating what measures it is taking to address them.

The life cycle analysis (LCA) plays a growing role in Cascades' operations, particularly through a partnership with CIRAIG (the Inter-university Centre on the Life Cycle of Products, Processes and Services). An LCA has also been carried out on Cascades' Enviro® 100% recycled paper towel. As a CIRAIG partner, Cascades has also joined the Life Cycle Initiative, associated with the United Nations Environment Program, which works to broaden and exchange knowledge about the "life cycle" methods.

- ➔

The three boxboard manufacturing plants of Jonquière, East Angus and Versailles, have received FSC certification. The East Angus facility is the first boxboard plant in North America to be granted 100% recycled FSC certification. The Jonquière plant has secured Mixed Source FSC certification.

The Norampac-Trenton plant was granted FSC Mixed Source certification in June 2008, for its corrugated stock.

Building on the Company's ambitious multi-matter recovery program, two Québec-based Cascades units have now been granted "ICI ON RECYCLE!" (WE RECYCLE) certification by the Québec government. Through this program, industries, businesses and institutions wishing to help protect the environment are able to register for a process that enables them to re-use their residual matter. In 2008, the Research and Development Centre received Level 2 (implementation) "ICI ON RECYCLE!" certification, while the Cascades Tissue Group-Kingsey Falls attained Level 1 (commitment) certification.
- ➔

Several manufacturing facilities made an extra effort in 2008 to increase their percentage of recovered materials. Some plants have considerably reduced the size and number of containers they send to landfill, thereby cutting costs. Among other innovations, the Research and Development Centre has developed solutions for recycling certain fibres—such as self-adhesive label backs—that could not previously be part of this process.

Although Cascades' current resources are insufficient to enable complete adherence to the Global Reporting Initiative (GRI) guidelines, the Company's activities are guided by the most recent reporting principles of this internationally recognized framework. The GRI's accuracy, clarity and transparency principles have also influenced Cascades' presentation of the highlights set out in this report.

SUSTAINABLE
EVENTS

- ➔ Cascades took great pride in making its 2008 annual general meeting a sustainable event. The AGM organizers took a number of specific measures to achieve this end, including local support for food and floral arrangements, strategic placement of recycling bins in multiple locations, presenting each guest with a tree for planting, and offsetting greenhouse gas emissions by purchasing credits that will be applied to designing renewable energy and energy-efficiency projects.
- ➔ Cascades is a sponsor of the Réseau québécois des femmes en environnement (Environmentally-involved women’s network of Québec), which works with the Bureau de normalisation du Québec (Québec Standardization Office) to implement certification for sustainable events.
- ➔ Cascades employees can now access, via the Company’s intranet, a tool intended to help prepare sustainable events. It comprises the basic principles of environmental responsibility, examples of past Cascades sustainable events, tricks and tips for holding a successful event and Internet links to relevant resources.

AWARDS AND DISTINCTIONS
ENVIRONMENT

- ➔ 2008 was a good year for Cascades’ new Enviro® 100 % recycled tissue paper, which received an Environmental Phénix Award from the Québec government, the “green innovation” award at the Association de la recherche industrielle du Québec (Industrial research association of Québec) gala and a “Gold” at the Sustainable Packaging Leadership Awards. This product was also named the #1 green brand in Canada, based on data gathered by ACNielsen for December 2008.
- ➔ The environmentally-themed Web site launched by Cascades’ Tissue Group, simplegreenaction.ca, was a recipient of the 2008 Intellichoice award, presented by the Réseau Familles d’aujourd’hui (Today’s Families Network). This organization provides a forum at which stakeholders from the fields of health and education, as well as governments, can gather to disseminate quality information to Canadian families wishing to improve their day-to-day.
- ➔ The Ultra-Till mushroom packaging was recognized with a “Bronze” distinction in the Branded Package category at the Sustainable Packaging Leadership Awards.
- ➔ Cascades’ Fine Papers Group, Rolland Division, received a “Bronze” distinction as the “Supplier with the most innovative environmental process” at the Environmental Printing Awards Gala.
- ➔ Cascades received exceptional recognition, in the form of the Energia Award, presented by the Association québécoise pour la maîtrise de l’énergie (AQME—Québec association for energy management). The Company garnered a distinction for the energy comparison tool developed by its Energy Action Group, as well as major “Technological Innovation” honours for the energy-efficient technology trial and implementation project that targeted Cascades Transport’s heavy vehicles. Antoine Baril, Corporate Energy Director, also received the AQME award for his promotional work in this area.

OUR GOALS FOR 2009
ENVIRONMENT

To complete carbon reports for a wider range of products. To continue to gear our activities to the “life cycle” concept, in order to define the environmental impact of our products.	To implement transportation-related energy-reduction measures that were tested in 2008, with conclusive results (e.g., aerodynamic side skirts, fuel polarizers, etc.)
--	---

To incorporate all of our activities into an eco-friendly approach.

TO REDUCE OUR ENERGY
CONSUMPTION BY
3%.

To obtain FSC certification for Norampac’s 41 manufacturing and conversion plants.

WIKTOR

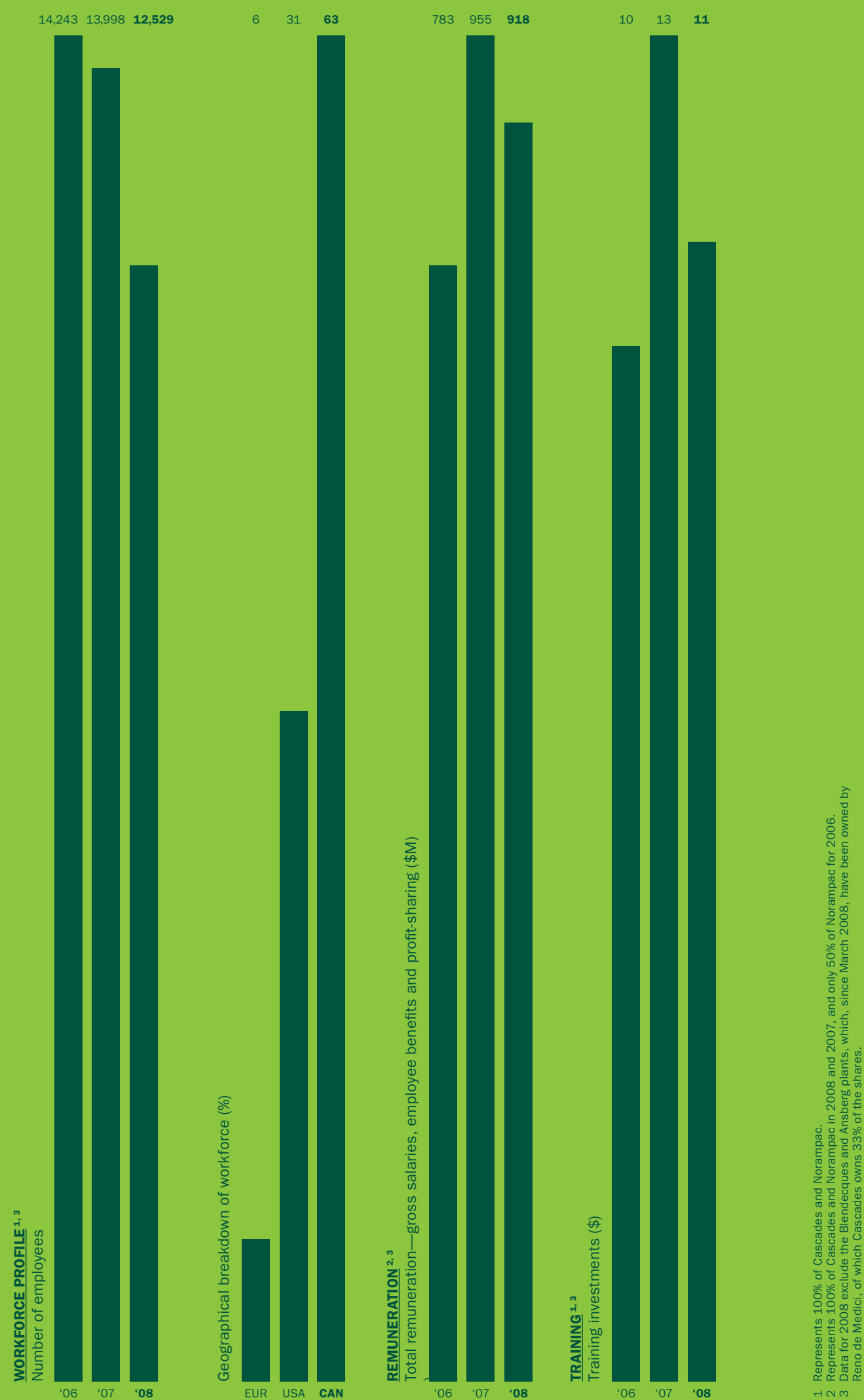
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SUCCESSION PLAN: TRAINING FOR THE FUTURE

As far back as 1993, when the first edition of its “Philosophy handbook” was being developed, Cascades already had a clear idea of the critical role succession would have to play in ensuring the Company’s continuity. More than 15 years ago, a document entitled *Values That Guide Us*, which was distributed to all employees in the Group, asserted—as it does today—that Cascades “must be able to assess our future staffing requirements and always have a plan in motion for future replacement at all levels”.

To this end, the Company has defined a number of key positions that need to be filled over the short- and medium-term. Among these are the roles of production supervisor, plant manager, controller and director of human resources. Employees possessing the skills required for one of these key positions, who are willing to take on the challenge, are invited to join the “succession team”. In 2008, approximately 50 of the 900 employees who held or were moving into this type of position within Cascades were part of the succession team and had therefore enrolled in training programs with a plan to being promoted in the near future.

PROMOTIONS FROM WITHIN: ONGOING EMPLOYEE DEVELOPMENT

All job vacancies at Cascades are first posted internally—a somewhat uncommon practice. As a result, 35% of the Company’s job offers were filled from the employee pool in 2008. The candidates who are thus invited to advance within the Company receive coaching for professional growth using exhaustive competency maps that help them achieve their objectives in a more timely fashion.

To similar ends, Cascades has designed a series of “risk maps”, used to identify promising employees who may be tempted to leave the Company if their aspirations go unfulfilled. These individuals are then referred to a reorientation process through which they can fully realize their personal and professional potential.

TRAINING: AN AMBITIOUS, ROBUST STRATEGY

The Training Department at the Alain Lemaire Skills Development Centre helps Cascades’ groups achieve their business objectives by developing employees’ individual and organizational skills, in line with the Company’s philosophy and values. Fulfilling a mandate of this scope calls for an equally ambitious action plan. In 2008, the Department also implemented a number of training programs and initiatives in support of Cascades’ succession and human resources management goals.

The following are some of the Training Department’s accomplishments in developing employees’ skills and meeting their specific needs:

- ➔ *Start-up of a pilot training program for plant managers;*
- ➔ *Assessment of new employee induction procedures;*
- ➔ *Implementation of online training for controllers who can then pursue independent learning more easily;*
- ➔ *The design of a training program for guides in charge of Cascades’ plant tours.*

The Department has also taken on a mandate to better document the sound practices currently in place in one or many of Cascades’ operating segments to ensure that they are better disseminated company-wide. One of the several positive outcomes of this initiative is the establishment of consistent operations-related training procedures in all plants, so the new training programs can be made accessible to all of the Group’s manufacturing facilities via the intranet.

In order to ensure that all employees understand its mandate and have no reservations about using its services, the Training Department has implemented a major communication plan, which includes—among other components—a redesign of its section of the intranet, and the distribution of a quarterly newsletter.

SOUND HEALTH AND SAFETY PRACTICES!

Cascades believes that respect—one of the Company’s basic values—is a key tenet of workplace health and safety. We therefore work unwaveringly to reduce workplace accidents. The promotion and organization of activities geared to improving our employees’ physical fitness, coupled with incentives to encourage good lifestyle habits, have also become essential elements over the years.

➔ *The investment of several millions of dollars over the past few years to ensure the safe operation of our machines have yielded conclusive results.*

Our Québec facilities have seen a 50% drop in major injuries associated with this type of risk. Through our efforts in this area, the “machine safety intervention” team, which is part of the Engineering and Projects Division, has been able to develop an industry-recognized level of expertise that’s the envy of the pulp and paper industry. One of this team’s unprecedented achievements is the completely safe operation of a papermaking machine’s dryer section, at the Cascades Papier Kingsey Falls multilayer board plant.

As well, Mr. Richard Martel, the health and safety coordinator in Cascades’ Specialty Products Group chaired the “machine safety” committee of the Association de santé et sécurité des pâtes et papiers du Québec (Québec pulp and paper industry health and safety association) in 2007-2008.

➔ *Innovation is a common thread of each and every aspect of Cascades’ operations—and health and safety are no exceptions. Of the various submissions made by the Company’s Québec plants to the “Prix Innovation” (Award for Innovation) competition run by the Commission de la santé et de la sécurité du travail (CSST—Occupational Health and Safety Board), the Cascades Tissue Group—Candiac ranked first in its region for its design of a propane cylinder stand to be used on lift trucks. The reason for this success would be the bipartite collaborative model used—an employee-management team approach that Cascades has always found to be a guarantee of success in the past and deployed once more to its benefit.*



HEALTH AND SAFETY (OSHA)^{1, 2}
Lost-time case frequency rate



¹ Cases of unemployment per 200,000 hours worked, excluding restricted activities
² Data for 2008 exclude the Blendecques and Ansborg plants, which, since March 2008, have been owned by Reno de Medici, of which Cascades owns 33% of the shares.

**QUALITY TOOLS
TO BETTER COMMUNICATE**

- The Company’s newsletter, The Cascadeur, received a Platinum Inspire Award from the League of American Communications Professionals, in the “Quarterly Publications” category for companies with more than 10,000 employees. In the most recent competition, more than 550 communication tools from six countries were evaluated by a panel comprising communications and public relations professionals.
- Communication is the key to success—in both good and not-so-good times. Alain Lemaire understands this; hence his decision to sound out Cascades’ employees, using new technologies, and to make optimal use of their ideas. Each week, Cascades’ President and Chief Executive Officer launches a discussion or shares the outcome of his reflections on topics of current interest, by posting an example of good practices or an initiative he wishes to share with all employees on “Alain Lemaire’s Blog”.



**AWARDS AND DISTINCTIONS
HUMAN RESOURCES**

- The Cascades Boxboard US Inc., Folding Cartons–Hebron plant received the “Best Workplace in the Americas Award” for the seventh consecutive year.

→ Cascades has been named to the prestigious Mediacorp’s list of Canada’s Top 100 Employers. The Company set itself apart through its high-quality employee benefits, its ambitious training program and its commitment to the community—three areas in which it was graded “A” (above average) by the panel.
- The Energy Action Group (EAG) was presented with an award recognizing Cascades as a “Company with Female Succession in Traditionally Male Positions” in the “Bravo les entreprises!” (Good Job, Corporation!) competition run by the Québec-based organization Femmes et production industrielle (Women and Industrial Production). The EAG is headed up by Émilie Allen, a young chemical engineer, age 31, whose career at Cascades had previously included stints as a project manager and production supervisor. Émilie is supported in her work by a team that includes Andrée-Anne De Gagné, age 26, who graduated in Mechanical Engineering and has been working as a project manager since 2007.
- Norampac–Cabano was granted a Human Resources Award by Emploi-Québec, a government organization. This distinction highlights the importance of human resources to sound company management, and Norampac–Cabano’s avant-garde professional development, recruitment, salary policy and community commitment set it apart in this area.

**OUR GOALS FOR 2009
HUMAN RESOURCES**

<p>To continue developing COMPETENCY MAPS for key positions and put in place a LEARNING MANAGEMENT system to support the objectives set out in the maps.</p>	<p>To launch an ONLINE TRAINING program covering the various products manufactured by Cascades, which will be used by the Company’s 425 sales representatives to increase inter-Group sales.</p>
<p>To increase the number of key positions filled from within the organization to 50%.</p>	
<p>To launch the “LEADERSHIP” program, which is intended to develop the executive abilities of employees in key positions.</p>	<p>To organize a series of PRESENTATIONS and TRAINING sessions on INNOVATION for the employees.</p>
<p>To develop a “Cascades Practices” operating guide in order to coordinate activities among the production, sales, finance and human resources departments more effectively and more consistently on a Company-wide basis.</p>	

COMMUNITY INVOLVEMENT:
CASCADES—A PIVOTAL ROLE
IN CORPORATE SOCIAL RESPONSIBILITY!

In order to better target its sponsorship investments and ensure that its partnership decisions are in line with its mission, Cascades implemented its donation and sponsorship management practices in 2008. The following are examples of some of the alliances established through this practice, which have proven to be beneficial to all concerned parties.

→ As a partner in Québec Waste Reduction Week, Cascades set an example by optimizing the multi-matter recovery program in place in its manufacturing facilities. The Company took a further positive step by removing all individual employees' trash cans from its Québec offices during that week, and partnered with the Centre de formation en entreprise et récupération (CFER—On-site company training and recovery) to organize workshops, for employees at its Kingsey Falls complex, dealing with best practices for reducing waste.

Cascades' support for CFER goes well beyond helping the environment: the Company promotes employment and social integration for troubled youth attending this "School-to-Work" and also assists with the awareness-building mission undertaken by the "Caravane du développement durable" (Sustainable development caravan), which was created by CFER with the goal of promoting recovery, energy efficiency and water quality in schools and businesses.

→ Cascades financially supports the mission of the Generations Pact, which focuses on student sustainable development projects in universities.

→ As a partner involved with Forces AVENIR's annual gala, Cascades works with this organization to recognize and promote student commitment. The Company funds a scholarship in the Environment category, which honours a student or a group of students who have set themselves apart by carrying out an environment-based project. The 2008 scholarship was presented to Verdis-Toit, an undertaking implemented by Université du Québec à Montréal students who are dedicated to "greening" the roofs on campus in order to diminish urban pollution.

→ As a key partner with Jour de la Terre Québec and Earth Day Canada, Cascades encourages environmental initiatives by individual citizens within three specific contexts: at the Company level, through its "Devenez l'Éco-héros Cascades" (Become Cascades' Eco-Hero) competition; provincially, through the "Porteurs d'espoir" (Bearers of Hope) recognition program; and, nationally, through its "Hometown Heroes Award".

"For many years now, Earth Day Canada (EDC) and Cascades have been partners in promoting environmental values and ethics to Canadians from coast to coast.

EDC is proud of our strong relationship with Cascades. The environment is the key aspect in every business decision that Cascades makes. The results of their environmental commitment are very impressive. Not only is Cascades one of the most environmentally progressive companies in Canada, they are indeed an environmental leader internationally, a leader whose path we hope other companies follow."

Jed Goldberg
President
Earth Day Canada



1. Represents 100% of Cascades and Norampac for 2008 and 2007, and only 50% of Norampac for 2006.
2. Data for 2008 exclude the Blendeques and Ansborg plants, which, since March 2008, have been owned by Reno de Medici, of which Cascades owns 33% of the shares.

➔ After various members of the management team took part in the 2006 Leucan Shaved Head Challenge, Alain Lemaire, President and Chief Executive Officer, expressed a hope that women would also give up their hair for this cause in a subsequent year. Female employees at the Kingsey Falls and Saint-Jérôme facilities translated his wish into action: in June 2008, eight women, along with three male co-workers and one employee's ten-year-old daughter, chose to forego their locks in order to collect donations for cancer-stricken children. This team alone raised more than \$25,000!

➔ Cascades is a proud supporter of tennis players Élisabeth and Françoise Abanda— two young sisters who are destined for a brilliant future. This association was made possible through a \$270,000 bursary program, made available by Cascades to the Québec Foundation of Athletic Excellence—an organization that supports young, relatively unknown, but highly promising athletes who are equally devoted to both their academic performance and their athletic prowess.

SOCIAL COMMITMENT: A PRIORITY FOR CASCADES MANAGERS

A strong manager's leadership should reflect back on the community that has fostered it—a principle that is now an integral element of each Cascades executive's annual review. Their superiors view community commitment as a full-fledged criterion in their overall performance assessment.

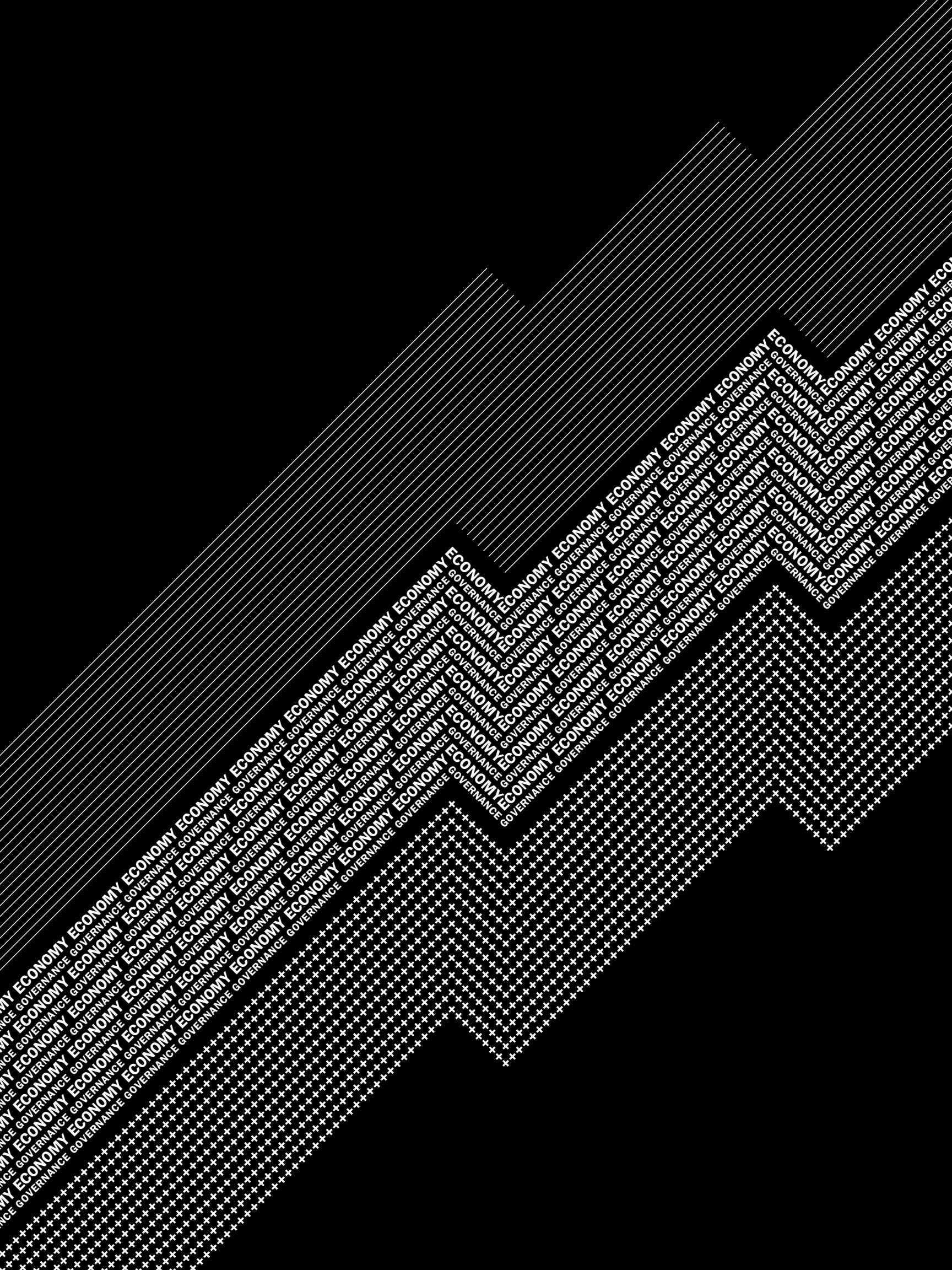
OUR GOALS FOR 2009 COMMUNITY INVOLVEMENT

To encourage volunteerism even further in order that our employees participate in the Company's social responsibility efforts.	To make the most of our employees' skills, within the framework of our community partnerships.
To strive for improved sponsorship management, by increasing the focus in our preferred sectors and turning them into real, fulfilling partnerships.	



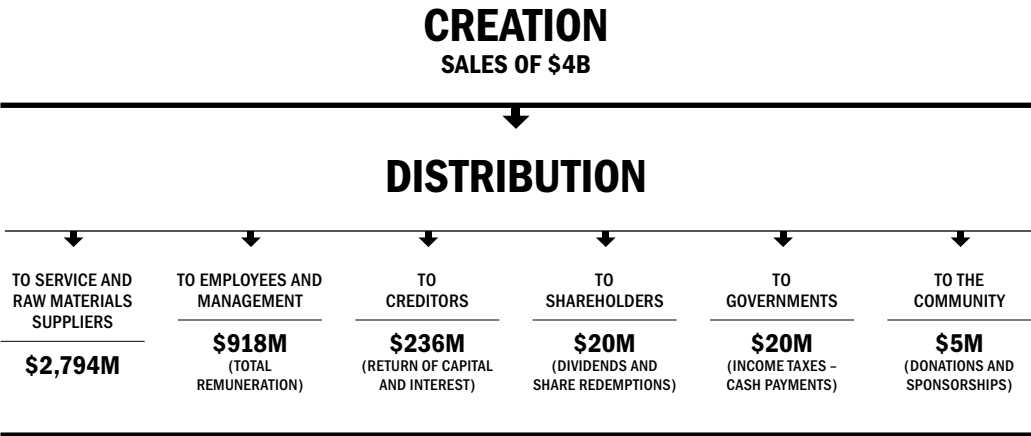
Sisters Élisabeth and Françoise Abanda,
two Québec tennis hopefuls.
PHOTO CREDIT: TENNIS QUÉBEC—MARCEL LEFEBVRE







**CREATING AND
DISTRIBUTING VALUE**



**RISKS OFFSET BY INCREASED
FAVOURABLE OPPORTUNITIES**

Due to the nature of its activities, Cascades is required to comply with climate change regulations at the present or in the future. Following implementation of the Kyoto Protocol and the Carbon Exchange, Cascades’ European operations are already required to meet greenhouse-gas-emission quotas. The Company’s European plants have succeeded in meeting this challenge for the past four years, selling more than €1.4M worth of CO₂ credits.

Over in North America, the Canadian government issued a regulatory framework for greenhouse gases in March 2008. Canada’s pulp and paper industry—including Cascades—is required to achieve an 18% reduction in its emissions by 2010 (compared with 2006 figures), and a 2% annual cut thereafter. Decisions and announcements pertaining to several key aspects of the implementation of these regulations, however, remain pending.

Cascades believes that it will, overall, succeed in continuing to reduce its impact on climate change. Evidence of this is the 14% reduction in total greenhouse gas emissions achieved by the Company in 2008.

Many consumers, who are growing increasingly aware of and concerned about climate change, are looking for more green products made by socially responsible companies that are striving to reduce this phenomenon. For this reason, a number of them now prefer to buy recycled products manufactured by Cascades. Sales of Cascades brand 100% recycled tissue and fine papers grew by 111% and 50%, respectively, in 2008.

**STILL-HEALTHY
RETIREMENT PLANS!**

Cascades offers both defined contribution and defined benefit plans. In 2008, total cash payments for future benefits for these two types of plans amounted to \$52M.

Despite the significant drop in the stock markets, defined contribution plans remained in good financial health as at December 31, 2008, with assets of \$476M and a deficit of \$17M—a mere \$14M increase over 2007 (representing only 1% of the Company’s shareholders’ equity).

→ Cascades has forged agreements with large companies and institutions wishing to “go green”. These include Desjardins, Gaz Métro, the University of Vermont and Whole Foods.

→ Cascades Tissue Group–Canada has joined the Canadian Green Building Council and published its first LEED brochure, intended to promote the North River product line to buildings that are working to attain LEED-EB certification.

→ Cascades is developing an assessment grid for its suppliers, which it intends to distribute to its buyers. The Company has also become a member of the “Espace de concertation sur les pratiques d’approvisionnement responsable” (Forum for cooperation on responsible supply practices). Concomitantly, the Company is putting the finishing touches on its responsible purchasing policy.

→ Kingsey Falls played host to the Cascades Tissue Group’s customers. More than a hundred current and prospective customers visited our facilities and got to learn all about what Cascades is doing on the environmental front.

→ Every year, Cascades teams up with universities through case studies and research partnerships.

→ Cascades took its brand-new Web site live. The new, more user-friendly site, presents the Company, its philosophy and its products in a most appealing manner. This Web site upgrade was carried out with the objective of responding more effectively to the questions and comments put forth by our various stakeholders and to present all of Cascades’ groups together under a single, consistent corporate image: Green by Nature™!

CHRISTIAN DUBÉ
RECEIVED
**IR MAGAZINE CANADA’S
BEST INVESTOR RELATIONS**
BY A CFO AWARD.

CASCADES RANKED
16th
AMONG
CORPORATE KNIGHTS’
50 MOST
SOCIALLY RESPONSIBLE COMPANIES.

CASCADES STOOD
**88th OUT OF THE
180 COMPANIES**
LISTED ON
“BOARD GAMES 2008”,
COMPILED BY CANADA’S
REPORT ON BUSINESS MAGAZINE.
THIS AWARD REPRESENTS AN ASSESSMENT
OF PERFORMANCE BY THE BOARDS OF DIRECTORS
OF COMPANIES LISTED ON THE
TORONTO STOCK EXCHANGE.

THE
PREMIO VENEZIA
COMPETITION, ORGANIZED BY THE
**ITALIAN CHAMBER
OF COMMERCE OF CANADA,**
NAMED CASCADES ITS FAVOURITE, GIVING IT ITS
SPECIAL JURY AWARD,
IN ADDITION TO NAMING IT A FINALIST IN THE
“INDUSTRIAL COOPERATION”
CATEGORY. THESE HONOURS ARE THE RESULT
OF AN EXCEPTIONAL PARTNERSHIP BETWEEN
THE CASCADES S.A. EUROPEAN DIVISION AND
RENO DE MEDICI.

OUR GOALS FOR 2009
ECONOMY

TO CONTINUE TO DRAW INVESTORS’ ATTENTION TO
CASCADES’ AVANT-GARDE
ENVIRONMENTAL INITIATIVES FOR BOTH PRODUCTS AND PROCESSES.

**To position Cascades’ shares as a sustainable, green investment
in packaging and tissue products.**



**CASCADES’ APPROACH TO INNOVATION:
SUSTAINING AND
NURTURING CREATIVITY**

Cascades recognizes that innovation is one of the strongest driving forces that led to its success. On the strength of this tenet, the Company has implemented a funnel-like innovation management system, comprising four steps:

1. **SCREENING
OF IDEAS**
↓
2. **PROJECT
SELECTION**
↓
3. **DEVELOPMENT
OF INNOVATION
PROJECTS**
↓
4. **COMMERCIALISATION**

Cascades’ innovation management system includes a diagnostic that measures its level of implementation.

In 2008, a sustainable development filter was added to the innovation management system: before they become innovation projects, selected ideas must meet Cascades’ environmental, social and economic criteria.

To further improve the framework of the innovation management system, innovation guidelines have been established. They stipulate that Cascades’ development efforts should be directed to promote the creation of highly environmentally friendly products with a high level of recycled content, which are produced using clean energy and green chemistry.

→ *In the recently published Re\$earch Info-source ranking, Cascades moved from 50th to 52nd on the 2008 list of Canada’s top corporate R&D spenders. However, the Company ranked 8th in R&D investment growth (2002-2007).*

→ *The Research and Development Centre received strong media coverage for its sustainable innovations and in recognition of Cascades’ continued major investments in R&D while most paper companies are closing their research centres.*

→ *The launch of Olfaprint, a scented paper produced using a new patented technology, marked another innovation by Cascades.*

→ *Cascades now packages its reams of copy paper more ecologically, using a 100% recycled and recyclable wrapper.*

The traditional ream wrapper comprises a sheet of virgin paper with a plastic layer that acts as a humidity barrier and prevents the paper from deteriorating. This plastic coating is a contaminant, which is challenging the fibre recycling process.

Cascades has come up with an alternative: a 100% recycled and recyclable product containing an additive that repels humidity, enabling it to serve the same purpose as that of its predecessor. The new packaging delivers the following environmental benefit: it can be recycled with regular office paper, reducing the amount of waste going to landfill.

Additionally, the ink on the wrapper is now being derived from biodegradable composites, and the overall ink coverage is reduced.

→ *Cascades Fine Papers Group was awarded the Most Innovative Supplier Award in 2008 by the largest printer of personal cheques in Canada, Davis + Henderson.*

Cascades was selected based on its nine innovative projects presented during the year to improve and green the products and practices of its client. Thus, the sound advice of Cascades’ team resulted in the client using recycled fibres in producing cheque paper, Rolland Enviro100 Copy for internal needs and 100% recycled paper for the back of chequebooks.

**CORPORATE GOVERNANCE:
EXPERIENCED DIRECTORS
AT THE HELM**

Cascades’ corporate structure decentralizes authority while allowing continuous exchanges between sectors and a better coordination of all of the operations. Cascades sets strategic guidelines and ensures that corporate policies concerning acquisition and financing strategies, legal affairs, human resources management and environmental protection are applied by the subsidiaries, divisions and affiliated companies.

Cascades’ Board of Directors considers good corporate governance to be important to the effective operations of the Company. The Company’s corporate governance policy adopted by the Board of Directors defines its functions and mandate. The Corporate Governance and Nominating Committee is responsible for the development, update, and disclosure of the Company’s corporate governance practices. To this end, further to a recommendation by the Corporate Governance and Nominating Committee, the Board of Directors approved the adoption of an individual voting practice for nominees as directors at annual general meetings.

Cascades’ Board of Directors is made up of 13 directors, seven of whom are independent directors. The lead director, Robert Chevrier, oversees the responsibilities of the independent directors and assumes other responsibilities, which the independent directors as a whole might designate from time to time.

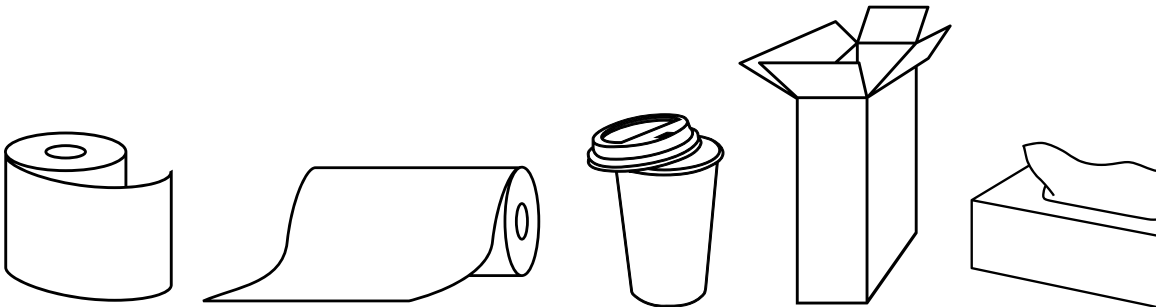
The Board of Directors has set up four committees:

- 1. THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE**
- 2. THE AUDIT COMMITTEE**
- 3. THE HUMAN RESOURCES COMMITTEE**
- 4. THE ENVIRONMENT, HEALTH AND SAFETY COMMITTEE**

Cascades’ corporate governance practices are set out in the “Statement of Corporate Governance Practices”, which is included in the management information proxy circular and can also be found on our Web site, at www.cascades.com/investors/corporate-governance.

**OUR MAIN PRODUCTS
AND SERVICES**

- RECOVERY AND RECYCLING**
- COATED BOXBOARD AND FOLDING CARTONS**
- CONTAINERBOARD AND CORRUGATED PRODUCTS**
- SPECIALTY PAPERS**
- INDUSTRIAL PACKAGING PRODUCTS AND CONSUMER PRODUCT PACKAGING**
- TISSUE PAPER FOR THE COMMERCIAL, INDUSTRIAL AND CONSUMER MARKETS**



IT'S TIME
TO CHANGE!

CASCADES
ENVIRO®
100%
RECYCLED
TISSUE PAPER
IS THE
#1
ENVIRONMENTAL
BRAND
IN CANADA!¹



¹ Source: ACNielsen Market Track, last 12 weeks ended December 20, 2008, all sales

INSPIRE
INFORM
INCITE

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.

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