

SUSTAINABLE
DEVELOPMENT
PLAN



SDP
2010-12

INTERIM
REPORT

SUSTAINABLE PRACTICES, MEASURABLE OBJECTIVES

With a half-century tradition of sustainable practices, Cascades used to publish attractive reports that highlighted only its successes.

In order to continually improve its operations and demonstrate greater accountability, the company took a new direction that favours transparency and further rigour. Following this change, Cascades developed a sustainable development plan in cooperation with its stakeholders.

This interim report shows the status of the 18 measurable objectives the company has set for itself.

For this first exercise, objectives were established only for North American units, which represent over 90% of Cascades's activities.

01	REDUCE THE QUANTITY OF ENERGY PURCHASED TO PRODUCE OUR PRODUCTS	↗
02	REDUCE GREENHOUSE GAS EMISSIONS	↑
03	INCREASE THE RE-USE OF PAPERMAKING WASTE	↗
04	REDUCE THE WEIGHT OF SOLID WASTE SENT TO LANDFILL BY OPTIMIZING THE RECYCLING PROGRAM	↗

05	INCREASE PURCHASES MADE FROM SUPPLIERS THAT ADOPT RESPONSIBLE BEHAVIOURS	▶
06	INCREASE THE USE OF RECYCLED FIBRES AND VIRGIN FIBRES THAT ARE FSC OR EQUIVALENT CERTIFIED	↘
07	REDUCE THE DISCHARGE OF EFFLUENT	↗
08	IMPROVE THE QUALITY OF TREATED WATER BY REDUCING THE BIOLOGICAL OXYGEN DEMAND AND SUSPENDED SOLIDS	↘

18 OBJECTIVES

09	INCREASE THE SALES FROM NEW PRODUCTS AND INNOVATIONS	→
10	INCREASE RETURN ON ASSETS	↘
11	INCREASE THE NUMBER OF SUPPLIERS WITH A SUSTAINABLE PROCUREMENT POLICY	▶
12	RAISE EMPLOYEE AWARENESS OF THE IMPORTANCE OF SUSTAINABLE DEVELOPMENT	→
13	INCREASE THE HEALTH, SAFETY AND WELL-BEING INDEX	→

14	INCREASE THE LEVEL OF EMPLOYEE COMMITMENT BY EVALUATING THEIR RATE OF ENGAGEMENT	▶
15	RAISE AWARENESS OF SUSTAINABLE DEVELOPMENT AMONG CUSTOMERS	→
16	INFLUENCE THE INDUSTRY AND DECISION-MAKERS	↑
17	MAINTAIN TRANSPARENT COLLABORATION WITH STAKEHOLDERS	↑
18	INCREASE THE NUMBER OF UNITS INVOLVED IN THEIR COMMUNITY	→

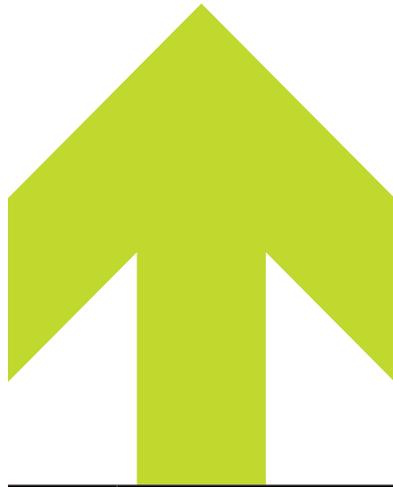
01

Reduce the quantity of energy purchased to produce our products

UNIT OF MEASUREMENT: GIGAJOULES OF PURCHASED ENERGY/METRIC TONNE OF SALEABLE PRODUCTS (GJ/MT)

2010	2011	DIFFERENCE	2012 OBJECTIVE	STATUS
11.11	11.06	- 0.5%	- 6%	↗

Last year, Cascades GIE Inc. (energy action group) and its manufacturing plants completed several projects that allowed them to reduce their energy consumption by 645,404 gigajoules. However, for the comparison to be valid, the analysis must include production volumes. The economic crisis has had a negative impact on our order book, which played a part in this objective being met.



02

Reduce greenhouse gas emissions (GHG)

UNIT OF MEASUREMENT: KILOGRAMS OF EQUIVALENT CO₂/METRIC TONNE OF SALEABLE PRODUCTS (kg CO₂ eq./MT)

2010	2011	DIFFERENCE	2012 OBJECTIVE	STATUS
207.5	194.5	- 6.3%	- 6%	↑

By performing audits in the plants, Cascades GIE's engineers look at reducing gigajoules as well as at analyzing the impact a project will have on greenhouse gas emissions. Of course, the energy efficiency projects carried out in 2011 did have an impact on GHGs, but the primary reason for this decrease in emissions is the fact that a boxboard plant in Connecticut was sold.

04

Reduce the weight of solid waste sent to landfill by optimizing the recycling program

UNIT OF MEASUREMENT: KILOGRAMS OF SOLID WASTE SENT TO LANDFILL/METRIC TONNE OF SALEABLE PRODUCTS (kg/MT)

2010	2011	DIFFERENCE	2012 OBJECTIVE	STATUS
2.42	2.20	- 9.1%	- 20%	↗

The residual materials targeted by this objective represent 2% of the residual waste our activities generate. Between 2010 and 2011, the amount of waste sent to landfill was reduced by 2.234 tonnes. This is due, among other things, to an increase in the recycling rate of several categories of materials. There is still room for improvement. To that effect, efforts will be made to raise awareness among employees of the importance of properly sorting waste.

03

Increase the re-use of papermaking waste

UNIT OF MEASUREMENT: KILOGRAMS OF WASTE RECOVERED/KILOGRAMS OF WASTE PRODUCED¹

2010	2011	DIFFERENCE	2012 OBJECTIVE	STATUS
63.6%	65.1%	+ 2.4%	+ 6%	↗

Papermaking waste makes up 98% of the residual materials our activities generate. Our positive results are due in large part to efforts from the Cascades Groupe Carton Plat—Jonquière plant, which re-used more mixed residual waste (mix of residual waste produced by the wastewater treatment process and the wastewater treatment system) in 2011. Land treatment with this waste improves soil properties and fertility.

05

Increase purchases made from suppliers that adopt responsible behaviours

UNIT OF MEASUREMENT: PURCHASES FROM SUPPLIERS WHOSE PRACTICES ARE CONSIDERED RESPONSIBLE/TOTAL PURCHASES

2012 OBJECTIVE	STATUS
+ 20%	▶

In 2009, we engaged a dialogue with our suppliers in order to assess their level of commitment to sustainable development. For this purpose, we built an 18-point questionnaire to ask them about their practices. To date, 73 product and process suppliers have responded and have been assessed. We had set as an objective to poll them every three years and to continue our assessment of our other suppliers. 2012 is, therefore, a critical year for this initiative.

06 Increase the use of recycled fibres and virgin fibres that are FSC or equivalent certified

UNIT OF MEASUREMENT: PURCHASES OF RECYCLED FIBRES + CERTIFIED VIRGIN FIBRES/TOTAL PURCHASES

2010	2011	DIFFERENCE	2012 OBJECTIVE	STATUS
83.0%	82.9%	- 0.1%	+ 4%	⬇️

Our first year of monitoring confirms that the objective to increase the use of recycled fibres and certified virgin fibres is ambitious over such a short period of time. The supply ratio for recycled paper and cardboard, our main raw materials, remained stable despite a record increase in the cost of recycled fibres and the sale/closure of two plants that used only waste paper. As for certified fibres (Cascades favours FSC) the amount of certified lumber purchased rose slightly.

07 Reduce the discharge of effluent

UNIT OF MEASUREMENT: CUBIC METRES OF WATER/METRIC TONNE OF SALEABLE PRODUCTS² (m³/MT)

2010	2011	DIFFERENCE	2012 OBJECTIVE	STATUS
12.6	12.3	- 2.4%	- 6%	⬆️

Cascades East Angus's transition from kraft pulp production, a process that uses up a lot of water, to recycled pulp production had a positive impact on this objective. A project involving the re-use of effluent water at the Cascades Papier Kingsley Falls plant and water-saving projects at the Cascades Tissue Group—Toronto PM plants also helped reduce our overall consumption of water.

08 Improve the quality of treated water by reducing the biological oxygen demand (BOD) and suspended solids (SS)

UNIT OF MEASUREMENT: KILOGRAMS OF BIOLOGICAL OXYGEN DEMAND AND SUSPENDED SOLIDS/METRIC TONNE OF SALEABLE PRODUCTS³ (kg/MT)

2010	2011	DIFFERENCE	2012 OBJECTIVE	STATUS
1.352	1.365	+ 1.0%	- 4%	⬇️

The quality of water discharge is regulated by well-defined government standards. On average, the quality of the treated wastewater that we discharge into the environment is 7 to 9 times better than required by the standards and, in many cases, almost at the upper limit of what can be reached with the technology being used. This result includes a decrease in BOD which was offset by a slight increase in SS.

09 Increase the sales from new products and innovations

UNIT OF MEASUREMENT: SALES ATTRIBUTED TO NEW PRODUCTS AND INNOVATIONS BROUGHT TO MARKET IN THE PAST THREE YEARS/TOTAL SALES

2010	2011	2011 OBJECTIVE	STATUS
n/a	8.2%	10%	➡️

Cascades Specialty Products Group and Cascades Tissue Group have brought to market several innovative products over the past few years. These include: Flexicomb® flexible packaging, ThermaFresh™ cardboard cooler and the all-new Atmos technology, which makes our toilet paper made with recycled fibre softer.

10 Increase return on assets

UNIT OF MEASUREMENT: OPERATING INCOME BEFORE DEPRECIATION (OIBD) EXCLUDING SPECIFIC ITEMS/AVERAGE TOTAL ASSETS⁴

2010	2011	2012 OBJECTIVE	STATUS
10.6%	6.5%	12%	⬇️

Prevailing economic factors in 2011 had a negative impact on our return on assets. Namely, the high cost of recycled fibre, which accounts for our main production cost, and the Canadian dollar that remained high throughout the year drove down profits. Operational issues at some of our plants also hurt profits.

11 Increase the number of suppliers with a sustainable procurement policy (SPP)

UNIT OF MEASUREMENT: PURCHASES MADE FROM SUPPLIERS WITH A SPP/TOTAL PURCHASES

	2012 OBJECTIVE	STATUS
	+ 20%	▶️

This objective is closely linked to objective 05. Our procurement and sustainable development teams are currently working to define a strategy for this objective. They have set a goal to implement new procedures in the first half of 2012.

12

Raise employee awareness of the importance of sustainable development

UNIT OF MEASUREMENT: EMPLOYEES WHO HAVE COMPLETED FOUR HOURS OF TRAINING ON SUSTAINABLE DEVELOPMENT/TOTAL EMPLOYEES

	2012 OBJECTIVE	STATUS
	50%	➔

In 2011, a sustainable development training course was created and initially piloted with a group of sales representatives. The project will continue in 2012. However, as currently defined (four-hour training), the training is not available to all employees given the scheduling of plant shifts. Therefore, ways of adapting the training are being discussed.



13

Increase the health, safety and well-being index

UNIT OF MEASUREMENT: UNITS THAT MEET THE FOLLOWING THREE CRITERIA: ACHIEVE THEIR TARGET OSHA RATE, CONTRIBUTE TO THE EMPLOYEE ASSISTANCE PROGRAM (EAP) AND MAKE A MONETARY CONTRIBUTION TO A FITNESS PROGRAM/TOTAL UNITS

	2010	2011	2012 OBJECTIVE	STATUS
OSHA + EAP + SPORT	29.0%	29.3%	70%	➔

We conducted a survey to determine how many units were contributing to the employee assistance program and a fitness program. Since the response rate was not 100% (77% in 2010 and 91% in 2011), the results are only partial but positive. As for the OSHA rate, it improved by 12% between 2010 and 2011, and by 62% since 2002.

14

Increase the level of employee commitment by evaluating their rate of engagement

UNIT OF MEASUREMENT: RATE OF EMPLOYEE ENGAGEMENT, AS A PERCENTAGE, AS DETERMINED BY A SURVEY OF THE COMPANY'S EMPLOYEES

2010	2012 OBJECTIVE	STATUS
69%	+ 6%	➔

We are working with the consulting firm Hewitt, which assesses employee engagement on the basis of 21 parameters, to obtain this result. The last survey was completed in 2009 with a sample of 1,058 Canadian employees. The next edition, planned for 2012, will also survey employees in the United States.

15

Raise awareness of sustainable development among customers

UNIT OF MEASUREMENT: NUMBER OF PRESENTATIONS MADE TO CUSTOMERS (NUMBER OF SALESPeOPLE TRAINED X 20)

2010	2011	DIFFERENCE	2012 OBJECTIVE	STATUS
0	20	180	200	➔

As stated under objective 12, salespeople were chosen to receive training on sustainable development. Ten salespeople completed the pilot training program in 2011, but only at the end of the year, which did not leave them with much time to share the information with customers. Short of having a system to compile meetings with customers at this point in time, we assume that, since their training, salespeople have met with at least two customers each.

16

Influence the industry and decision-makers

UNIT OF MEASUREMENT: NUMBER OF MEETINGS WITH DECISION-MAKERS PER YEAR

2010	2011	2011 OBJECTIVE	STATUS
n/a	49	20	↑

The members of Cascades's sustainable development steering committee sit on a variety of industry committees that have a mandate to influence decision-making and improve our sustainable development practices. In 2011, these people most notably attended meetings about greenhouse gas emission regulations, environmental regulations, research and development tax incentives, the introduction of a certification program for the content of recycled material in products and the challenge created by a lack of daycare spaces for our employees.

17

Maintain transparent collaboration with stakeholders

UNIT OF MEASUREMENT: NUMBER OF PEOPLE CONSULTED PER YEAR

2010	2011	2011 OBJECTIVE	STATUS
n/a	469	400	↑

Consultations with stakeholders were the driving force behind the creation of our first sustainable development plan, and 2011 saw many fruitful discussions with these people. The unveiling of our objectives to the public drew a lot of attention and provided a golden opportunity to continue discussions. We met with many of our target audiences and shared our process with more than 400 people.

18

Increase the number of units involved in their community

UNIT OF MEASUREMENT: UNITS THAT HAVE CARRIED OUT AT LEAST TWO COMMUNITY ACTIONS IN ONE YEAR/TOTAL UNITS

2010	2011	2012 OBJECTIVE	STATUS
70%	70%	95%	→

Through a survey of our units, we learned that over 90% of units already support at least one cause, in most cases Centraide or United Way, which goes to show that the big Cascades family is naturally generous! Two thirds of the units support at least two causes. In the future, not only are we aiming for a greater number of units actively involved in their community, but we would also like to improve our way of doing things by better targeting causes and further developing the social involvement of our employees.

LEGEND:

UPCOMING	▶
UNDER WAY	→
MET	↑
PROGRESS	↗
REGRESSION	↘

1 Production data from the Cascades Tissue Group-Oregon plant was excluded from objectives 3, 7 and 8.

2 Idem.

3 Idem.

4 Return on assets is calculated on a consolidated basis.

FOR MORE INFORMATION ABOUT OUR MEASURABLE
SUSTAINABLE DEVELOPMENT OBJECTIVES,
VISIT WWW.CASCADES.COM/SUSTAINABLE-DEVELOPMENT



100%



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