



Sustainability report

2014

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Special Note Regarding Forward-Looking Statements and Disclaimer

This sustainability report includes “forward-looking statements” within the meaning of securities laws. Such statements relate, without limitation, to the company’s or management’s objectives, projections, estimates, expectations or predictions of the future and can be identified by words such as “may”, “will”, “could”, “anticipate”, “estimate”, “expect” and “project”, the negative or variations thereof, and expressions of similar nature. Forward-looking statements are based on certain assumptions and analyses made by the company in light of its experience, information available to it and its perception of future developments. Such statements are subject to a number of risks and uncertainties, including, but not limited to, changes in foreign exchange rates, product selling prices, raw material and operating costs and other factors identified in the company’s periodic filings with securities regulatory authorities. Many of these risks are beyond the control of the company and, therefore, may cause actual actions or results to materially differ from those expressed or implied herein. The forward-looking statements contained herein reflect the company’s expectations as of the date hereof and are subject to change after such date. The company disclaims any intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities legislation.

The company’s financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All financial references are stated in Canadian dollars, unless otherwise noted. All references to quarterly information relate to Tembec’s fiscal quarters. Adjusted EBITDA and certain other financial measures utilized in the presentation are non-IFRS financial measures. As they have no standardized meaning prescribed by IFRS, they may not be comparable to similar measures presented by other companies. Non-IFRS financial measures are described in the Definitions section on the last page of the interim Management Discussion and Analysis (MD&A).

The information contained in this sustainability report is current only as of its date and has not been, and unless required pursuant to applicable securities laws, will not be, updated to reflect any changes or facts or circumstances that occurred after such date that may make such information inaccurate or incomplete. In addition, the market data included in this presentation, including information related to the company’s relative position in the industry, is based on internal studies, market research and publicly available information and industry publications. Although the company believes that such studies, research, information and publications are reliable as of the date of this presentation, they may prove to be inaccurate because of the method by which the company obtained some of the data for its estimates or because this information cannot always be verified with certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, the company has not independently verified any of the data from third-party sources nor has it ascertained the underlying economic assumptions relied upon therein. As a result, market, ranking and other similar industry data included in this presentation, and estimates and beliefs based on the data, may not be accurate and complete.

A message from Tembec's CEO

At Tembec, demonstrating sustainability means focusing on maintaining responsible business practices that are harmonized with social and environmental values. This commitment is reflected in our vision; to be an industry leader in value creation by being the best steward of resources — human, capital and forest.

We continue to make progress in five key sustainability areas; health and safety, forest certification, stakeholder engagement, energy reduction and environmental emissions.

At Tembec, we live and breathe safety. Since the inception of the Health and Safety Plan in 2007, the company has reduced the OSHA (Occupational Safety and Health Administration) incident rate by 79%, including a 19% improvement between 2012 and 2014. Tembec's target OSHA incident rate for 2015 is 2.0. At the end of the day, we all want to be safe and sound with our families and friends.

Phase I of the strategic investment project at the Temiscaming Specialty Cellulose facility is nearing completion. This game-changing investment will ensure our long-term competitiveness. The new recovery boiler began operation in mid-October 2014. The turbo generator is expected to begin operation in December 2014. The major project benefits are a fivefold increase in electrical generating capacity, new revenues from electricity sales, a 70% reduction in sulfur dioxide emissions, reliable, low-cost steam supply for all Temiscaming operations and efficiency gains allowing increases in specialty cellulose manufacturing capacity.

While addressing regulatory requirements is essential to the practice of sustainable forest management, the expectations of public stakeholders, Aboriginal People, environmental organizations and customers go beyond legal compliance. Certification is a means to demonstrate corporate social responsibility. Tembec continues to maintain 100% Forest Stewardship Council® (FSC®) certification of the public forestlands under its management, including Chain of Custody certification. Over 3.3 million hectares of High Conservation Value Forests are recognized and protected as part of the certification initiatives.

The 2014 Tembec Sustainability Report provides a summary of goals, performance and challenges regarding good corporate citizenship. Our strengths include the continuing focus on sustainable forest management practices and forestry certification, as well as our major commitment to renewable energy. We will maintain our journey toward becoming a world-class health and safety performer in our industry.

Jim Lopez

Tembec Inc. President and Chief Executive Officer

Performance Highlights

Health and Safety OSHA Incident Rate:

2010	2011	2012	2013	2014 ¹
6.4	4.6	3.1	2.6	2.5

Sustainable Forest Management:

FSC Certification: 8.9 million hectares (Ha) of Tembec managed lands.

FSC Certification: 7.4 million Ha of Tembec partner lands.

High Conservation Value Forests Identified on Tembec Forest Licenses: 3.3 million Ha.

Energy Consumption and Greenhouse Gas Emissions, Pulp & Paper Facilities:

Direct Energy Consumption - Pulp and Paper (GJ):

	2003		2012	2013	2014
Direct Renewable Energy Consumption	9,854,410		10,298,292	10,272,270	10,984,053
Direct Non-Renewable Energy Consumption	3,720,688		2,335,805	2,541,591	2,454,942
Total Direct Energy Consumption	13,575,098		12,634,097	12,813,861	13,438,995

Total Greenhouse Gas Emissions- Pulp and Paper (T CO₂e):

	2003		2012	2013	2014
Direct Greenhouse Gas Emissions	229,734		161,677	157,825	154,902
Indirect Greenhouse Gas Emissions	181,709		118,470	114,361	112,147
Total Greenhouse Gas Emissions	411,443		280,147	272,186	267,048

¹ Fiscal years.

Water and Air Quality - Pulp and Paper Facilities:

Sulphur Dioxide Emissions (Metric Tons):

Facility:	2012	2013	2014
Temiscaming	1075	545	Not available ²
Tartas	314	335	Not available ²

Biochemical Oxygen Demand (Kg/Day):

Facility:	2012	2013	2014
Temiscaming	2,135	1,748	1,657
Matane	512	1,613	458
Kapuskasing	235	186	234
Tartas	1,928	1,383	1,173

Total Suspended Solids (Kg/Day):

Facility:	2012	2013	2014
Temiscaming	4,442	3,984	3,555
Matane	1,110	3,289	1,103
Kapuskasing	638	539	675
Tartas	6,953	4,233	5,133

Economic Performance – All Operations:

	2012	2013	2014
Adjusted EBITDA (\$ million)	\$64	\$97	\$90
Productivity: Sales per Employee	\$450,000	\$438,000	\$438,000
SG&A Expenses (\$ million)	\$74	\$72	\$66
Annual Interest Expenses (\$ million)	\$38	\$42	\$49

Adjusted EBITDA: Earnings Before Interest, Income Taxes, Depreciation, Amortization and other items.

SG&A: Selling, General and Administrative expenses.

² Results will be available in early 2015.

1- Introduction

Tembec Inc. (Tembec) is a global leader in resource stewardship and believes corporate social responsibility (CSR) is an essential part of doing business. Tembec recognizes its social obligation to demonstrate environmental leadership for the benefit of local communities and the community at large. As a company that works with renewable resources, Tembec is committed to demonstrating responsible stewardship of those resources to ensure a sound future for all concerned.

The 2014 Tembec Sustainability Report provides a review of its CSR vision and results. With this report, Tembec aims to demonstrate its commitment to responsible resource stewardship and sustainable development.

For more information on Tembec and sustainability, go to our website at <http://www.tembec.com>.

In particular, sustainability is covered in the “**Responsibility**” section:

<http://tembec.com/en/responsibility>

Tembec’s Vision

Tembec will be an industry leader in value creation by being the best steward of resources — human, capital and forest.

2- About This Report

The 2014 Tembec Sustainability Report covers the company’s fiscal year; October 2013 to September 2014, however other periods are included in some cases. Tembec plans to continue reporting on sustainability on an annual basis.

All questions regarding this report can be addressed to Linda Coates, Vice President, Human Resources and Corporate Affairs: linda.coates@tembec.com, 416-775-2819.

The report uses the Global Reporting Initiative (GRI) version 3.1 Sustainability Reporting Guidelines. It has been self-evaluated as compliant with GRI Application Level C, and includes a Global Reporting Initiative (GRI) Application Level Check (see Appendix B). The report has not received external assurance (third party verification).

In defining the report content, the following sections of the GRI version 3.1 Sustainability Reporting Guidelines were used:

- Reporting Guidance for Defining Content

- Reporting Principles for Defining Content
- Technical Protocol: Applying the Report Content Principles.

These sections provided guidance on

- determining priority topics (materiality)
- determining key stakeholders
- determining boundaries
- ensuring that the principles of sustainability were covered.

The report focuses on Pulp and Paper (specialty cellulose, high-yield pulp, coated bleached board, and newsprint), and Forest Resource Management operations, but also includes discussion on other Tembec operating areas; the Forest Products Group sawmills and chemical facilities. Other joint ventures, leased facilities, outsourced operations and other entities are not covered in this report, and would not materially impact the contents of this report.

The Pulp and Paper and Forest Resource Management operations represent the most important areas in terms of material sustainability topics from the standpoint of a) the organization's business, and b) key company stakeholders. In 2014, Tembec's Sustainability Committee identified five material topics based on a review of the most important issues and opportunities facing the company from the perspective of sustainable development.

Significant Material Topics Covered in this Report:

- **Health and safety:** Nothing is more important to Tembec than ensuring the health and safety of its employees, as they are one of the most important stakeholder groups.
- **Forestry certification:** Reporting on sustainable forest management is vital to demonstrating corporate social responsibility. This topic is at the core of Tembec's business model, and is a key concern for many external stakeholders such as Aboriginal groups, customers, investors and Environmental Non-Government Organizations (ENGOS).
- **Engagement with stakeholders, First Nations and Métis communities:** Tembec's engagement approach is based on the desire to work collaboratively with groups and individuals who have rights and interests on forest lands on which Tembec operates, and who live in proximity to our facilities. Based on the importance of stewardship, and access and use of forest lands by both the Company and Aboriginal People, Tembec supports the development of long-term relationships that are beneficial to Aboriginal communities, the Company and the public. Tembec also engages extensively with other key stakeholders; employees, labor unions, customers, municipalities, suppliers, trade associations and non-government organizations.

- **Environmental Emissions:** Tembec is committed to the continuous improvement of its environmental performance beyond legislative demands in relation to air emissions, effluent quality, noise, fiber utilization and waste reduction.
- **Energy Consumption and Greenhouse Gas Emissions:** Tembec's environmental performance commitment includes managing carbon responsibly. This means maximizing the use of renewable, green energy sources to replace fossil fuels. Whenever feasible, our operations choose renewable fuels over natural gas and other fossil fuels. The renewable fuels include wood residues (bark, sawdust, and shavings), biogas, pulping liquor and waste water treatment sludge.

3- Organizational Profile

Tembec Inc. is a company incorporated under the Canada Business Companies Act (the "CBCA"), R.S.C., c. C-44. Tembec Inc. is listed on the Toronto Stock Exchange under the symbol TMB.

Tembec is a manufacturer of forest products – lumber, pulp, paper and specialty cellulose – and a global leader in sustainable forest management practices. Principal operations are in Canada and France. Tembec has some 3,500 employees and annual sales of approximately \$1.6 billion. Tembec is listed on the TSX (TMB).

Tembec has earned Forest Stewardship Council (FSC) certification for all public lands under company management. As of September 30, 2014, Tembec forestry personnel are accountable for managing 8.9 million hectares of Canadian forest lands. In keeping with responsible forest management practices, Tembec is a member of several forest cooperatives with accountability for forest management on public land in Ontario and Quebec. These organizations are FSC certified as well, accounting for an additional 7.4 million hectares of FSC certified forest.

More Company information is available on the Tembec website:

<http://tembec.com/en>

Specific information regarding company profile, structure, products, etc. is available in the Annual Information Form (AIF) for 2014 on the Tembec website under Corporate Governance:

<http://tembec.com/en/investors/corporate-governance>

Company Information

Tembec's operations are located mainly in Canada, with a specialty cellulose operation in France and a chemical operation in the United States. The company's head office is in Montreal, Quebec.

The Company consists of four operating groups:

- Forest Products Group:
 - Forest Resource Management – 6 forestry operations
 - Manufacturing – 8 sawmills
- Specialty Cellulose Pulp Group:
 - 2 Specialty Cellulose mills
 - 4 Chemical facilities
- Paper Pulp Group:
 - 2 High Yield Pulp mills
- Paper Group:
 - 1 Coated bleached board mill
 - 1 Newsprint mill

Tembec Sales by Region in 2014:

- United States: 38%
- Europe: 21%
- Canada: 19%
- Other: 13%
- China: 9%

Restructuring

Tembec continues to reshape itself by divesting non-core assets and focusing on its specialty cellulose business. More information is available at [Tembec.com](http://tembec.com):

<http://tembec.com/en/media/press-releases>

Recent Changes:

- November 25, 2013: Sale of approximately 7,150 hectares of land located within the Regional District of East Kootenay, British Columbia.
- March 10, 2014: Sale of the Tembec pulp mill located in Chetwynd, British Columbia.
- June 25, 2014: Sale of approximately 17,700 hectares of land located within the Regional District of East Kootenay, British Columbia.
- September 16, 2014: Sale of approximately 31,800 hectares of land located in East Kootenay, British Columbia.

Recognition and Media Coverage

Here are some highlights regarding public recognition of Tembec's sustainability efforts. The articles described below are available on the Tembec website at:

<http://tembec.com/en/media/press-releases>

Tembec supports the Softwood Lumber Agreement:

- March 28, 2014: Tembec strongly supports the Softwood Lumber Agreement for the stability and predictability of US market access that it provides for our customers, our employees and the many communities in which we operate.

Tembec Joins Two Sides:

- July 7, 2014: Tembec, proud manufacturer of Kallima FSC[®]-certified Kallima Coated Cover paperboard, has joined Two Sides North America, the non-profit organization that promotes and encourages the responsible production and use of print and paper.

Our Products

Using the whole tree, Tembec produces lumber and wood chips, high-yield pulp, coated bleached board, newsprint, specialty cellulose, viscose grade dissolving pulp and chemical products. All Tembec sawmills and pulp and paper facilities in Canada and in France have FSC Chain-of-Custody certification. With the exception of the Temiscaming Specialty Cellulose mill, all Tembec pulp mills are PEFC (Programme for the Endorsement for Forest Certification) Chain-of-Custody certified. Tembec's diversification across growing markets such as specialty cellulose is designed to stabilize revenues over the economic cycle.

Trees are harvested from responsibly managed forest operations to produce lumber, a carbon-friendly building material. Wood chips are a by-product of the lumber production process, and are in turn the raw material for high-yield pulp, specialty

cellulose and newsprint. At Temiscaming, high yield pulp is a primary ingredient used to produce coated bleached board. Coated bleached board and newsprint are fully recyclable.

Tembec's specialty cellulose is used in cosmetics, dairy products and pharmaceuticals. Residual co-products of the pulping process, such as lignin, are turned into chemical products for the agriculture, food and personal care industries.

Tembec also uses biomass (a renewable fuel) – bark, shavings and sawdust – as well as sludge from wastewater treatment and residuals from pulping to produce renewable bioenergy:

- Green Steam, which is used in pulping and papermaking operations
- Green Electricity, which is cogenerated for use in operations or sold to utilities.

This renewable bioenergy reduces the need for fossil fuels, acting on carbon and climate change.

In addition, advanced anaerobic effluent treatment technology creates biogas used to displace natural gas utilized in the pulp drying operations. Thus every effort is made to use all wastes.

By operating in a sustainable manner, and by ensuring the legality of the fiber sources, Tembec is securing the future of the forestlands that mean so much to the business, to local communities, and to the community at large.

For more information on Tembec products, go to

<http://www.tembec.com/en/products>

4- Governance

The Directors and Management of the Company consider good corporate governance to be central to the effective operation and success of the Company. In order to ensure proper and current corporate governance practices, the Board of Directors and management regularly compare the Company's practices and procedures with the guidelines set out in National Instrument 58-201 – Corporate Governance Guidelines, the proposals of various other regulatory authorities, as well as the practices adopted by its peers. To this end, a Mandate and Charter for the Board of Directors and each of its Committees have been developed. As well, a Code of Ethics and Business Conduct has been established.

Tembec management is led by a team of experienced executives, which is described at:

<http://www.tembec.com/en/company/executive-team>

Board of Directors

Tembec's board of directors is responsible for the overall stewardship of the corporation, and for fostering its long-term success consistent with the board's fiduciary responsibility to Tembec shareholders. The Board of Directors is governed by a defined mandate which describes its principal functions, a copy of which can be found at www.tembec.com. Currently consisting of 9 members, the Board periodically reviews its size and composition to assess its effectiveness. The Board believes that the current number of Directors is adequate to allow the Directors to benefit from a wide variety of ideas and viewpoints without compromising communication among the Directors, and between the Directors and Management.

The Executive Chairman of the Board is appointed by the full Board and is not a member of management. He is also an independent director as defined in the National Instrument 58-101- Disclosure of Corporate Governance Practices.

The Board has established three standing committees, each of which is constituted by its own charter, to which the Board has delegated certain elements of its authority and responsibilities, as well as certain advisory functions and power to make recommendations and report to the Board, namely the Corporate Governance & Human Resources Committee, the Audit Committee and the Environment, Health & Safety Committee. All committees of the Board are composed of a majority of independent Directors, except for the Environment, Health and Safety Committee.

Independence of Board

As defined in National Instrument 58-101 – Disclosure of Corporate Governance Practices, the executive chairman of the Board and the majority of Directors and members of Board committees are independent, except for the Environment, Health & Safety Committee, which is composed of three members, one who is independent and two who are not considered independent, namely, Mr. James M. Lopez (the President and Chief Executive Officer of the Corporation) and Mr. Michel J. Dumas (Executive Vice President, Finance and Chief Financial Officer of the Corporation).

Board and Committee Member Information

- Age Groups:
 - Ages 30 to 50: 0%
 - Ages 50+: 100%

Further information on the Board Composition and members of the Committees may be found in the Tembec “Notice of 2015 Annual General Meeting of Shareholders and Management Information Circular”.

Further information on the Mandate of the Board and the responsibilities of these committees may be found on Tembec’s website in the Corporate Governance section (see Mandate of the Board and Charters of each of the standing Committees), at <http://tembec.com/en/company/board-directors> and at, <http://www.tembec.com/en/investors/corporate-governance>.

Ethical Business Conduct

Tembec has adopted a written Code of Ethics and Business Conduct which provides guidelines to ensure that all Directors, Officers and employees of the Company and its subsidiaries, and all consultants, suppliers and other persons working on behalf of the Company respect its commitment to conduct business relationships with respect, openness, and integrity. The Company believes that its success is possible because of its values, which include integrity, accountability, trust, transparency and teamwork. The Company is committed to conducting its business in compliance with applicable laws, statutes and regulations, and expects its employees, Directors, consultants, suppliers and other individuals working with or on behalf of the Company to do likewise. In addition, business dealings among employees and by employees with shareholders, customers, suppliers, community organizations and governmental and regulatory authorities must be based on the highest ethical standards.

Employee Communications

Through the Code of Ethics and Business Conduct, an Ethics Reporting Line has been put in place via the Tembec Intranet site, which provides a confidential and anonymous on-line reporting service regarding the following issues:

- Financial reporting and accounting concerns
- Suggestions for improving the organization
- Other concerns and issues.

The Company strives to maintain a non-discriminatory, safe and healthy work environment; one in which all employees can contribute to their maximum ability and maintain high performance standards. Any employee concern can be confidentially communicated to management for review and action.

Shareholder and Investor Communications

As per the Code of Ethics and Business Conduct, requests from investors or shareholders for information concerning the Company and its businesses are to be forwarded to the Company's Vice President, Human Resources and Corporate Affairs.

In addition, the Board of Directors manages the means by which shareholders can communicate with the Company, including the opportunity to do so at the annual meeting and through the Tembec website.

5- Social Responsibility, and Aboriginal and Stakeholder Engagement

Tembec is firmly committed to social responsibility and stakeholder engagement, which was the foundation in the creation of Tembec in 1973. Tembec was launched in Temiscaming, Quebec as a result of collaboration between a small group of mill managers, mill employees represented by the union president, and a local citizens' group. Since then, Tembec has grown as a result of positive relationships with external parties.

Tembec Workforce as of September 2014:

	<i>British Columbia</i>	<i>Manitoba</i>	<i>Ontario</i>	<i>Quebec</i>	<i>Canada</i>	<i>France</i>	<i>USA</i>
STAFF:							
Female Staff	0	0	61	133	194	26	2
Male Staff	1	0	168	324	493	49	20
Total Staff	1	0	229	457	687	75	22
CONTRACT (Including Students):							
Female Contract	0	1	3	18	22	0	0
Male Contract	0	0	15	15	30	0	0
Total Contract	0	1	18	33	52	0	0
NON-STAFF:							
Female Non-staff	0	0	61	126	187	11	0
Male Non-staff	0	0	926	1202	2128	257	18
Total Non-staff	0	0	987	1328	2315	268	18
Total Employees	1	1	1234	1818	3054	343	40

As of September 2014:

- Percentage of employees covered by collective bargaining agreements: 76%
- Percentage of employees receiving regular performance and career reviews:
Male: 16%; Female: 6%.

Aboriginal and Stakeholder Engagement

The Company understands the importance of engagement with organizations and individuals external to Tembec, as well as internal Tembec groups and individuals. Tembec reaches out to the following key groups:

- Employees
- Labor unions
- Municipalities
- First Nation and Métis communities
- Customers
- Suppliers
- Non-government organizations (i.e. environmental groups) and other collaborative relationships.

Through its normal course of business, engagement in partnerships, research collaboratives and association memberships, Tembec personnel have gained a good understanding of the interests and perspectives of external parties in relation to the forest products sector.

The assessment of materiality in preparing this report is based in part on knowledge gained through the establishment of relationships and dialogue with these important internal and external interested parties.

The selection of the above key stakeholder groups is based on the need to engage with groups and individuals who may be directly affected by company operations, and who may directly influence the company's business. This basis is described below.

Forestry and External Engagement

Tembec's engagement approach is based on the desire to work collaboratively with groups and individuals that have rights and interests on forest lands on which Tembec operates, and who live in proximity to our facilities. First Nation and Métis communities have unique rights, culture and knowledge, and Tembec engages each community individually through a partnership approach. Environmental organizations have strong interests in conservation and protection of forest lands and wildlife habitat. Tembec works with a number of environmental organizations, individually or through collaborative arrangements, such as the Canadian Boreal Initiative's Boreal Leadership Council (BLC) and Canadian Boreal Forest Agreement (CBFA).

External engagement as part of forestry management is undertaken for several reasons:

- Regulatory compliance
- Compliance with international forest certification standards
- Company policy.

Tembec external engagement is defined and structured at the community level and in the context of the management of public forests where Tembec operates. At a corporate level, Tembec is a signatory, collaborator or member of a variety of organizations that are both inside and outside the forest products sector. This engagement provides a direct connection with external parties that ensures the Company understands well the material issues and concerns of stakeholders, Aboriginal People (First Nations and Métis) and regulatory agencies.

It is common practice for company personnel to directly address questions and concerns from local and seasonal residents regarding forestry operations. Interested and affected parties such as cottagers, tourist camp owners, fur trappers, recreational users and berry pickers can receive detailed information about company operations. Frequently, adjustments to company operating plans are made in response to public requests and input.

Social and Environmental Relations

Many Canadians feel an affinity for the forest, given its abundance and prominence, in the pursuit of recreation, wilderness and wildlife interests. As citizens of a country dominated by forests, many interested parties care about the sustainability of forest resources and the extensive benefits to society that they provide.

To understand the perspectives of Canadians and civil society groups with an interest in forests, Tembec maintains an active role as a member or participant in a variety of cross-sectorial partnerships and organizations. Through engagement with these organizations, Tembec has both contributed to and benefited from best practices in environmental and social performance delivered by these organizations. Key themes of Tembec's approach to forest management, including FSC certification, protection of rare threatened and endangered species, and Aboriginal relations, have emerged from and been enhanced by these initiatives.

Partnerships and organizations where Tembec maintained an active role in 2014:

- Canadian Boreal Initiative (CBI)
- Canadian Boreal Forest Agreement (CBFA)
- Forest Products Association of Canada (FPAC)
- Forest Stewardship Council (FSC) International
- Forest Stewardship Council (FSC) Canada

- Network for Business Sustainability (NBS)
- Canadian Institute of Forestry
- Conseil de l'industrie forestière du Québec (CIFQ)
- Conseil du patronat de l'environnement du Québec (CPEQ)
- GreenBlue
- Twosides.org
- Association de la santé et de la sécurité des industries de la forêt du Québec (ASSIFQ)
- Commission régionale sur les ressources naturelles et le territoire – Abitibi-Témiscamingue (CRRNT – A-T)
- Association forestière de l'Abitibi-Témiscamingue (AFAT)
- COPACEL (Union Française des Industries des Cartons, Papiers et Celluloses)
- Confederation of European paper industries (CEPI), via COPACEL
- FIBA (Fédération des Industries du Bois d'Aquitaine)
- FNB (Fédération Nationale du Bois)
- PEFC Aquitaine.

Forest Management Planning

Across Tembec's forestry operations in Canada, the Company and its business partners are actively committed to engaging external parties in the management of public forests. Regulatory processes in Canada require public consultation in the development of long term forest management plans for public lands.

In addition to the appropriate regulatory authorities, the following types of interested parties are routinely involved in the development and review of forest management plans:

- Municipalities and the general public
- Environmental organizations
- Hunting and fishing enthusiasts including outfitters, owners of hunting camps and other facilities for personal use
- Motorized and non-motorized recreationalists including snowmobile clubs, canoeists, campers, all-terrain vehicle users, organized and unorganized clubs
- Remote and other tourism-based business owners
- Primary and secondary forest products companies
- Other natural resource companies
- Contractors and business owners
- Labor unions
- Fur trappers
- Other resource users
- Other civil society clubs and groups.

Stakeholder groups such as those above are expressly sought for involvement in forest management planning because their interests or businesses could be affected by forest management (i.e. timber harvesting, silviculture, road construction). Stakeholder participation is not limited by interested party or geographic location in terms of access to information. All parties are provided with the opportunity to review and comment on forestry plans in person or electronically. Where ad hoc or permanent standing committees of citizens or local advisory bodies are struck, membership is defined to ensure diverse and adequate representation of interested parties.

Reporting on Stakeholder Engagement (Audits)

Audits are undertaken annually by third-party firms to evaluate the performance of Tembec with regard to stakeholder engagement (as a key component of sustainable forest management). The voluntary standards of the FSC in Canada are used to evaluate Tembec's performance in engaging external parties. Public summaries of all Tembec FSC public forest audits can be viewed at:

<http://www.info.fsc.org/>

Engagement with Aboriginal People

As part of sustainable forest management and corporate social responsibility, Tembec recognizes that its operations in Canada take place on territories on which Aboriginal People assert rights and interests. Tembec has adopted a First Nations Policy, the purpose of which is to build and maintain relationships with Aboriginal communities located in the vicinity of Tembec operations.

Tembec's policy addresses such priorities as capacity building, employment, information-sharing, business relations and measures to harmonize traditional land use and forestry operations. Where appropriate, agreements are developed jointly by Tembec and communities to reflect the unique circumstances of the Nation, such as geographic location, size and scale of Tembec activity and the interests and opportunities of the Parties. Often agreements provide for the review of proposed forestry operations so as to understand and address matters of community concern. In certain instances, in order to respond to these concerns, Tembec provides funding to support community involvement in the review and modification of proposed forestry plans.

Agreements with Aboriginal Communities, First Nation, and Métis Organizations, as of September 2014

In 2013 / 2014, Tembec had contracts and service agreements with 7 First Nation communities and businesses valued at over \$9 million.

6- Health and Safety

Ensuring the health and safety of employees remains the number one priority at Tembec. The Company's commitment regarding health and safety starts with the health and safety policy. The policy applies to all Company employees, as well as visitors and contractors. The Company also encourages participating affiliates and joint ventures to adopt and apply this policy.

The commitments identified in the Health and Safety Policy are achieved via the Tembec Health and Safety Plan. The Plan is designed to promote good working habits and a safe working environment, and has evolved into effective initiatives and procedures that have resulted in significant progress in terms of reducing the number and severity of incidents.

The Tembec Health and Safety Policy is available on tembec.com at:

<http://tembec.com/en/company/health-and-safety>

Health and Safety Committees

At the Tembec Board of Directors level, the Environment, Health and Safety Committee reviews and provides direction, on a quarterly basis, related to occupational health and safety matters, including the policy, regulatory compliance, performance, risks, procedures, communications, reporting and continual improvement. See also the Governance section above.

The Company maintains a Health & Safety Steering Committee consisting of the President and CEO, Executive Vice Presidents of each division, the Vice-President Human Resources and Corporate Affairs and the Corporate Health & Safety Manager. The Health & Safety Steering Committee provides strategic direction and resource allocation and oversees the health and safety sub-committees. Four sub-committees have specific mandates aimed at continuously reducing the number of preventable injuries and incidents to achieve World-Class Health & Safety performance. The four sub-committees are:

- Safety Auditing and Observations
- Rules and Procedures
- Incident Investigations
- Safety Promotion, Programs and Activities.

Joint Health and Safety Committees (JHSC) are in place at all operations, including corporate offices. The JHSCs, made up of managers and workers, regularly review health and safety performance and promote improvement measures. JHSC members represent over 75% of the total workforce.

Reporting Safety Incidents to the President and CEO

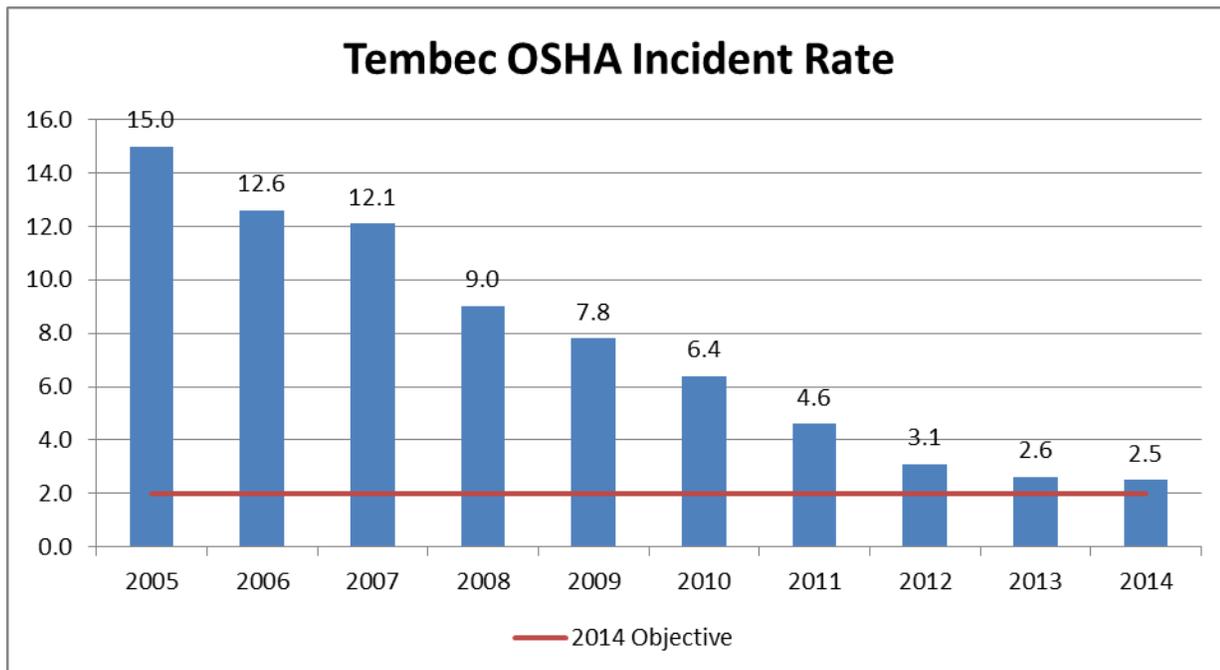
Every safety incident which causes employees to miss work at Tembec means the facility manager must contact the President and CEO, who takes a personal interest in ensuring that all employees can learn from incidents to improve safety performance. The President and CEO's commitment and the involvement of senior management in ensuring a safer environment are at the top of the Company agenda.

Employee Assistance Program

Tembec helps employees deal with personal issues so they can give their best to the organization, and to their families. Whatever the personal issue, the Employee Family and Assistance Program offers confidential support to guide people in the right direction. At the heart of this program is the desire to give Tembec employees the tools they need to improve their health and well-being.

Health and Safety Performance

Since the inception of the Health and Safety Plan in 2007, Tembec has reduced the OSHA (Occupational Safety and Health Administration) incident rate by 79%, including a 19% improvement between 2012 and 2014. The target OSHA incident rate for 2015 is 2.0. There have been no fatalities at Tembec since 2006.



Summary of Health and Safety Performance Indicators by Region for 2014:

Region	OSHA Rate	Severity Rate
Ontario	2.2	18.5
Quebec	2.4	23.1
Toledo, Ohio	0	0
France	5.1	80.3

The Tembec average severity rate from 2005 to 2014 was 69.7.

Notes:

1. The **OSHA Incident Rate** is calculated as follows: the number of incidents resulting in the loss of time + modified duty cases + medical treatment cases, multiplied by a factor of 200,000 and divided by the total number of hours worked. This indicator describes the rate of injuries.
2. Minor injuries (first aid incidents) are tracked, but are not included in the following calculations: 1) OSHA incident rate; 2) Total severity rate.
3. The tracking of health and safety statistics by gender is not available.
4. Independent contractors are not included in the statistics. Tembec does, however, ensure that they follow all applicable health and safety procedures while working on company properties.
5. Occupational diseases are not tracked separately.
6. A lost day is defined as a calendar day and starts one day following the incident.
7. The **Severity Rate** is calculated as the number of days lost following incidents resulting in the loss of time, multiplied by 200,000, and divided by the total number of hours worked. This indicator describes the rate of lost days experienced as compared to the number of incidents experienced.
8. Absentee statistics are not available.
9. System of Rules: For health and safety statistics, Tembec follows the 29 CFR 1904 rules developed by OSHA: OSHA Record Keeping Handbook no. 3545-09R, 2005.

7- Environmental Responsibility

Tembec recognizes its social obligation to demonstrate environmental leadership for the benefit of local communities and the community at large. As a company that works with renewable resources, Tembec knows that responsible stewardship of those resources ensures a sound future.

Tembec's corporate vision is to be an industry leader in value creation by being the best steward of resources; human, capital and forest.

Tembec's environmental policy serves to establish the company's commitments with regard to sustainable development, including resource stewardship, environmental protection and continual improvement. The environmental policy is available on Tembec.com at:

<http://tembec.com/en/responsibility/environmental-policy>

Sustainable Forest Management

Forests are essential to humanity for the range of benefits, products and services they provide - clean water, oxygen, green energy, wildlife habitat, carbon sequestration, timber and non-timber products, recreational opportunities and wilderness. Tembec's Forest Resource Management Group is there to guide the implementation of sustainable forest management on company forestry operations.

For Tembec, trees provide the raw ingredients - cellulose fiber, lignin, bark - from which the company's products are derived. Forests are more than trees, and well-managed forests can provide a range of products and integral ecosystem services to meet society's needs.

Tembec holds long term forest licenses on public lands in Ontario. The mechanism for tenure in Quebec is a wood supply guarantee.

Forest Certification

While addressing regulatory requirements is essential to the practice of sustainable forest management, the expectations of public stakeholders, Aboriginal People, environmental organizations and customers go beyond legal compliance. Certification is a means to demonstrate corporate social responsibility.

Forest certification is a voluntary mechanism where a third-party organization audits company performance in the forest and along the fiber sourcing supply chain against detailed standards developed by an independent organization. In 2001, Tembec became the first forest products company in Canada to make the commitment to utilize standards developed by the internationally recognized FSC and seek certification on all

company forest management units. The FSC promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

In 2008, Tembec achieved FSC forest management certification on its public managed lands, as well as chain of custody certification at all company manufacturing facilities. Tembec is a major producer of FSC certified dimension lumber, pulp and paper for customers around the world.

As of the end of fiscal 2014, approximately 8.9 million hectares of Tembec managed lands and approximately 7.4 million hectares of Tembec partner lands have been certified by the FSC.

Tembec FSC Certification in Canada by Province (as of September 2014):

Forest Area	Hectares Certified	Province
Gordon Cosens Forest	2,016,301	Ontario
Romeo Malette Forest (North East Ontario)	605,000	Ontario
Martel Forest	1,191,275	Ontario
Abitibi-Ouest	1,750,775	Quebec
Abitibi-Est	710,468	Quebec
Témiscamingue	1,235,039	Quebec
Senneterre / Val-d'Or	1,375,000	Quebec
Total	8,883,858	

FSC Certification with Tembec Partners in Canada by Provinces (as of September 2014):

Forest Area	Hectares Certified	Province
Abitibi River Forest Resource Management Inc	3,285,435	Ontario
Clergue Forest Management Inc	972,000	Ontario
Westwind Forest Stewardship Inc.	324,932	Ontario
Nipissing Forest Resource Management Inc.	683,162	Ontario
Hearst Forest Management Inc.	1,231,707	Ontario
Corporation for the Management of Forest Certification in Lower St. Lawrence	889,022	Quebec
Total	7,386,258	

Responsible Fibre Procurement

In 2014, Tembec’s wood product facilities sourced over 3.4 million cubic meters (m³) of timber to manufacture lumber and wood chips for Tembec’s pulp and paper mills, 100% of which was sourced in Canada. The majority of the fiber supply originates from company operations on public lands, with purchases from other companies and private lands comprising the balance. 82% of the timber sourced at our facilities came from FSC certified sources while 8.5% was sourced from PEFC eligible certified sources.

To produce pulp and paper in 2014, Tembec used over 1.1 million oven-dried metric tons of fibre, which originates mostly from timberlands in Canada with a small portion from the United States. 65% of the wood chip input to our pulp and paper mills was from FSC certified sources while 11% was from PEFC certified sources. To produce pulp and paper in Tartas France, over 300,000 oven-dried metric tons of fibre were used in 2014, with 50% (logs) originating from timberlands in France and 50% (chips) from sawmills in France and Spain. 80% of the wood used by our mill was from PEFC certified sources, and 100% was in compliance with the specifications of FSC Controlled Wood Standard.

All non FSC-certified fibre we use comes from controlled sources. The non-certified fibre from external suppliers is reviewed to ensure that their fiber sources comply with internationally recognized risk assessment methodologies. These controlled sources are reviewed to ensure the avoidance of:

- Illegally harvested wood
- Wood harvested in violation of traditional and civil rights
- Wood from forests in which genetically modified trees are planted
- Wood harvested from forests where high conservation values are threatened by management activities
- Wood harvested in forests being converted to plantations or non-forest use per FSC definitions and thresholds.

The risk assessments are reviewed annually and public summaries are available for review at

<http://www.info.fsc.org>

Chain of custody certification

All of our pulp and paper mills and wood products facilities in Canada and in France have fibre-tracking systems that allow us to identify the source of fibre or timber used – from forest through the supply chain, to the end user. Our tracking systems are third party certified according to the internationally recognized chain of custody standards; FSC (all Tembec sawmills, pulp and paper facilities) and PEFC (Tembec pulp mills).

Regulatory Compliance

Compliance with regulatory requirements is a key objective for Tembec's forestry operations. Extensive legislative requirements are in place at the federal, provincial and local levels. Within each province, natural resource agencies provide the majority of legal requirements through sector-specific legislation, manuals and guidelines to address forest management planning, forest licenses, renewal of harvested areas, wildlife habitat and watercourse protection, and payment of stumpage fees for harvesting of timber. The regeneration of harvested areas, naturally or through tree planting or seeding, is required by law.

Forest Renewal

Renewing the forest is a key component of maintaining well-managed forests. A variety of activities are undertaken to ensure that harvested forest areas are restocked with young trees through planting, seeding or natural regenerative means. Site preparation, tending and monitoring are important components of forest renewal.

Note: Tembec is no longer involved in forest renewal in Quebec.

Tembec Silvicultural Statistics by Forest License – April 1, 2013 to March 31, 2014:

Legend: RMF: Romeo Malette Forest (ON)
 MF: Martel Forest (ON)
 GCF: Gordon Cosens Forest (ON)
 ABO: Abitibi-Ouest (QC)
 ABE: Abitibi-Est (QC)
 TEM: Témiscamingue (QC)

	¹ RMF	¹ MF	¹ GCF	² ABO	² ABE	² TEM
Seedlings Planted (000's)	2597	2761	3815	0	0	0
Area Planted (ha)	1695	1912	1800	0	0	0
Natural Regeneration (ha)	2610	2265	7531	0	0	0
Seeding (ha)	241	0	495	0	0	0
Mechanical site preparation (ha)	841	734	³ 1305	0	0	0
Chemical site preparation (ha)	2056	278	271	N/A	N/A	N/A
Chemical tending (ha)	2714	1836	699	N/A	N/A	N/A
Manual tending (ha)	0	0	22	0	0	0
Assessments of regeneration success (Free-To-Grow surveys) (ha)	3836	10643	17554	0	0	0
⁴ Early assessments of regeneration presence (ha)	2249	3132	6156	0	0	0

¹Ontario statistics are draft, pending ministerial review.

²Tembec is no longer involved in forest renewal in Quebec.

³Includes slash alignment.

⁴Assessments are estimated.

Forest Conservation

Forest conservation, in tandem with the implementation of sustainable forestry practices, is a key theme for the Tembec Forest Resource Management Group. From time to time, government agencies assess land use across large swaths of Canadian public land to reset the mix of zones of resource development, parks and protected areas. Where such projects intersect with Tembec forest licenses, Tembec has a substantial track record of positive engagement with environmental organizations to propose joint solutions that maintain the opportunity for a prosperous and growing forest products sector while adding to Canada's network of protected areas. Since 1999, in partnership with regional and national environmental organizations such as the World Wildlife Fund – Canada, Canadian Parks and Wilderness Society (Wildlands League in Ontario, SNAP in Quebec) and Canadian Boreal Initiative (CBI), Tembec forestry personnel have contributed to the identification and protection of thousands of hectares of prime habitat for wildlife, such as woodland and mountain caribou, across Canada.

Habitat Protection

Woodland caribou is a recognized species at risk across the Canadian Boreal Forest. In northeastern Ontario and northwestern Quebec, woodland caribou range overlaps with Tembec forest tenures or tenures held by Tembec partners. Tembec has been working proactively with government natural resource agencies, environmental organizations, Aboriginal communities and municipalities to identify conservation approaches that are environmentally appropriate and economically viable.

The Canadian Boreal Forest Agreement (CBFA) was signed in May 2010 between the Forest Products Association of Canada (FPAC), its members and nine environmental organizations. Since then, Tembec has been engaged specifically in northeastern Ontario to develop a strategy and plan for conservation of woodland caribou. This plan has been presented by the CBFA signatories and accepted by government for review.

For more information on the Canadian Boreal Forest Agreement visit

<http://www.canadianborealforestagreement.com>

In concert with representatives from the Quebec Ministry of Forests, Fauna and Parks, First Nations and the “Société pour la Nature et les Parcs” (SNAP), Tembec has established a working group to revise the 2007 caribou habitat management plan north of La Sarre. As result of newly acquired scientific knowledge and contextual changes, it is important to revise the management plan and implement interim measures. This work is progressing well, and the new plan will soon be implemented in the 085-51 and 085-62 management units north of La Sarre.

From woodland caribou in the northern boreal forest to wood turtles in the Great Lakes St. Lawrence region, the forests of Canada provide essential habitat for a diversity of wildlife species. Laws, regulations and guidelines at the national and provincial levels provide specific direction to forest managers for the identification and protection of habitat. Each forest management plan documents the provisions that are made to protect wildlife at the landscape (coarse filter) level and on the ground (fine filter). Landscape level wildlife habitat consideration requires the use of sophisticated spatial models to identify habitat trends over time, given planned forest management scenarios. Fine-filter or on-the-ground measures for protection include buffers around the stick nests of hawks, eagles and herons, and retention of individual trees and patches of trees where wildlife use is evident or predicted.

To further enhance the protection of conservation values and social values, Tembec has undertaken High Conservation Value Forest (HCVF) assessments on its license areas. In collaboration with consulting firms, environmental organizations and First Nations, the methodology of the Forest Stewardship Council (FSC) is applied to each forest area. Taking a 'global to local' approach, features of ecological significance and community interest are identified and mapped. Strategies for the protection, maintenance and monitoring of the HCVF areas are developed. Across Tembec's forest licenses, over 3 million hectares of High Conservation Value Forests are recognized and protected.

Summary of High Conservation Value Forests (HCVF) Identified on Tembec Forest Licenses in Canada by Category:

High Conservation Value Forest Category	HCVF Category Description	Total Area by Category (hectares)
1	Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).	2,057,282
2	Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most, if not all, naturally occurring species exist in natural patterns of distribution and abundance.	323,055
3	Forest areas that are in or contain rare, threatened or endangered ecosystems.	240,414
4	Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).	33,418
5	Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).	119,174
6	Forest areas critical to the traditional cultural identity of local communities (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).	572,521
Total in hectares		3,345,864

For more information on protected and restored habitats, including the status of HCVF areas, Chris McDonell, Manager Environment and Aboriginal Affairs can be contacted: chris.mcdonell@tembec.com.

Carbon Sequestration

Carbon storage and sequestration are important parts of the natural carbon cycle. Carbon is sequestered when atmospheric carbon dioxide (CO₂) is absorbed into living trees and other plants, and then stored in forest soils, mosses, trees and plants until affected by a natural event such as a forest fire, insect infestation, disease, old age, or wind throw. Timber harvested from managed forests can end up in solid wood products (lumber, paneling, furniture, etc.), where the stored carbon in sustainably harvested trees remains until the wood is burned or biodegrades.

Young and healthy trees sequester carbon at a faster rate than older trees, while older, larger trees store more carbon than younger trees. Maintaining a diversity of forest types (various age classes and tree species mixtures) and management regimes from intensive to natural regeneration to protected areas helps to maintain the forest carbon balance over the long term. Forests are complex ecosystems, and much research remains to be done to fully understand their role in the mitigation of climate change.

Forestry Research

The practice of forest management is constantly evolving as forests are influenced by climate and natural conditions. Market conditions provide opportunities for the development of new forest products, and civil society places ever-changing demands on a public resource. Research and the application of new findings into operational practice are key aspects of continuously improving the implementation of forest management. Tembec is an advocate of collaborative research, and has been an important catalyst and participant in forest science initiatives in Quebec and Ontario. Activity occurs at three scales – landscape, forest stand and individual tree levels.

- Large scale forest management and land use planning issues occur at the **landscape level**. Forest inventory, wood supply modeling and other diagnostic tools used to meet land use and forest management planning requirements are refined.
- The art and science of growing trees is carried out at the **stand level** and is critical to meeting forest renewal and wood supply objectives.
- Projects undertaken at the **tree level** are focused on the biological performance of individual trees. These projects promote the maximum potential return from silviculture activities, while ensuring that fiber produced will retain its value when harvested.

The key to Tembec's forest science activity is partnerships. These partnerships are generally managed through the Forestry Research Partnership, the Canadian Institute

of Forestry, the NSERC³ -UQAT⁴ -UQAM⁵ Sustainable Forest Management Chair, and the Forest Ecosystem Science Co-op. An overview of the forest research effort that Tembec has supported for the past 14 years is available online at:

<http://www.forestresearch.ca> and at

<http://chaireafd.uqat.ca>

Tembec is a member of a new forestry research and development cooperative in Abitibi-Témiscamingue and Nord-du-Québec which includes many industrial, academic and government partners, with support from numerous research granting agencies. In 2014, Tembec was a partner in collaborative forestry research efforts that represented a combined \$2.8 million investment. Tembec contributes to the training of highly qualified personnel by integrating many graduate students into its research and development activities through the NSERC-FQRNT⁶ Industrial Innovation Scholarship program. The Canadian Wood Fibre Centre has been a key partner in a number of these forest research initiatives. Research efforts were focused on key areas that transcend, and often overlap with the three scales described above; landscape, stand and tree level. The following are some brief highlights of a few of the key forest research projects Tembec supported in 2013/2014.

Ontario:

The following is a summary of Tembec's 2014 research activities in Ontario:

- A 5-year caribou research project entitled the “Demography of Ontario Woodland Caribou in Relation to Predation Risk and Landscape Disturbance” was completed through the Forest Ecosystem Science Co-op. Tembec was an industrial partner in the project. Several research papers are expected to be published as a result of the project.
- The Forest Research Partnership (FRP) was transitioned, after 12 years, into the new Canadian Institute of Forestry (CIF) program with local direction and a national presence called CIF SEEK (Science Extension Education Knowledge). This builds on the excellent delivery of the FRP while providing a sound foundation through CIF, as well as a larger base to ensure effective collaboration.
- Tembec collaborated with researchers from the Ontario Forest Research Institute who are studying the ecology of boreal wildfire residual and salvage logging. A text book was recently published which describes the role of fire in maintaining important ecological processes, including a chapter specifically

³ NSERC: Natural Sciences and Engineering Research Council

⁴ UQAT : Université du Québec en Abitibi-Témiscamingue

⁵ UQAM: Université du Québec à Montréal

⁶ FQRNT : Fonds Québécois de la Recherche sur la Nature et les Technologies

related to salvage logging and important ecological considerations to be taken into account when planning and conducting a salvage operation. Tembec provided data (Infrared digital imagery) for Timmins Fire #9 and described the challenges associated with conducting a salvage logging operation during 2 field tours within the fire.

- The LiDar data system was used for planning harvesting operations and access.
- Tembec collaborates with First Nations groups in a joint initiative with the Mushkegowuk Environmental Research Centre (MERC) to identify and implement non-herbicide methods of regenerating forests. Called the Herbicide Alternatives Program (HAP), the goal is to trial non-herbicide approaches within the boreal forest in Northeastern Ontario, developed through local knowledge and benefiting from expertise in Quebec and Ontario's Vegetation Management Alternatives Program.

Quebec:

Ecosystem-Based Management in Hardwood Forests Based on Natural Disturbance Dynamics - Environmental and Socio-Economic Sustainability:

Ecosystem-based management, where forest management is based on natural disturbance dynamics, and where attempts are made to reproduce the historical spatiotemporal forest patterns, has so far been developed and tested mainly in coniferous forests. The objective of this research project is to expand the knowledge for the implementation of the ecosystem-based management concept in hardwood forests. The project consists of five components:

- (1) Forest ecology – describe the natural disturbance dynamics of the hardwood forest, which will serve as a framework for the implementation of ecosystem-based management strategy
- (2) Social – document indigenous traditional knowledge in connection with the hardwood forests dynamics and assess the social acceptability of ecosystem-based management
- (3) Wildlife – describe the habitat of the marten and moose in hardwood forest and compare the impacts of conventional and ecosystem management on these habitats
- (4) Management – suggest realistic management scenarios that can be applied by the industry
- (5) Economic – determine the financial impact of the introduction of these scenarios.

This research project was conducted by the NSERC-UQAT-UQAM Industrial Chair in sustainable forest management, in collaboration with Eagle Village and Kitcisakik First Nations, EACOM, and Tembec. The approach inspired the sustainable forest management strategy in the heart of the new forest regime in Québec.

Forest research activities include:

Analysis of the pre-industrial forest in Témiscamingue:

The concept of ecosystem-based management aims to reduce the gaps between natural forests and managed forests. Among these gaps, differences in forest composition between natural and managed forests represent an important issue. To meet this challenge, management is based on “reference indicators”, which are generally existing natural landscapes. However, in some areas, forest disturbance is such that there exists none or very little of these natural landscapes to establish the reference indicators, which is the case in Témiscamingue. The basis must therefore be on historical references, usually referred to as pre-industrial forests (i.e. forests in place before industrial activity). As part of this project, historical surveys have enabled 1) the reconstruction of preindustrial forest composition between 1935 and 1954, and 2) the determination of changes in composition between pre-industrial and actual forests.

Forest Retention:

This study is aimed at guiding forest retention practices in spruce bogs in western Quebec. Tree retention currently left after harvest is considered insufficient to achieve biodiversity conservation goals. To remedy this situation, it is important to understand both the natural dynamics of the residual islets as well as their habitat characteristics. This project focuses on the following objectives; 1) comparing the residual structure associated with three types of stands (islets that have escaped more than one fire, temporary islets that have escaped a single fire and old continuous forest), 2) determining the extent to which residual structures following harvesting (bunches of retention, riparian zones, moose islets and cut separators) are similar to those left after fire, 3) comparing the life span of islets of retention after harvesting versus post-fire residual islets.

Partial Cuts:

Research is currently underway to determine the cost-effectiveness of partial cut management techniques, their impact on biodiversity and wood quality, and their potential role in the achievement of ecosystem-based objectives.

Responsible Manufacturing

Tembec is committed to the continuous improvement of its environmental performance beyond legislative demands in relation to 7 key areas; air emissions, effluent quality, noise, fiber utilization, waste reduction, energy consumption and greenhouse gas emissions. This commitment to responsible manufacturing is demonstrated in the following key areas:

- Maintaining forward-looking objectives and targets, while operating the facilities in line with applicable environmental laws and regulations
- Promptly addressing all environmental incidents in order to mitigate any impacts and ensuring preventive measures are implemented
- Maintaining an Environmental Management System (EMS) in compliance with ISO-14001 in order to ensure the management of operations following internationally recognized best management practices.

Environmental objectives and targets are in place at all Tembec manufacturing facilities covering all key areas, as applicable. The goal is to maintain technically and economically feasible objectives and targets in order to position Tembec among the best performers in the industry, and to ensure that any impacts on the receiving environment are negligible.

Energy and Carbon Management

Reducing Energy Consumption and Greenhouse Gas Emissions at Tembec

Tembec's environmental performance commitment includes managing carbon responsibly. This means maximizing the use of renewable, green energy sources to replace fossil fuels. Whenever feasible, our operations choose renewable fuels over natural gas and other fossil fuels. The renewable fuels include wood residues (bark, sawdust and shavings), biogas, pulping liquor and waste water treatment plant sludge.

As part of Tembec's environmental management system, energy objectives and targets are in place to continually reduce energy consumption and promote green energy use at our manufacturing facilities:

- Reduce fossil fuel purchases relative to production (GJ/T) by 5% per year
- Reduce purchased electricity consumption relative to production (GJ/T) by 2% per year
- Increase green energy production by 1% above last year.

The company continues to focus on cost reduction, which can present challenges in terms of our energy and greenhouse gas performance objectives. Fossil fuel consumption increased in some operations in 2014. However, the company achieved an overall 3.4% decrease in pulp & paper fossil fuel consumption in 2014. The commitment to maximizing the use of renewable energy through major investment projects will continue to produce reductions in fossil fuel consumption and greenhouse gas emissions. Such a major project is described below – see “**Temiscaming Specialty Cellulose Modernization Project**”.

Here are some of the main features of our renewable energy program:

1- Anaerobic Waste Water Treatment

Tembec operates anaerobic waste water treatment plants at three facilities:

- Temiscaming, Québec
- Matane, Québec
- Tartas, France.

The consumption of natural gas at the Temiscaming high-yield pulp facility has been reduced by approximately 40% since the startup of the anaerobic treatment plant as a result of the production of biogas, as well as other improvements. Operating the Temiscaming anaerobic treatment plant in 2014 resulted in a natural gas energy savings of 180,700 Gigajoules, and greenhouse gas savings of approximately 8,800 metric tons of CO₂ equivalents (CO₂e).

2- Cogeneration

Tembec operates four cogeneration plants; Kapuskasing and Chapleau Ontario, Temiscaming Quebec, and Tartas France.

A major upgrade is underway at the Temiscaming Specialty Cellulose facility with a new waste liquor boiler and electricity turbine unit. See “Temiscaming Specialty Cellulose Modernization Project” below”.

3- Wood Residues

Wood residues are utilized at Tembec’s sawmill operations as a boiler fuel to produce steam which is used to heat buildings and dry lumber.

Temiscaming Specialty Cellulose Modernization Project:

This two-phase project will increase green electricity production, improve environmental performance and increase production capacity, while making Temiscaming one of the specialty cellulose industry's lowest-cost facilities.

Phase I of the strategic investment project at the Temiscaming Specialty Cellulose facility is nearing completion. This game-changing investment will ensure our long-term competitiveness. The new recovery boiler began operation in mid-October 2014. The turbo generator is expected to begin operation in December 2014. This phase will increase the production of green electricity (up to 40 additional megawatts per year), reduce sulfur dioxide emissions by 70%, increase specialty cellulose pulp production capacity by 5,000 metric tons and make it one of the world's lowest-cost specialty cellulose manufacturing facilities. The total cost of the project will be approximately \$265 million.

Phase 2 will be a follow-on project to further increase Temiscaming's specialty cellulose production capacity and green electricity generation, and further reduce operating costs.

For more information, see tembec.com:

<http://cellulose.tembec.com/en/biorefineries/major-investment>

Electricity Production Breakdown (%):

	Quebec	Ontario	France	Ohio
Renewable	0.8	5	15	1.6
Hydro	99	23	-	0.4
Fossil	-	13	10	86
Nuclear	0.2	59	75	12

Energy and Greenhouse Gas Performance Indicators

The following information represents Tembec's key (material) pulp and paper energy and greenhouse gas performance indicators. The pulp and paper facilities represent the primary sources of energy consumption and greenhouse gas emissions.

Improvements over time, as shown in the performance indicators, are mainly the result of improved efficiency due to equipment upgrades and improved operating practices.

However, in recent years, fossil fuel consumption has increased in some operations due to the company's focus on cost reduction.

Description of reported performance indicators:

- **Total Energy:** sum of all energy sources; fossil fuels, green energy and electricity
- **Green Energy:** sum of biomass (bark, sawdust, shavings, sludge, liquor, biogas)
- **Electricity:** electricity consumed
- **Total Fossil Greenhouse Gas Emissions:** emissions of carbon dioxide equivalents (CO₂e) from fossil fuel combustion (direct, scope 1 emissions), and the fossil fuel component of purchased electricity generation (indirect, scope 2 emissions). CO₂e is the sum of the 3 main greenhouse gases (carbon dioxide, nitrous oxide, methane), calculated as total CO₂ equivalents. CO₂e is calculated based on specific fuel composition and consumption data following standard greenhouse gas measurement protocols adopted in Canada. The CO₂ emitted from biomass energy sources is not included, as per the protocols. Scope 3 CO₂e emissions are other indirect emissions created in the manufacture of raw materials and transportation-related activities. These Scope 3 CO₂e emissions are not included in this report.

The units used in the performance indicators are:

- Energy: Gigajoules (GJ)
- Greenhouse Gas Emissions: kilograms (Kg) or metric tons (T) of carbon dioxide equivalents (CO₂e)
- Energy or greenhouse gases per metric ton of product: GJ/T, Kg CO₂e /T, T CO₂e /T
- Percent reduction (%).

Description and Quantities of Primary Direct Energy Sources for the Tembec Pulp and Paper Facilities:

1- Direct Energy Sources Purchased:

- Renewable: Wood waste
- Non-Renewable: natural gas, diesel, heavy oil, light oil, gasoline, propane, sulfur.

2- Direct Energy Sources Produced:

- Renewable:
 - Wood waste

- Sludge and biogas from waste water treatment plants
- Waste pulping liquor.

3- Direct Energy Sources Sold:

- Not applicable: Tembec does not sell direct energy from primary sources.

Tembec Pulp and Paper Direct Energy Consumption:

	Units	2003		2012	2013	2014
Direct Renewable Energy Consumption	GJ	9,854,410		10,298,292	10,272,270	10,984,053
Direct Non-Renewable Energy Consumption	GJ	3,720,688		2,335,805	2,541,591	2,454,942
Total Direct Energy Consumption	GJ	13,575,098		12,634,097	12,813,861	13,438,995

Tembec Pulp and Paper Direct and Indirect Greenhouse Gas Emissions:

	Units	2003		2012	2013	2014
Direct Greenhouse Gas Emissions	T CO ₂ e	229,734		161,677	157,825	154,902
Indirect Greenhouse Gas Emissions	T CO ₂ e	181,709		118,470	114,361	112,147
Total Greenhouse Gas Emissions	T CO ₂ e	411,443		280,147	272,186	267,048

Tembec Pulp and Paper Energy and Greenhouse Gas Performance, Relative to Production:

	Units	2003		2012	2013	2014
Total Energy Consumption	GJ/T	17.2		18.0	18.1	18.3
Total Electricity Consumption	GJ/T	6.9		6.9	6.7	6.4
Total Renewable Energy Consumption	GJ/T	7.3		9.0	9.1	9.6
Total Greenhouse Gas Emissions	T CO ₂ e / T	0.316		0.246	0.242	0.242

Facility Energy & Greenhouse Gas Performance

Temiscaming Energy and Greenhouse Gas Performance:

	Units	2003		2012	2013	2014
Total Energy Consumption	GJ	9,446,029		8,584,332	8,251,088	8,681,781
Total Renewable Energy Consumption	GJ	4,790,353		3,845,283	3,661,853	4,329,437
Total Greenhouse Gas Emissions	T CO ₂ e	92,381		89,063	88,128	93,600

Matane Energy and Greenhouse Gas Performance:

	Units	2003		2012	2013	2014
Total Energy Consumption	GJ	2,512,457		2,055,541	2,139,335	2,014,373
Total Renewable Energy Consumption	GJ	0		0	2,439	13,020
Total Greenhouse Gas Emissions	T CO ₂ e	50,325		23,095	18,957	10,220

Kapuskasing Energy and Greenhouse Gas Performance:

	Units	2003		2012	2013	2014
Total Energy Consumption	GJ	6,478,071		5,603,557	5,376,568	5,386,216
Total Renewable Energy Consumption	GJ	1,830,954		2,495,392	2,240,438	2,207,305
Total Greenhouse Gas Emissions	T CO ₂ e	222,723		148,541	148,430	150,668

Tartas Energy and Greenhouse Gas Performance:

	Units	2003		2012	2013	2014
Total Energy Consumption	GJ	4,699,274		4,345,628	4,630,286	4,754,554
Total Renewable Energy Consumption	GJ	3,233,103		3,957,617	4,367,540	4,434,291
Total Greenhouse Gas Emissions	T CO ₂ e	59,351		20,631	17,749	21,684

Environmental Performance

The following section describes Tembec's environmental performance in two main areas. The selection of reported environmental parameters is based on applicability and materiality.

Waste Water:

- Flow
- Biochemical Oxygen Demand (BOD)
- Total Suspended Solids (TSS).

Air Emissions:

- Sulfur dioxide (SO₂)
- Particulate Matter (PM).

See also greenhouse gas emissions above under "Managing Carbon Responsibly".

Information regarding the quantities by type and weight of pollutant releases from all Tembec manufacturing facilities in Canada is available at Environment Canada's National Pollutant Release Inventory website at: <http://www.ec.gc.ca/inrp-npri/>. The methodology used for calculating these quantities includes direct measurements and estimations based on production factors.

Persistent organic pollutants, volatile organic compounds and hazardous air pollutants are considered non-material. Therefore, the following provides a description of performance regarding material environmental parameters at each pulp and paper facility.

Temiscaming, Quebec

The Temiscaming complex, which is the largest Tembec manufacturing facility, includes two pulp mills (high yield pulp and specialty cellulose), one coated bleached board facility and a chemical products facility.

With regard to air emissions, SO₂ remains a challenge. The new high pressure boiler will reduce SO₂ emissions by 70%.

In terms of water discharge volume, the table below entitled "Temiscaming Total Water Flow" includes the total volume of treated process waste water and indirect cooling water for the Temiscaming complex. Both streams flow to the Ottawa River. There are no other process water streams leading to this body of water from the Temiscaming complex. The clean indirect cooling water volume, which is monitored for quality, does not require treatment. None of the discharge water is reused by another organization.

Temiscaming Biochemical Oxygen Demand (BOD) (Kg/Day):

	2012	2013	2014
BOD Results	2,135	1,748	1,657
BOD Regulatory Limit	15,000	15,000	15,000

Temiscaming Total Suspended Solids (TSS) (Kg/Day):

	2012	2013	2014
TSS Results	4,442	3,984	3,555
TSS Regulatory Limit	15,500	15,500	15,500

Temiscaming Total Waste Water Flow, Including Cooling Water (M³)

	2012	2013	2014
Waste Water Flow	53,585,036	60,702,235	53,978,077

Temiscaming SO₂ Emissions (Metric Tons)

	2012	2013	2014
SO ₂ Results	1075	545	Not available ⁷

Temiscaming Total Particulate Emissions (Metric Tons)

	2012	2013	2014
Total Particulate Results	796	798	Not available ⁸

⁷ Data will be available in early 2015.

⁸ Data will be available in early 2015.

Matane, Quebec

The Matane facility produces chlorine free high-yield pulp. The new anaerobic waste water treatment plant began operating in October 2012.

Matane BOD (Kg/Day):

	2012	2013	2014
BOD Results	512	1,613	458
BOD Regulatory Limit	5,559	5,533	5,583

Matane TSS (Kg/Day):

	2012	2013	2014
TSS Results	1,110	3,289	1,103
TSS Regulatory Limit	11,105	11,066	11,165

Kapuskasing, Ontario

The Kapuskasing facility produces newsprint and specialty printing paper. All environmental parameters are well within regulatory requirements.

Kapuskasing BOD Performance vs. Regulatory Limits (Kg/Day):

	2012	2013	2014
BOD Results	235	186	234
BOD Regulatory Limit	3,500	3,500	3,500

Kapuskasing TSS Performance vs. Regulatory Limits (Kg/Day):

	2012	2013	2014
TSS Results	638	539	675
TSS Regulatory Limit	8,071	8,071	8,071

Tartas, France

The Tartas facility produces specialty cellulose pulp grades for chemical product uses. The Total Suspended Solids (TSS) monthly regulatory limit of 3.05 metric tons per day has been a challenging target. Corrective measures are being implemented to decrease Chemical Oxygen Demand (COD) levels in the inlet stream to the biological treatment plant.

In addition, the new European regulations now under review, which are based on the best references for specialty pulp, may allow an increase in the TSS and COD parameters in future operating permits.

Significant Air Emissions from the Tartas Facility in 2013 (metric tons):

SO₂: 335

NO_x: 281

The direct measurement methodology was used to calculate these air emissions.

Tartas BOD Performance vs. Regulatory Limits (Kg/Day):

	2012	2013	2014
BOD Results	1,928	1,383	1,173
BOD Regulatory Limit	3,050	3,050	3,050

Tartas TSS Performance vs. Regulatory Limits (Kg/Day):

	2012	2013	2014
TSS Results	6,953	4,233	5,133
TSS Regulatory Limit	3,050	3,050	3,050

Incidents and Environmental Non-Compliance – Pulp and Paper Group

Notices of Infraction

Seven notices of infraction were received for the pulp and paper group in 2014. These notices relate to non-compliance with environmental laws and regulations in relation to waste water management. Corrective and preventative measures have been put in place to address the issues noted in these notices. There were no major impacts related to these issues.

Fines Paid in 2014

Facility	Fine	Description
Kapuskasing	\$6,500	Waste water non-compliance incident
Abitibi-Ouest Forestry	\$1,260	Minor operational non-compliance incident
N. Ontario-East Forestry	\$5,500	Minor operational non-compliance incident

Spills

In 2014, there were 9 spills at pulp and paper facilities. All spills are the subject of corrective and preventive actions as per the requirements of the environmental management system.

The total volume of significant spills in 2014 was approximately 1,360 m³, all originating from the Temiscaming facility and related to pulp and sanitary sewer overflows.

There were no major impacts created as a result of any spills.

Pulp and Paper Spills Trend - Temiscaming, Tartas, Matane, and Kapuskasing:

	2011	2012	2013	2014
Number of Spills per Year	8	12	11	9

Environmental Management System

The Tembec Environmental Management System (EMS) provides a rigorous management structure that is applied in all Tembec manufacturing and forest operations under Tembec's control. The EMS is based on the ISO-14001:2004 International Standard.

All Tembec manufacturing and forestry operations are required to maintain an ISO-14001 certifiable EMS. As of 2014, ISO-14001 certification is in place at the Temiscaming, Matane and Tartas manufacturing operations, and the three Québec forestry regions; Abitibi-Est, Abitibi-Ouest, and Témiscamingue.

8- Economic Performance

The majority of Tembec operations are located in remote areas. For this reason, the company is often the largest employer in the community, providing revenues to the municipalities and the local businesses in these areas.

In the last fiscal year (October 2013 to September 2014), Tembec paid \$304 million in wages and benefits as per the following breakdown:

- Operational Personnel (all categories): \$253 million
- Professionals (Engineers, Accountants and other members of Professional Associations): \$51 million.

Regionally, this amount breaks down as follows:

- Quebec: 53 %
- Ontario: 34 %
- Europe: 12 %
- U.S. and Other. 1 %.

Other Economic Indicators - Fiscal 2014:

Adjusted EBITDA	\$90 million
Productivity: Sales per Employee	\$438,000
SG&A Expenses	\$66 million
Annual Interest Expenses	\$49 million

Adjusted EBITDA: Earnings Before Interest, Income Taxes, Depreciation, Amortization and other items.

SG&A Expenses: Selling, General and Administrative expenses.

Tembec's economic performance is reported in detail in the 2014 Financial Report, including net sales, total capitalization and quantities of products. This and other financial reports are available on the Tembec website at:

<http://tembec.com/en/investors/financial-reports> or, at SEDAR:

<http://www.sedar.com/>.

Report Feedback

Tembec values your comments on this report. Please send comments to linda.coates@tembec.com,

Compliance to Global Reporting Initiative

The Tembec sustainability report is based on the Global Reporting Initiative (GRI) Reporting Framework, which is a set of international guidelines for sustainability reporting.

The content of the Tembec sustainability report was developed using the Global Reporting Initiative G3.1 Guidelines for Sustainability Reports and has been self-evaluated as compliant with Application Level 'C'.

Included below are:

- Appendix A: The GRI Application Level Table, which explains the options for self-declaration
- Appendix B: The GRI Application Level Check; which provides confirmation from GRI that the report meets the minimum requirements of a C level self-declaration
- Appendix C: G3.1 Content Index – GRI Application Level C, which contains a list of 'C' level GRI Standard Disclosures and Performance Indicators, and the pages in the report containing the relevant information.

Appendix A
GRI Application Level Table

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures <small>OUTPUT</small>	Report on: 1.1 2.1 - 2.10 3.1 - 3.6, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for level C plus: 1.2 3.9, 3.13 4.3 - 4.13, 4.16 - 4.17		Same as requirement for level B	
	G3 Management Approach Disclosures <small>OUTPUT</small>	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators <small>OUTPUT</small>	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured

*Sector supplement information

Appendix B
GRI Application Level Check



Statement GRI Application Level Check

GRI hereby states that **Tembec** has presented its report "Sustainability Report - 2014" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 02 December 2014



Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check 18 November 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Appendix C

G3.1 Content Index – GRI Application Level C

Note: 1) The GRI “core” elements are identified by shaded cells in the first column below.

2) Includes Parts I and III; Part II (Disclosure on Management Approach) is not required for Level C.

Application Level C				
Standard Disclosures Part 1 – Profile Disclosures				
1. Strategy and Analysis				
Profile Disclosure	Description	Reported	Cross Reference	Reason for Omission / Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	Page 4 Challenges; pages 36, 38, 42, 45	
2. Organizational Profile				
Profile Disclosure	Description	Reported	Cross Reference	Reason for Omission / Explanation
2.1	Name of the organization.	Fully	Page 9	
2.2	Primary brands, products, and/or services.	Fully	Pages 11, 12	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Page 9, 10	
2.4	Location of organization's headquarters.	Fully	Page 10	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Page 10	

2.6	Nature of ownership and legal form.	Fully	Page 9	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Page 10	
2.8	Scale of the reporting organization.	Fully	Pages 9, 10, 47, 48	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Page 11	
2.10	Awards received in the reporting period.	Fully	None received in 2014	
3. Report Parameters				
Profile Disclosure	Description	Reported	Cross Reference	Reason for Omission / Explanation
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Page 7	
3.2	Date of most recent previous report (if any).	Fully	December 2013	
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual	
3.4	Contact point for questions regarding the report or its contents.	Fully	Page 7	
3.5	Process for defining report content.	Fully	Pages 7, 8, 9 & 16 - 19	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	Page 8	
3.7	State any specific limitations on the scope or boundary of the report.	Fully	Page 8	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	Page 8	

3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No re-statements were made.	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Pages 10, 11	
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Appendix C: pages 53 - 57	
4. Governance, Commitments, and Engagement				
Profile Disclosure	Description	Reported	Cross Reference	Reason for Omission / Explanation
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Pages 12 – 15	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Page 13	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Page 13	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Pages 14 - 15	
4.14	List of stakeholder groups engaged by the organization.	Fully	Pages 16 - 19	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Pages 8, 16 - 19	

Standard Disclosure Part III: Performance Indicators				
<u>Economic</u>				
Performance Indicator	Description	Reported	Cross Reference	Reason for Omission / Explanation
Economic Performance				
EC4	Significant financial assistance received from government.	Fully	None	
<u>Environmental</u>				
Performance Indicator	Description	Reported	Cross Reference	Reason for Omission / Explanation
Energy				
EN3	Direct energy consumption by primary energy source.	Fully	Page 39	
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Page 36	
Biodiversity				
EN13	Habitats protected or restored.	Fully	Pages 28, 29	
Emissions, Effluents, and Waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Pages 38, 39	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Page 36	
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Fully	Pages 43, 45	
EN21	Total water discharge by quality and destination.	Fully	Pages 42 - 46	
EN23	Total number and volume of significant spills.	Fully	Pages 46, 47	

Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Page 46	

Social: Labor Practices and Decent Work				
Performance Indicator	Description	Reported	Cross Reference	Reason for Omission / Explanation
LA 1	Total workforce by employment type, employment contract, and region broken down by gender.	Partially	Page 15	Employment type, broken down by gender, is not available.
LA 4	Percentage of employees covered by collective bargaining agreements.	Fully	Page 16	
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	Page 20	
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	Pages 21, 22	Gender and absentee statistics are not available.
LA 12	Percentage of employees receiving regular performance and career development reviews by gender.	Fully	Page 16	

