

2007 performance data



Paper Recycling Division

social performance data

Employment

	2007	2006	2005	2004	2003
Employees ¹	3,038	3,673	3,781	3,806	3,836
Total payroll (\$ millions) ²	304	316	317	321	305

Health and safety

	2007	2006	2005	2004	2003
Medical incidents ³	114	122	105	125	123
Lost-time injuries ⁴	62	47	42	42	49
Medical incident rate ⁵	3.67	3.62	3.03	3.43	3.28
Lost-time injury frequency ⁶	2.00	1.39	1.21	1.15	1.31
Severity ⁷	118	57	40	33	48

Communities

(\$ thousands)	2007	2006	2005	2004	2003
Total charitable donations ⁸	239	320	345	313	257
Total United Way donations ⁹	300 ¹⁰	460	443	420	331

1 Employee figures for 2006-2007 are as of January 1 (2007 and 2008, respectively) to account for acquisition and restructuring impacts; figures include vacancies

2 Payroll figures include all salaries and wages paid, excluding benefits and severance; figures for 2003-2006 have been updated to reflect these criteria

3 Incidents requiring medical attention

4 Incidents requiring employees to miss work

5 Number of medical incidents per 200,000 hours worked

6 Number of lost-time injuries per 200,000 hours worked

7 Average number of days injuries caused employees to miss work

8 Donations to Canadian and US charities as reported for tax purposes

9 Employee plus corporate donations

10 2007 figure includes amounts raised at Elk Falls during a deferred 2007 campaign extending into January 2008

economic performance data

Production

(thousands of tonnes)	2007	2006	2005	2004	2003
Paper	1,528.2	1,687.5	1,648.8	1,757.8	1,731.2
Pulp	601.8	624.3	590.9	544.0	537.7
Total	2,130.0	2,311.7	2,239.7	2,301.8	2,268.9

Financial

(\$ millions)	2007	2006	2005	2004	2003
Sales	1,714.6	1,882.5	1,823.9	1,878.2	1,820.5
Operating earnings (loss)	(149.4)	3.9	(25.1)	(31.3)	(111.6)
Net earnings (loss)	(31.6)	(15.9)	(25.6)	(28.6)	(84.5)
Total assets	2,453.4	2,637.7	2,695.9	2,745.9	2,816.4

Customers

	2007	2006	2005	2004	2003
Evaluations vs industry average					
Coated paper	above	above	below	above	NA
Uncoated paper	above	above	above	below	NA
Directory paper	above	above	above	at	NA
Newsprint	at	below	below	above	NA
Complaints received	1,136	1,194	1,255	1,388	NA
Claims paid (\$ millions)	\$ 1.41	\$ 1.44	\$ 3.78	\$ 3.36	NA

Taxes

(\$ millions)	2007	2006	2005	2004	2003
Property taxes					
Crofton	8.8	8.3	8.0	7.9	7.9
Elk Falls (Campbell River, BC)	8.0	8.1	8.1	8.4	8.4
Paper Recycling (Coquitlam, BC)	1.4	1.4	1.3	1.3	1.2
Port Alberni	7.2	7.4	7.4	7.7	7.7
Powell River	6.1	6.1	6.3	6.5	6.8
Head office and other ¹	0.8	0.2	0.5	0.5	2.8
Total	32.3	31.5	31.6	32.3	34.8
Other taxes ²	17.1	22.0	23.9	23.5	25.4

Research and development

(\$ millions)	2007	2006	2005	2004	2003
	2.9	2.7	2.6	2.6	2.5

1 2004 figure reflects a rebate received after an appeal of 1996-1999 property taxes by head office landlord

2 Includes income taxes, large corporation capital taxes, and provincial capital, logging and sales taxes

NA - Not available

environmental performance data

Total key materials used as tonnes

Under The Global Reporting Initiative's G3 core indicator EN1 % ¹		2007	2006	2005	2004
Water ²		175,027,227	193,620,156	202,775,937	197,664,537
Wood chips and pulping logs	60.1	2,304,028	2,484,084	2,770,754	2,981,357
Hog fuel	18.1	694,515	863,807	872,611	882,287
Old newspapers and magazines	4.4	170,272	173,195	165,781	176,999
Fossil fuels ³		127,928	130,081	118,210	144,611
Precipitated Calcium Carbonate ⁴		116,391	125,602	104,309	103,613
Oxygen ⁴		103,684	101,762	97,192	132,705
Clay ⁴		81,057	73,393	66,512	55,159
Sodium Hydroxide ⁴		53,778	57,643	56,309	55,306
Sodium Chlorate		34,950	34,374	32,843	33,704
Hydrogen Peroxide		28,155	25,579	28,445	27,750
Sulphuric Acid		27,888	28,553	24,708	26,386
Sulphur Dioxide		12,771	17,452	20,315	20,242
Silicate		16,301	15,971	16,296	16,588
Starch		13,714	15,318	8,739	9,858

1 Percentage of raw materials sourced from waste not including water consumption in total weight

2 Water is typically presented as m³. In this case, 1 m³ of water is approximately 1 tonne

3 Fossil fuels are typically reported as gigajoules of heating value. These weights, required under GRI reporting, do not reflect the true heat content of the fuels basket for each year.

4 Figures for 2004 updated to reflect accounting adjustments

Solid waste to landfill

(cubic metres per air-dried tonne)	2007	2006	2005	2004	2003
Crofton	0.054	0.074	0.070	0.070	0.060
Elk Falls ¹	0.094	0.065	0.064	0.061	0.085
Paper Recycling	0.102	0.130	0.080	0.150	–
Port Alberni	0.070	0.076	0.086	0.061	0.077
Powell River ²	0.028	0.034	0.040	0.032	0.032

1 Figures for 2003-2005 updated to reflect accounting adjustments

2 Figures for 2003-2006 updated to reflect accounting adjustments

A complete glossary of terms and definitions is on page 53

Reported total NPRI emissions (not including speciated PAHs or Part 5 VOCs)

Substance (tonnes)	2006	2005	2004	2003	2002
Sulphur Dioxide	5,037	3,351	4,706	3,057	2,598
Carbon Monoxide	3,249	3,825	3,627	3,919	5,019
Nitrogen Oxides	2,587	2,585	2,647	2,593	2,975
Volatile Organic Compounds – total	1,388	1,403	1,441	1,618	–
Total Particulate	1,043	1,105	1,320	892	1,010
Hydrochloric Acid	988	971	824	869	1,148
PM10	685	604	716	675	905
Methanol	674	651	663	1,237	936
Phosphorus	619	700	528	451	–
PM 2.5	472	420	493	468	741
Nitrate Ion	218	405	429	400	446
Manganese	375	420	417	287	296
Ammonia	356	318	257	219	201
Hydrogen Sulphide	123	123	112	118	168
Zinc	74	85	77	71	45
Acetaldehyde	43	43	37	53	62
Phenol	34	43	27	23	6
Carbonyl Sulphide	26	26	10	–	–
Sulfuric Acid	12	12	10	16	16
Chlorine Dioxide	13	14	6	6	6
Chloromethane	14	14	–	13	17
Cresol	10	–	–	–	–
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(kilograms)					
Lead	3,023	2,794	2,564	1,951	1,930
Arsenic	1,114	813	770	706	510
Sum of PAHs (17)	564	551	498	495	334
Hexavalent Chromium Compounds	502	424	365	459	793
Cadmium	275	267	288	340	301
Mercury	3	7	10	19	25
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(grams)					
Hexachlorobenzene (HCB)	750	426	415	636	312
Dioxins & Furans	57	60	68	59	87

Annual releases to air, water, land and disposal or recycling are reported to Environment Canada under the National Pollutant Release Inventory (NPRI) program each May for the preceding calendar year. Emissions are based on actual measures or defensible estimates and are reported if levels surpass specific thresholds. Data for all sectors – industrial, government, commercial and others – is available at www.ec.gc.ca/pdb/npri.

Part 5 VOCs will be considered in future reports as part of the company's clean production initiatives. Data is currently available on the Environment Canada web site noted above.

Data is not included [–] in instances where reporting was not required by the regulator

A complete glossary of terms and definitions is on page 53

Air emissions (by mill)

	2007	2006	2005	2004	2003
Crofton					
Total GHGs as kg CO ₂ e/year	149,054,000	127,991,000	127,325,000	153,407,000	187,677,000
Total GHGs as kg CO ₂ e/adt	193	175	166	196	255
Particulate matter kg/day	722	1,059	850	1,235	1,050
Particulate matter kg/adt	0.34	0.53	0.40	0.58	0.50
Sulphur Oxides kg/day ¹	11,026	11,324	6,210	9,281	4,687
Sulphur Oxides kg/adt ¹	5.20	5.64	2.96	4.34	2.32
TRS kg/day	245	195	207	209	205
TRS kg/adt	0.116	0.197	0.195	0.175	0.179
Power Boiler Dioxin ng/m ³ TEQ	0.094	0.046	0.078	0.320	0.290
Ambient TRS % compliance					
A level 24 hr average	93.5	92.4	95.8	97.8	89.8
Ambient PM2.5					
98th percentile (ug/m ³)	13.7	13.6	14.5	NA	NA
Ambient PM10 % compliance A level	99.57	99.99	100	100	100
Elk Falls					
Total GHGs as kg CO ₂ e/year	170,967,000	213,800,000	185,201,000	239,409,000	287,636,000
Total GHGs as kg CO ₂ e/adt	248	257	229	299	351
Particulate matter kg/day	1,215	2,019	2,005	1,995	1,748
Particulate matter kg/adt	0.54	0.84	0.84	0.86	0.78
Sulphur Oxides kg/day	1,346	1,734	2,093	2,607	2,716
Sulphur Oxides kg/adt	0.60	0.76	0.95	1.19	1.19
TRS kg/day	176	171	165	146	227
TRS kg/adt	0.19	0.22	0.23	0.28	0.20
Power Boiler Dioxin ng/m ³ TEQ	0.368	0.127	0.043	0.047	0.054
Ambient TRS % compliance					
A level 24 hr average	99.7	98.6	99.5	97.3	69.0
Ambient PM2.5					
98th percentile (ug/m ³)	13.1	12.8	25.7	NA	NA
Ambient PM10 % compliance A level	100	100	100	99.2	100
Paper Recycling					
Total GHGs as kg CO ₂ e/year	7,653,240	5,603,000	8,173,113	7,054,236	7,613,738
Total GHGs as kg CO ₂ e/adt	54	40	56	47	56
Particulate matter kg/day	58	65	67	94	103
Particulate matter kg/adt	0.15	0.15	0.17	0.20	0.25
Sulphur Oxides kg/day	1.820	1.893	0.082	1.370	0.110
Sulphur Oxides kg/adt	0.0046	0.0043	0.0002	0.0034	0.0003

1 2006 figures updated to correct for calculation error; recent monitoring changes are expected to improve ability to manage for SO₂ reductions

adt – Air-dried tonnes

NA – Not available

A complete glossary of terms and definitions is on page 53

Air emissions (by mill)

	2007	2006	2005	2004	2003
Port Alberni					
Total GHGs as kg CO ₂ e/year	61,619,000	44,977,000	52,844,000	61,231,000	66,268,000
Total GHGs as kg CO ₂ e/adt	215	134	153	139	155
Particulate matter kg/day	40	98	107	215	121
Particulate matter kg/adt	0.040	0.100	0.114	0.180	0.097
Sulphur Oxides kg/day	477	603	660	900	876
Sulphur Oxides kg/adt	0.50	0.65	0.70	0.74	0.74
Power Boiler Dioxin ng/m ³ TEQ	0.41	0.36	0.12	0.17	0.17
Ambient PM10 % compliance A level	100	100	100	100	100
Powell River					
Total GHGs as kg CO ₂ e/year	41,621,000	22,917,000	24,978,000	33,023,000	23,134,000
Total GHGs as kg CO ₂ e/adt	85.9	48.9	56.1	77.5	50.5
Particulate matter kg/day	33	28	9	23	3
Particulate matter kg/adt	0.02	0.02	0.01	0.02	0.01
Sulphur Oxides kg/day	189	126	235	112	143
Sulphur Oxides kg/adt	0.143	0.098	0.193	0.096	0.114
Power Boiler Dioxin ng/m ³ TEQ	0.031	0.023	0.016	0.030	0.051
Ambient TRS % compliance					
A level 24 hr average	100	100	100	100	99.95
Ambient PM2.5					
98th percentile (ug/m ³)	6.9	14	7	NA	NA
Ambient PM10 % compliance A level	100	100	100	100	100

NA – Not available

A complete glossary of terms and definitions is on page 53

Effluent (by mill)

	2007	2006	2005	2004	2003
Crofton					
TSS kg/day	2,731	3,376	3,311	3,674	3,400
TSS kg/adt	1.3	1.7	1.5	1.8	1.6
BOD kg/day	864	1,230	1,270	1,566	1,600
BOD kg/adt	0.41	0.61	0.59	0.76	0.76
AOX kg/day ¹	448	305	330	422	372
AOX kg/adt ¹	0.41	0.31	0.31	0.33	0.34
2378TCDD ppq	ND	ND	ND	ND	ND
2378TCDF ppq	ND	ND	ND	ND	ND
Trout toxicity % compliance	100	100	100	94	100
Elk Falls					
TSS kg/day	3,737	3,590	4,970	4,950	4,631
TSS kg/adt	1.97	1.58	2.25	2.26	2.06
BOD kg/day	2,404	2,600	5,000	4,150	4,978
BOD kg/adt	1.26	1.14	2.26	1.89	2.21
AOX kg/day ¹	248	199	220	231	359
AOX kg/adt ¹	0.33	0.25	0.35	0.41	0.45
2378TCDD ppq	ND	ND	ND	ND	ND
2378TCDF ppq	4.1	ND	ND	ND	13
Trout toxicity % compliance	100	100	96	94	100
Paper Recycling					
TSS kg/day	713	396	428	387	470
TSS kg/adt	1.82	0.90	1.06	0.96	1.25
BOD kg/day	1,210	1,103	603	467	702
BOD kg/adt	3.07	2.51	1.50	1.15	1.74
Trout toxicity % compliance	NA	100	100	100	100
Port Alberni					
TSS kg/day	389	354	500	1,060	790
TSS kg/adt	0.48	0.38	0.55	0.91	0.70
BOD kg/day	305	400	450	700	550
BOD kg/adt	0.38	0.43	0.49	0.60	0.48
Trout toxicity % compliance	100	100	100	100	100
Powell River					
TSS kg/day	1,991	2,465	2,400	2,100	900
TSS kg/adt	1.5	1.9	1.7	1.5	0.5
BOD kg/day	797	778	1,000	700	300
BOD kg/adt	0.6	0.6	0.7	0.5	0.2
Trout toxicity % compliance	96.6	100	100	100	100

1 Increased production and operational changes are possible contributing factors to the increase in AOX levels at Elk Falls, while the reasons for the increase at Crofton were undetermined at the time this report was prepared; indications of external lab-testing irregularities were under investigation

ND – Non-detectable (test result below two parts per quadrillion)

NA – Not applicable

A complete glossary of terms and definitions is on page 53

Water and energy use (by mill)

	2007	2006	2005	2004	2003
Crofton					
Water use m ³ /adt	68	65	68	66	74
Fuel energy usage GJ	16,375,533	17,946,830	17,290,671	17,465,973	17,116,051
Fuel energy intensity GJ/adt	21.17	24.50	22.58	22.36	23.21
Electricity usage MWh	1,264,041	1,364,452	1,312,911	1,272,867	1,132,266
Electricity intensity MWh/adt	1.63	1.71	1.71	1.63	1.48
Elk Falls					
Water use m ³ /adt	70	68	68	73	79
Fuel energy usage GJ	12,313,942	15,778,439	14,609,573	14,140,120	18,126,460
Fuel energy intensity GJ/adt	17.83	18.99	17.30	17.63	22.11
Electricity usage MWh	1,519,768	1,859,371	1,838,519	1,609,245	1,538,793
Electricity intensity MWh/adt	2.20	2.24	2.28	2.01	1.87
Paper Recycling					
Water use m ³ /adt	9	9	12	11	11
Fuel energy usage GJ	128,433	137,617	172,284	151,746	162,881
Fuel energy intensity GJ/adt	0.90	0.97	1.18	1.02	1.21
Electricity usage MWh	67,033	67,326	71,286	73,441	68,950
Electricity intensity MWh/adt	0.47	0.48	0.49	0.50	0.51
Port Alberni					
Water use m ³ /adt	86	95	101	99	101
Fuel energy usage GJ	4,576,657	5,642,218	6,386,313	7,041,370	6,712,225
Fuel energy intensity GJ/adt	15.96	16.77	19.09	15.93	15.67
Electricity usage MWh	706,895	835,365	883,288	979,781	953,860
Electricity intensity MWh/adt	2.39	2.49	2.64	2.29	2.30
Powell River					
Water use m ³ /adt	78	87	96	98	91
Fuel energy usage GJ ¹	6,325,759	6,998,712	6,702,903	6,522,138	6,299,629
Fuel energy intensity GJ/adt ¹	13.05	14.94	15.06	15.32	13.75
Electricity usage MWh	1,382,634	1,364,746	1,339,364	1,215,656	1,197,859
Electricity intensity MWh/adt ²	2.85	2.91	3.01	2.86	2.75

1 Figures for 2005-2006 updated to include some fuels previously excluded from the calculation

2 Figure for 2006 updated to reflect accounting adjustments

GJ – Gigajoules

MWh – Megawatt-hours

Fuel energy measures include all purchased fuels and self-generated biomass (black liquor); electricity measures include all purchased and self-generated electricity

A complete glossary of terms and definitions is on page 53

APPENDIX 1

significant non-compliance events

Crofton Division

- Three TRS-related non-compliances were a result of high emissions from the brownstock pulp washer. Emissions from this stack and emissions from the chlorine-dioxide generator stack were subsequently mixed, resulting in an oxidization process that is significantly reducing TRS emissions.
- Two other TRS-related non-compliances were a result of high emissions from the mill's number three recovery boiler.
- New instrumentation on the mill's bleach plant stacks indicated higher chlorine dioxide emissions than previous instrumentation had, and during 2007 this resulted in a single ongoing non-compliance relative to a new limit in the division's amended permit. An emissions-reduction plan is expected to bring emissions within permit levels by the end of 2008.
- A non-compliance originated with ongoing challenges associated with obtaining real-time measurements of TRS and sulphur dioxide at the mill's recovery boiler stacks. Options for improved measurement will continue to be explored in 2008.

Elk Falls Division

- The mill had a permit non-compliance when treated effluent exceeded the maximum pH level – in part as a result of conditions associated with a complete mill shutdown. Preventative steps included ensuring the continual availability of pH-balancing chemicals.
- A further non-compliance resulted from high sulphur content in coal supplies in the final quarter of the year. The supplier committed to bring the levels to within permit requirements within the first quarter of 2008. Usage was being limited and sulphur loading monitored in the interim.
- The mill experienced two reportable spills. The first involved some 800 kg of precipitated calcium carbonate, spilled when the fitting on an off loading hose failed. The second involved an estimated nine tonnes of sawdust that spilled from a barge that listed during a storm.

Paper Recycling Division

- The division had a non-compliance event (extending over multiple days) relative to a new total suspended solids limit. This was the combined result of two occurrences that affected effluent treatment efficiency – a leak of acidic material and a hole in the sludge-handling system. Production was curtailed while treatment efficiency and equipment integrity were restored, and TSS compliance was re-established within 10 days.

Port Alberni Division

- A reportable spill occurred when approximately 2,000 litres of untreated paper machine effluent was accidentally discharged into a creek via a storm drain during maintenance work. Enhanced containment infrastructure and signage were put in place to prevent recurrence.
- A minor reportable release occurred when 20 kg of ozone-depleting R22 refrigerant escaped from a cooling system. All fittings on the cooling system were replaced.

Powell River Division

- Separate power failures affecting effluent pumps resulted in two releases of untreated effluent, which caused two failed toxicity tests and one temperature-related permit non-compliance. (See page 25.)
- Two other releases involved sulphur dioxide and bunker C oil, and both resulted from procedural errors. The first occurred when a check valve was improperly left open during maintenance procedures. The second involved oil which is being recovered from an on-site spill occurring 30 years ago, and occurred when an oil-water separator was operated with insufficient frequency.

Catalyst's responses to the above-noted non-compliance events have been reported to regulatory authorities. No fines or non-monetary sanctions had been imposed in connection with any of them at year-end.

APPENDIX 2

supplemental information

The following miscellaneous information relates to various aspects of corporate performance which are recommended for disclosure in reports of this nature, and that are not specifically addressed elsewhere in this report.

- **Precautionary Principle** Catalyst routinely undertakes actions to improve specific aspects of its environmental performance on the basis of possible (as opposed to known) impacts – particularly in the context of emissions, effluents and solid wastes. Improved monitoring through a clean production initiative (see page 24) will further advance the application of the precautionary principle.
- **Infrastructure and Services of Public Benefit** Catalyst maintains and operates water-management infrastructure, including a weir and dams, to meet multiple needs, and its Crofton operation provides drinking water for the local community.
- **Indirect Energy Consumption** Catalyst tracks indirect energy consumption associated with its purchased electricity, as well as the resulting GHG emissions. Catalyst does not have systems in place to track sources or GHG emissions associated with its indirect energy consumption more broadly.
- **Biodiversity Impacts** Catalyst manages no forest lands and is in the process of divesting surplus land at its mill sites and elsewhere. It operates within regulatory requirements intended in part to safeguard habitat, and is actively engaged with its fibre suppliers on forest conservation and management issues.
- **Employee Turnover** Catalyst does not have systems in place to track levels of employee turnover.
- **Freedom of Association, Child Labour, Forced Labour** Catalyst operates within British Columbia, Canada – a jurisdiction where freedom of association, including the right to engage in collective bargaining, is protected by law. British Columbia is considered to be at low risk for the occurrence of child or forced labour, in part given detailed legal provisions regulating ages and conditions of employment.
- **Corruption** Catalyst's Code of Corporate Ethics and Behaviour contains specific anti-corruption provisions relating to bribery, prohibited benefits, and conflicts of interest.
- **Public Policy and Relations with Government** Catalyst routinely participates in public policy consultations and provides input to governments with respect to regulatory matters relevant to its operations. It occasionally purchases tickets for events sponsored by a variety of political parties and candidates. All political contributions must be approved by Catalyst's board of directors. Catalyst was not in receipt of any significant financial assistance from government in 2007.
- **Product Stewardship and Safety** Catalyst engages with its customers with respect to product stewardship as interests and opportunities are identified. Catalyst products are benign from a safety standpoint, and its customers are well-versed in their handling and use.