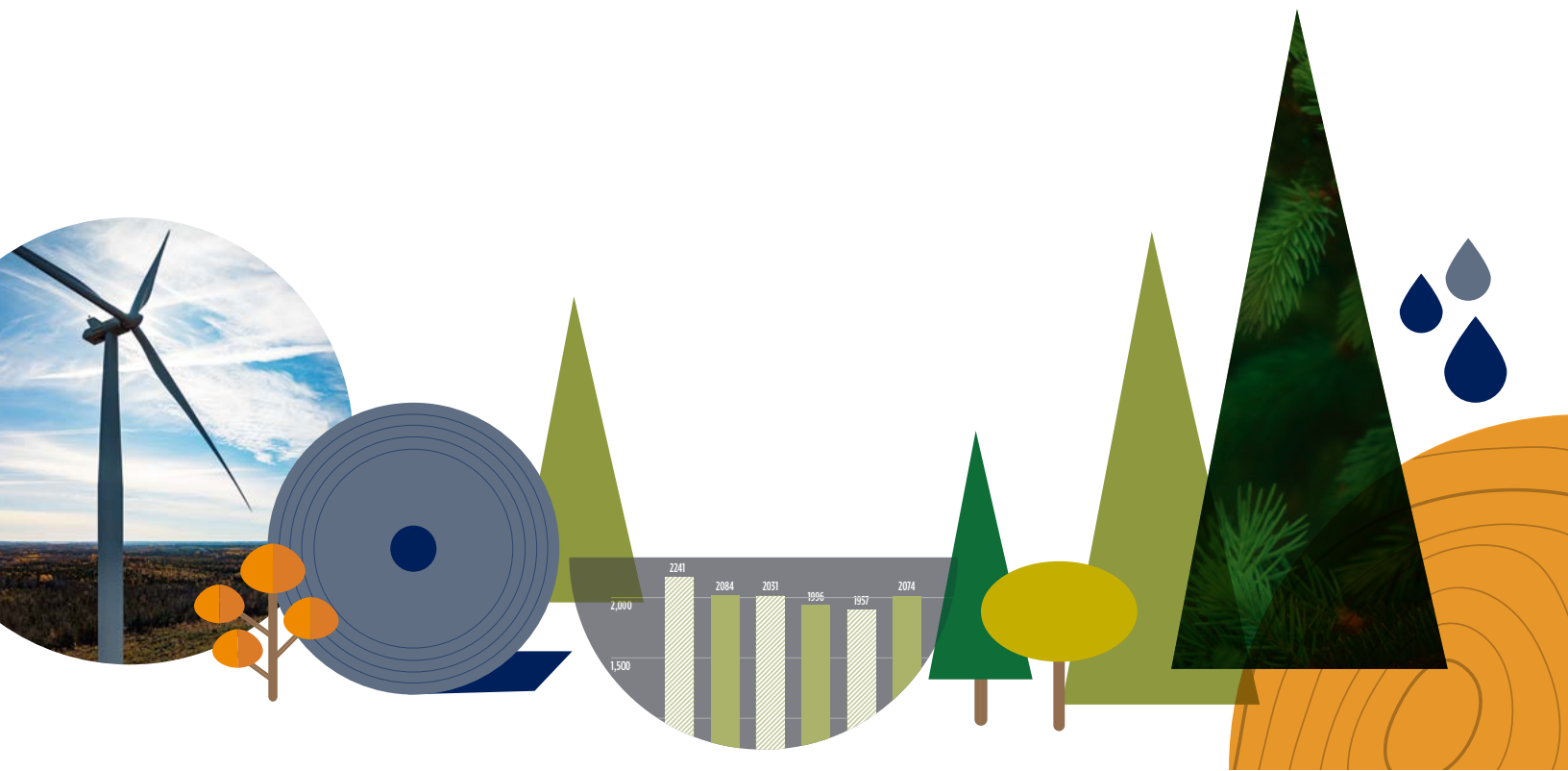


2019 SUSTAINABILITY REPORT

PORT HAWKESBURY PAPER





EMBRACING INGENUITY AND OVERCOMING CHALLENGES

Port Hawkesbury Paper (PHP) is the largest industrial employer in Cape Breton and is an integral business partner to the region and the province. With a focus on safety, economic, environmental and social values, the company is always adapting to the ever-changing challenges.

Our Woodlands Unit is dedicated to sustainable forest management through continual improvement of resource inventories, operational planning, habitat mapping and other forestry objectives. Through outside analysis and third-party independent auditing, we manage over sixty different values identified for management or protection. The company will continue to drive refinement and innovation in our forestry management to balance environmental, social, and economic interests.

While the paper market continues to see capacity changes and adjustments to right-size supply and demand, the company has adapted through cost management and ingenuity by employees to improve efficiencies. We are continually working to improve how we manage our current business, while looking at opportunities and envisioning how to make the company sustainable into the future. We have encouraged business growth in the region by opening our site to the development of new business opportunities.

2020 brings unprecedented challenges in both the paper industry, forestry and businesses in general. We have positioned the company to adjust and continually improve through innovative technology and highly skilled employees and we are well-positioned to adapt as the company moves forward to tomorrow.

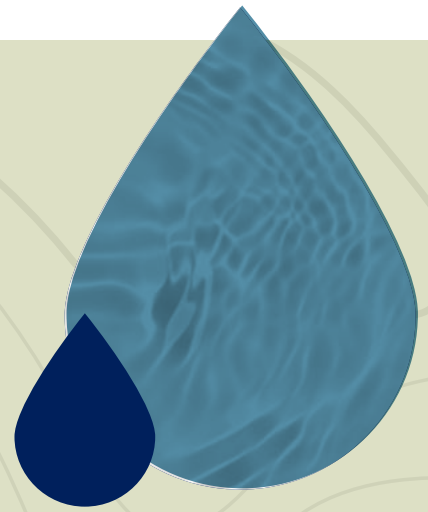


BEVAN LOCK
CO-MILL MANAGER



MIKE HARTERY
CO-MILL MANAGER





HEALTHY FORESTS HEALTHY COMMUNITIES

WE ARE ALL INTERCONNECTED

The wood used for paper production comes mainly from the seven eastern counties of Nova Scotia from Crown managed land and private woodland owners. The employees and contractors of Port Hawkesbury Paper not only work in the managed regions, but live, play, hunt and fish there as well. All company employees and contractors have a vested interest in the long-term sustainability of the forests.

100%

Areas regenerated with new forests – either through natural regeneration or planting

48%

The managed Crown land set aside as protected area or left untouched

85%

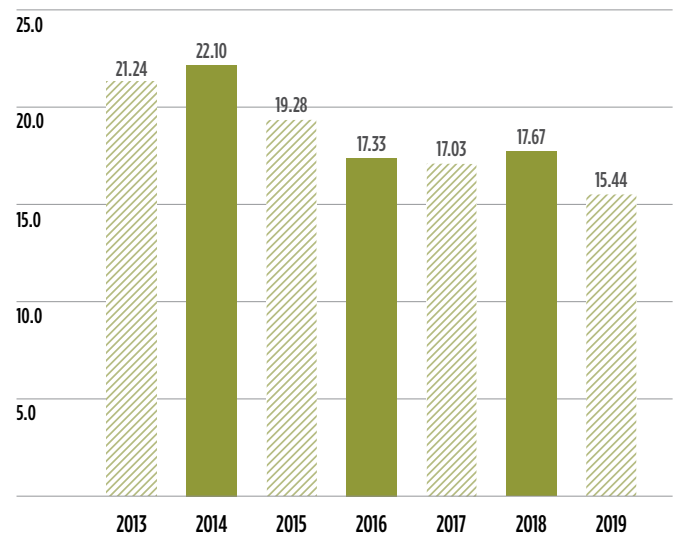
PHP licensed land identified and managed as High Conservation Value Forest


ADAPTING TO NEW AND CHANGING MARKETS

In 2019 and into 2020, the mill managed through significant changes in the paper industry. Capacity corrections, market demand reductions and power management all necessitated unplanned curtailment for the company. While the employees have effectively managed the fluctuations in production, it has impacted how we measure key environmental indicators. Environment Canada Regulations provide an approved method for calculating a Reference Production Rate (RPR), which is the highest 90th percentile of the previous three years' actual production rate. This calculation normalizes production for events of curtailment, such as we had in 2019. RPR is how we report our compliance data to Environment Canada for other areas of the mill and, with the exception of electricity consumption, we have converted our annual measurements to reflect this change.

WATER CONSUMPTION

CUBIC METER PER METRIC TONNE OF PAPER PRODUCED

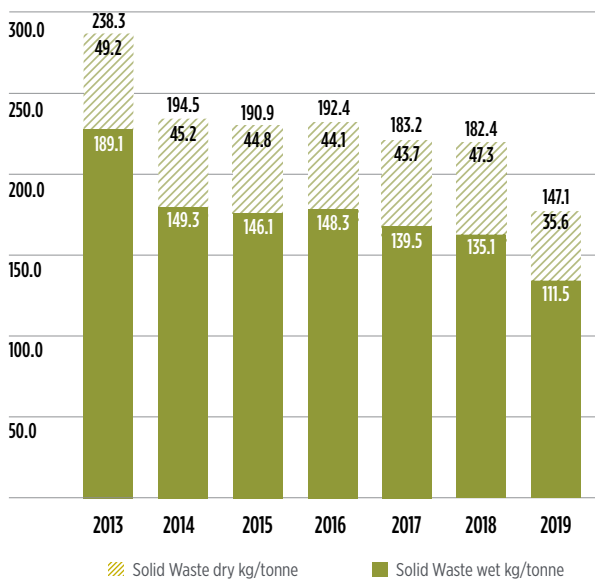




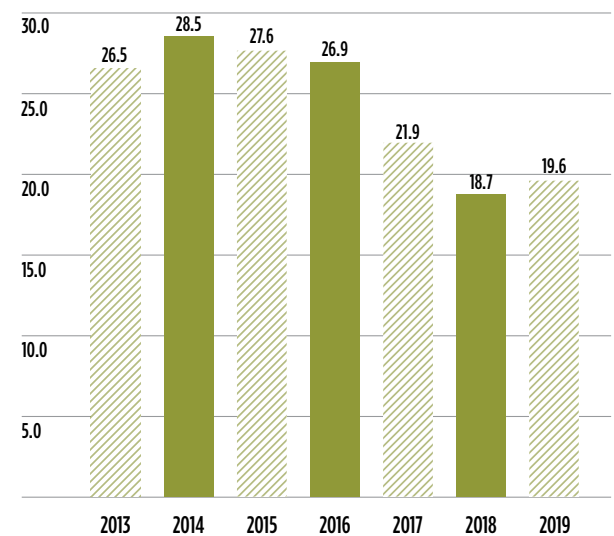
2.5 MILLION

THE APPROXIMATE NUMBER OF
NATIVE TREE SEEDLINGS THE MILL
PLANTS ANNUALLY

SOLID WASTE GENERATED
KG PER METRIC TONNE OF PAPER PRODUCED



TSS TO EFFLUENT TREATMENT
KG PER METRIC TONNE OF PAPER PRODUCED



PHP WOODLANDS UNIT VISION STATEMENT:

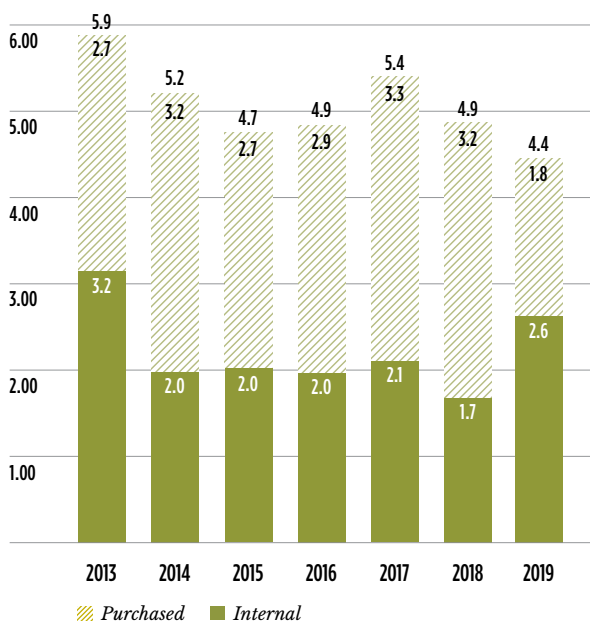
That the forest resources, for which we have a responsibility, will sustain healthy ecosystems and natural biodiversity, provide a continuous and expanding supply of valuable wood and conserve the forest characteristics of value to society, wildlife and the environment.



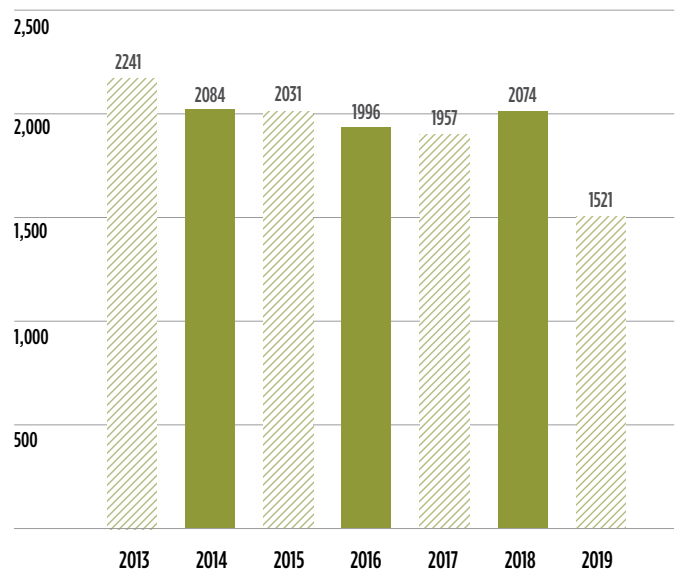
IT IS NOT JUST ABOUT MAKING PAPER

IT IS ENVISIONING OUR TOMORROW

NET STEAM CONSUMPTION
GIGAJOULES PER METRIC TONNE OF PAPER PRODUCED



AIR QUALITY/GHG EMISSIONS
KG OF CO2 EQ PER METRIC TONNE OF PAPER PRODUCED

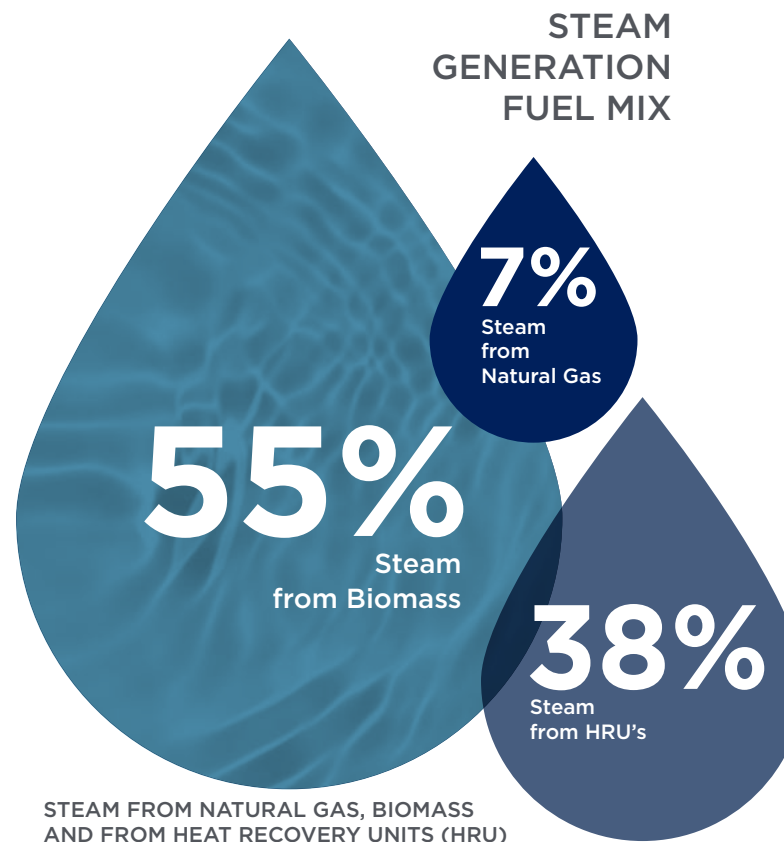


NEW WAYS TO MANAGE ENERGY USE

Port Hawkesbury Paper has entered into an innovative and completely new 4-year agreement with Nova Scotia Power (NSPI). The agreement provides our business the opportunity to remain viable while providing the utility with the ability to maximize the value of PHP's large flexible electrical load to the benefit of all NSPI's customers. Under this new rate, PHP has essentially "turned over the keys" of its operations to NSPI from an electricity supply perspective, providing them with the ability to dictate the timing and magnitude of PHP's electricity usage within agreed to monthly electrical needs. While the control over the daily power supply can impact production efficiency, the mill has adjusted operations to maintain very acceptable levels of overall productivity. Both NSPI customers and Port Hawkesbury Paper will realize total cost savings and environmental benefits by improving the integration of intermittent renewable generation sources such as wind and solar.

PORT HAWKESBURY PAPER IS COMMITTED TO ONGOING ENERGY CONSERVATION AND REDUCTION

ELECTRICITY CONSUMPTION
KWH PER METRIC TONNE OF PAPER PRODUCED



ABOUT PORT HAWKESBURY PAPER

At Port Hawkesbury Paper, we are the leader in supercalendered paper manufacturing in North America. We believe that every employee's actions make a difference, and we rely on committed, skilled people to use leading-edge processes and technology to develop best-in-class products. The secret to our effectiveness is shown in the consistent and reliable quality of our products and our open communication and problem-solving with our employees, suppliers, and customers. Quality, reliability, and consistency of products and services deliver ultimate customer value.

Port Hawkesbury Paper ships its products to customers throughout North America and around the world. The mill produces the Artisan® Plus and Artisan® (SCA++), Prominence® Plus (SCA+), Prominence® (SCA) and Maritime® (SCB) brands for use in retail inserts, catalogs, magazines, circulars, coupons and specialty packaging applications. Port Hawkesbury Paper is the only industrial company in the Maritimes that is independently certified by the Forest Stewardship Council® (FSC®) forest management (FSC-C023189) and chain of custody standards (FSC-C112699), Sustainable Forestry Initiative® (SFI®) forest management and chain of custody standards, and PEFC™ chain of custody standard.



PORT HAWKESBURY PAPER

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