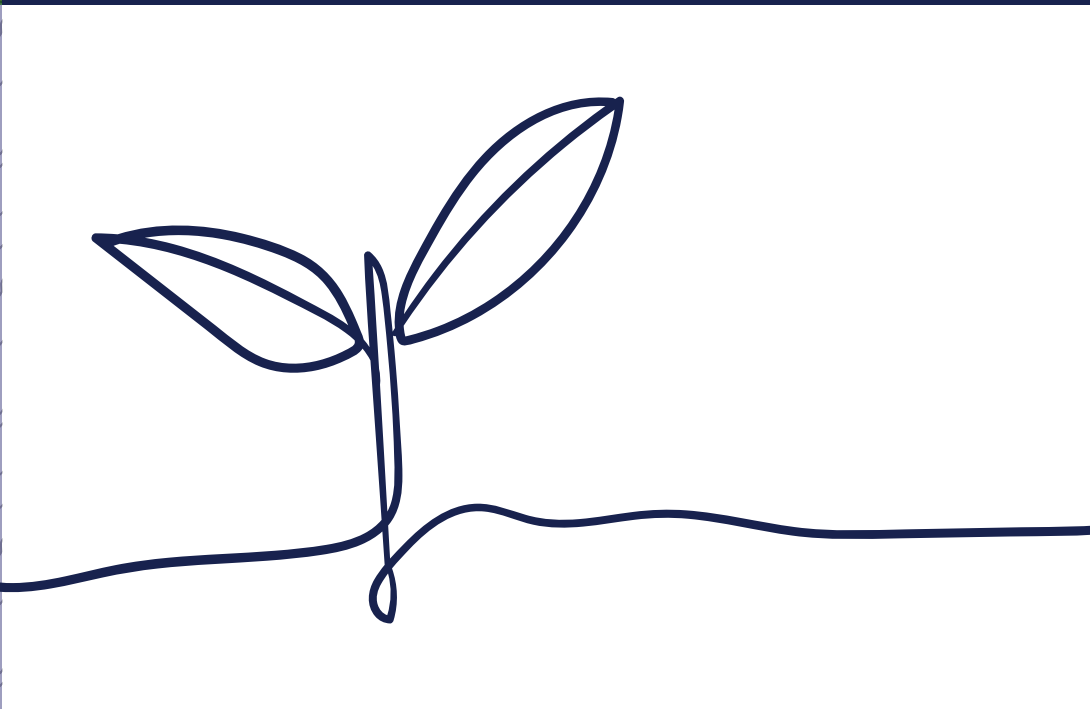
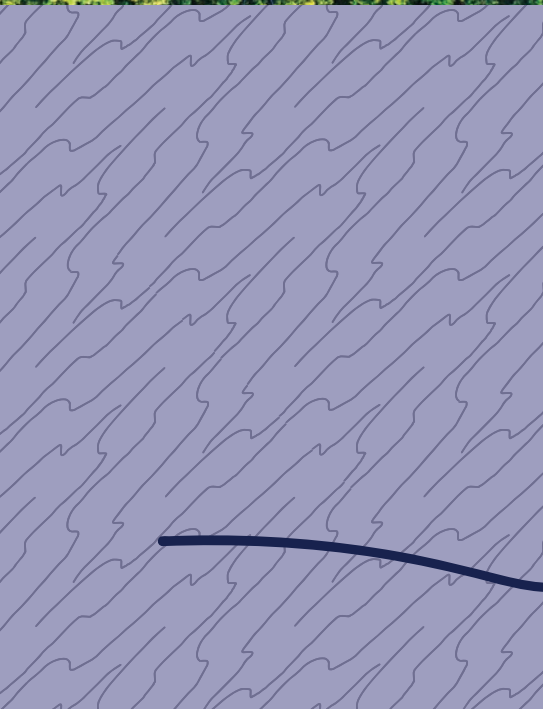




2021 Sustainability Report

Port Hawkesbury Paper





Celebrating 10 years of Investment, Innovation and Stewardship



OF INVESTMENT,
INNOVATION &
STEWARDSHIP

Reflecting on what we have accomplished and looking forward to the next ten years

In 2022, Port Hawkesbury Paper celebrates 10 years as an employer, a responsible forest manager, and a quality paper manufacturer in Nova Scotia. We've invested steadily in the mill, the community, and the province, and we'll continue to invest in responsible, sustainable ways for years to come.

In the first two years of operation, we invested more than \$15 million in capital improvements, including \$5 million to optimize processing, production, and storage, and \$400,000 in technology and training upgrades.

During the following few years, we signed a new five-year Forest Management Agreement with the Confederacy of Mainland Mi'kmaq, renewed a five-year Forest Management Agreement with the Unama'ki Institute of Natural Resources, and fulfilled important third-party forest management and chain of custody certifications. We've continued to increase non-clearcutting treatments, invest in workforce development, and substantially lessen our environmental impact.

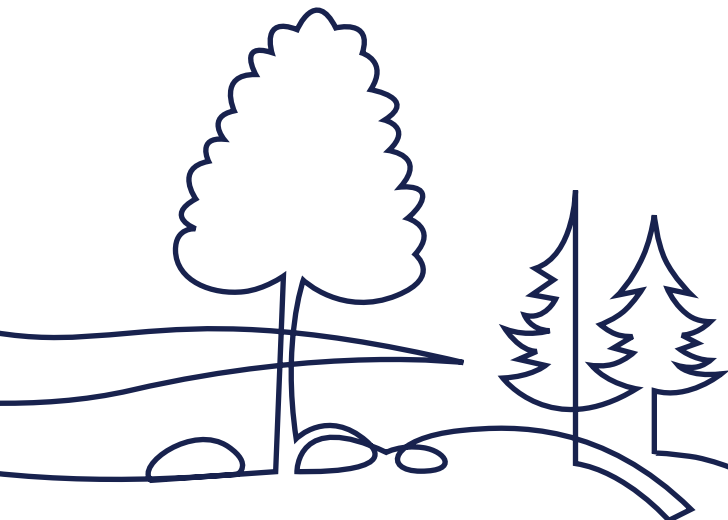
Ultimately, it is about building a business that provides jobs, grows the region's economy, and is sustainable for the long term.

Port Hawkesbury Paper has spent \$1.8 billion in the province since the facility reopened in 2012, not including wages. We are especially proud of developing a flexible power arrangement that maximizes the use of renewable energy in Nova Scotia.

We support an estimated 325 full-time equivalent jobs and over 700 indirect jobs, providing about \$24 million annually in direct labor income. The last two years have been challenging, but we worked safely and responsibly throughout the pandemic without shutting down production. We feel positive about ending the year with a strong position in the paper market and as one of the top three Nova Scotia-based exporters shipping through the Port of Halifax.

This year, our sister company, PHP Wind, proposes building an approximate 130-megawatt wind farm. When complete, this green energy project will supply up to 30% of the facility's required electrical power. The direct financial benefit to the region and province in taxes and lease payments alone is projected to represent approximately \$1.4 million per year.

Today, we look forward to the next 10 years with the wind at our back—literally. We will continue innovating alongside our community to build a stronger, greener Nova Scotia.



BEVAN LOCK
CO-MILL MANAGER

MIKE HARTERY
CO-MILL MANAGER

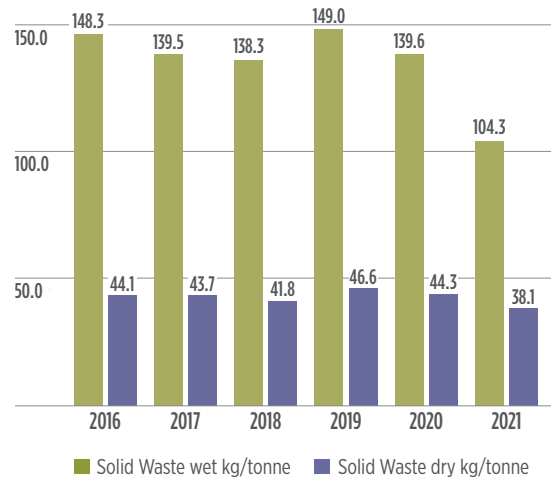
Waste and energy use are headed in the right direction—down

Continuous improvement has always been part of our culture. With the uncertainty of fuel, energy, and raw material costs, along with supply chain disruptions, continuous improvement becomes a necessity.

Operational and maintenance improvements in the wastewater fibre recovery area, ongoing optimization of the TMP screen room and various other projects have all contributed to the decrease in numbers.

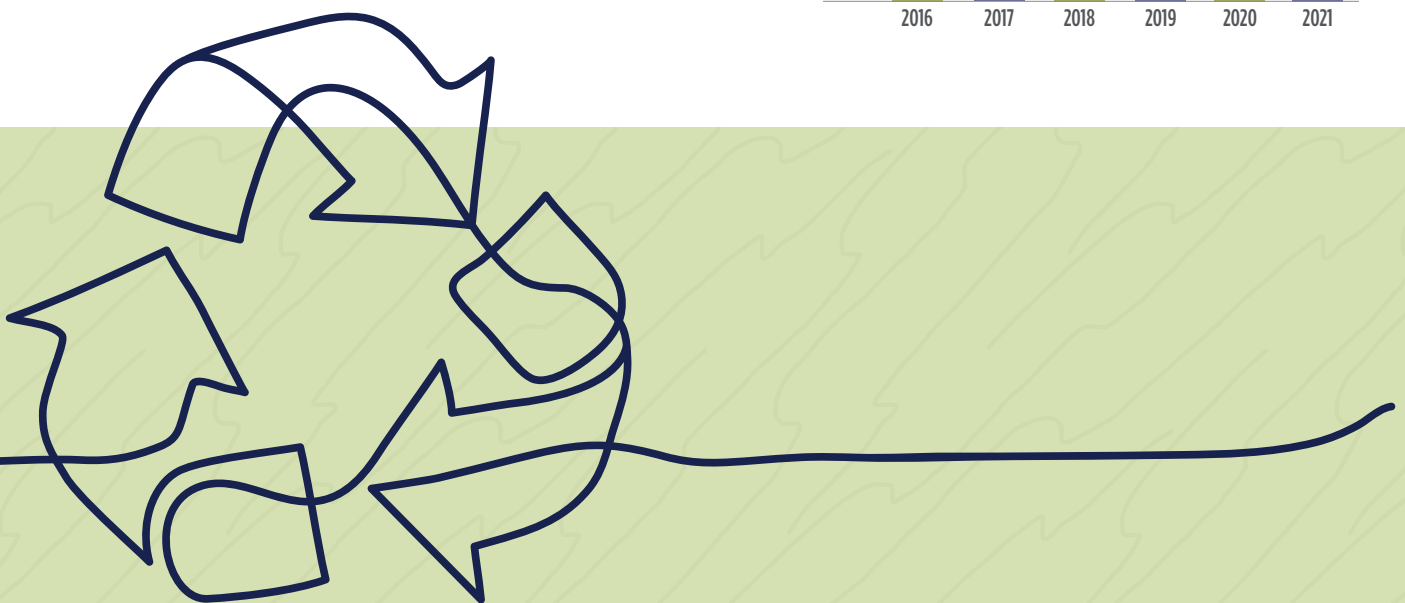
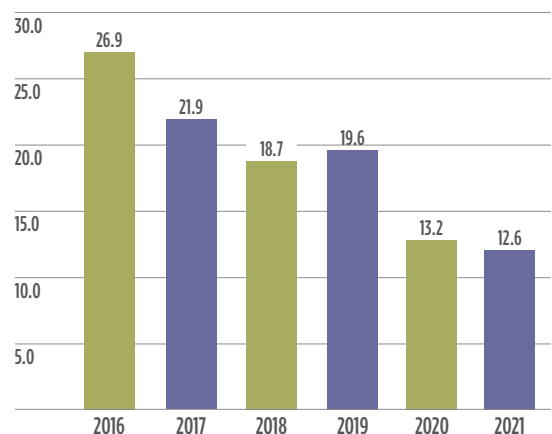
SOLID WASTE GENERATED

KG PER METRIC TONNE OF PAPER PRODUCED



TSS TO EFFLUENT TREATMENT

KG PER METRIC TONNE OF PAPER PRODUCED



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. RPR is how we report our compliance data to Environment Canada for other areas of the mill and, with the exception of electricity and net steam consumption, we have converted our annual measurements to reflect this change.

For GHG emissions reporting we previously had used composite numbers from the local utility which are no longer accessible in an applicable form.



As our production processes become greener and more efficient, our waste decreases at a higher rate every year. It just makes sense.



ELECTRICITY

4%



NET STEAM

6%



EFFLUENT

5%



WATER
CONSUMPTION

<1%



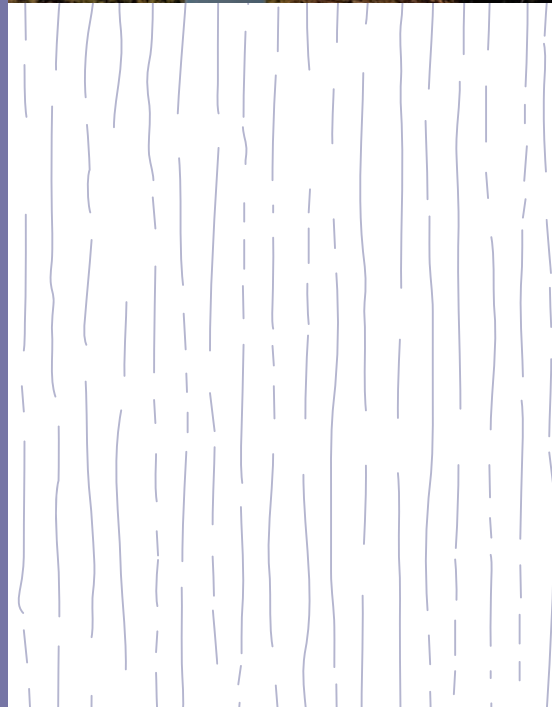
WET SOLID
WASTE

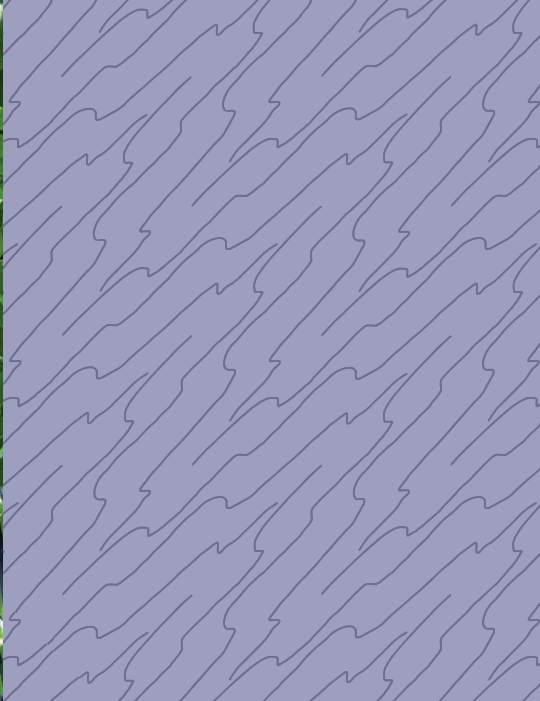
25%



DRY SOLID
WASTE

14%





Woodlands

Providing ongoing protection for species at risk

Port Hawkesbury Paper manages approximately 523,000 hectares of public lands in the seven easternmost counties of Nova Scotia, and we have been monitoring and reporting on sustainable forest management indicators for more than a decade. We've implemented provincial protection and rehabilitation plans for several plants and animals in our forests that are considered species at risk.

In the spring of 2021, a PHP employee discovered several healthy, seed-bearing Black Ash (wisqoq) trees during a routine survey of a 19.8-hectare stand. The significance of this discovery is most important to the Mi'kmaq of Nova Scotia since Black Ash is used in traditional basket-making as well as canoes, tools, the ji'kmaqnn percussion instrument, and snowshoes. A protection plan was immediately undertaken. The area has since had further surveys conducted to determine if more Black Ash stands exist so a comprehensive protection plan can be implemented.

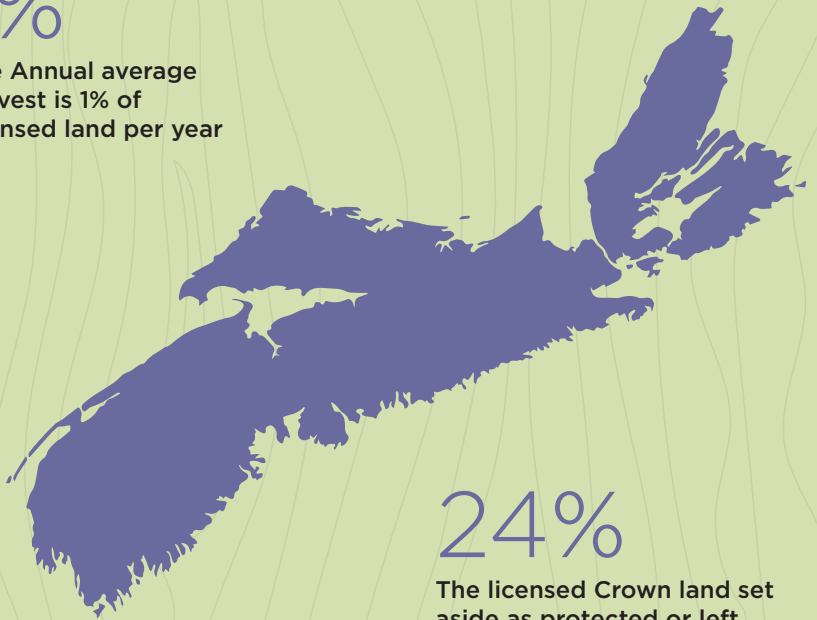
In 2020, Port Hawkesbury Paper partnered with Dalhousie University on a three-year project to conduct field research to develop special management practices for Canada Warbler, Olive-sided Flycatcher, and Rusty Blackbird conservation in Nova Scotia. In 2021, field research was conducted on PHP managed Crown land to identify the presence and habitat use of the three bird species. This research will help in the development of special management practices for all three species.

Port Hawkesbury Paper has also implemented special management practices for the American Marten and the Canada Lynx on Cape Breton Island, where they are listed as endangered. On the mainland of Nova Scotia, Port Hawkesbury Paper has been implementing special management practices for the endangered moose since 2012, which will be updated in the coming year based on a new recovery strategy released by the province in 2021.

Port Hawkesbury Paper maintains year-round special habitat management practices for species at risk

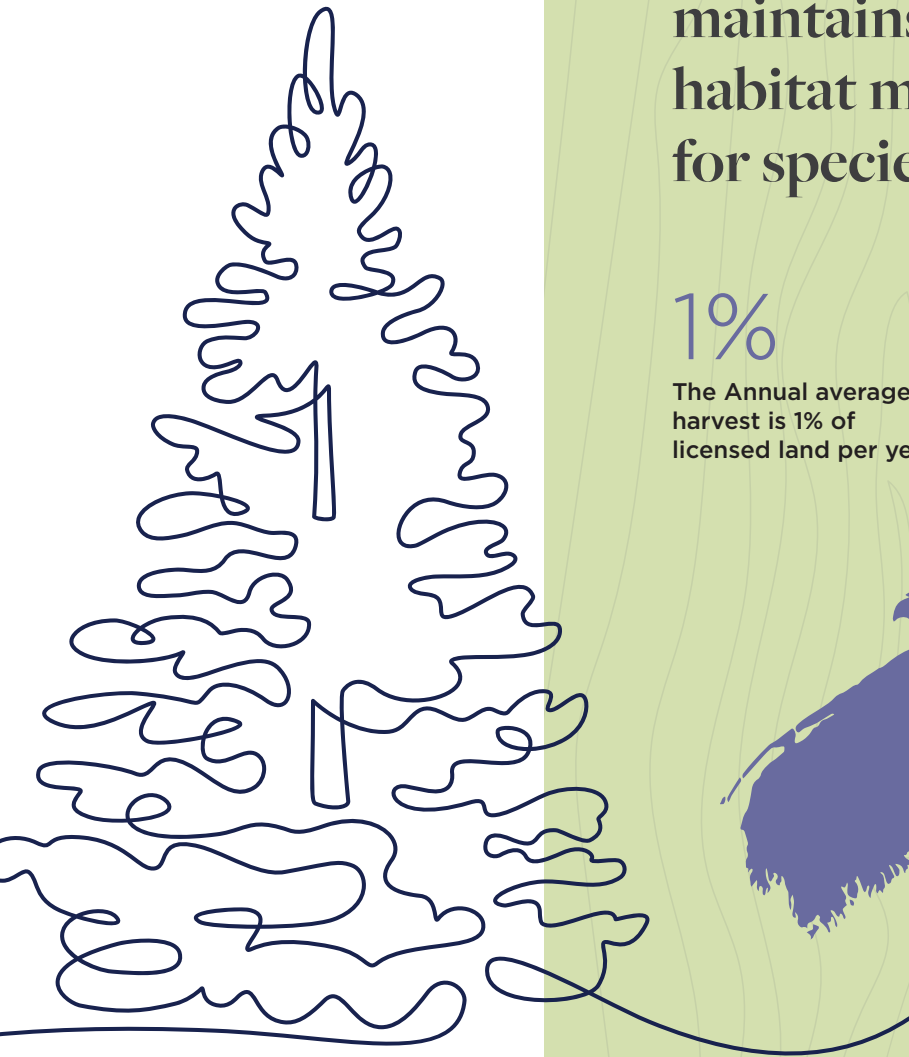
1%

The Annual average
harvest is 1% of
licensed land per year



24%

The licensed Crown land set
aside as protected or left
untouched with significant
amounts of additional land
inoperable due to terrain
or restricted with special
management practices.



Proposed wind farm to meet PHP and province goals for green energy

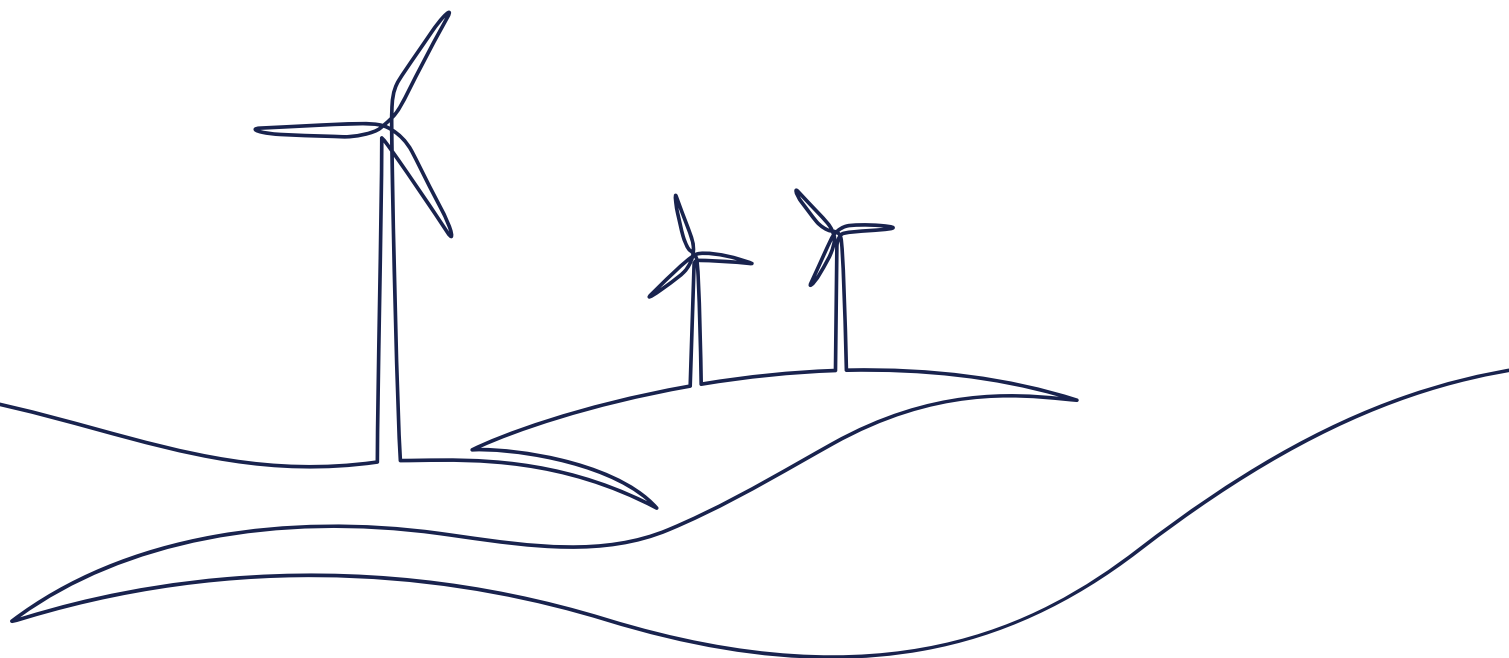
Port Hawkesbury Paper's sister entity, PHP Wind, proposes building an approximate 130-megawatt wind farm. When complete, this green energy project will supply up to 30% of the facility's required electrical power and further reduce its carbon footprint and greenhouse gas emissions. By diversifying the facility's energy mix, we will be operating in a more environmentally conscious manner and strengthening Port Hawkesbury Paper's long-term viability. Additionally, this project fully supports the provincial goal of phasing out coal, getting to 80% renewables by 2030.

This green energy project will supply up to 30% of Port Hawkesbury Paper's required electrical power and further reduce its carbon footprint and greenhouse gas emissions.

The wind farm will generate approximately \$300 million in investments during its development. Construction will create local community employment opportunities, with about 150 temporary full-time jobs and up to 5 permanent roles. The project's financial benefit to the region and province from taxes and government lease payments is projected to represent about \$1.4 million per year.

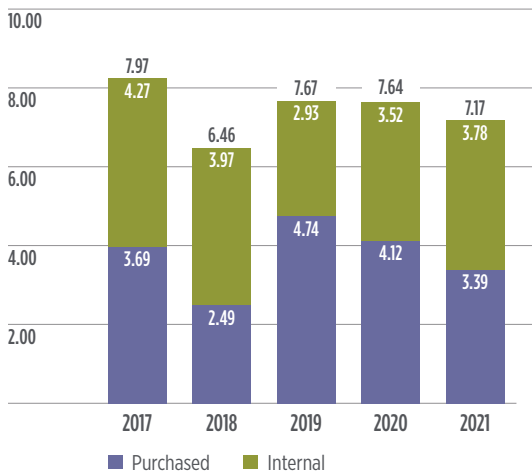
PHP Wind has developed an initial stakeholder engagement strategy. The team is now actively reaching out and meeting with those who have an interest or stake in the success of this project and the sustainability of the Port Hawkesbury Paper facility. This includes engagement with the Mi'kmaq of Nova Scotia and various local organizations and communities.

A high-level project schedule has been developed, envisioning construction activities to begin in 2023, with project completion and operation anticipated by 2025.



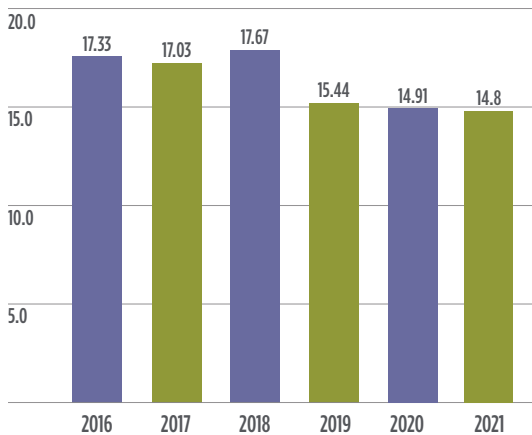
NET STEAM CONSUMPTION

GIGAJOULES PER METRIC TONNE OF PAPER PRODUCED



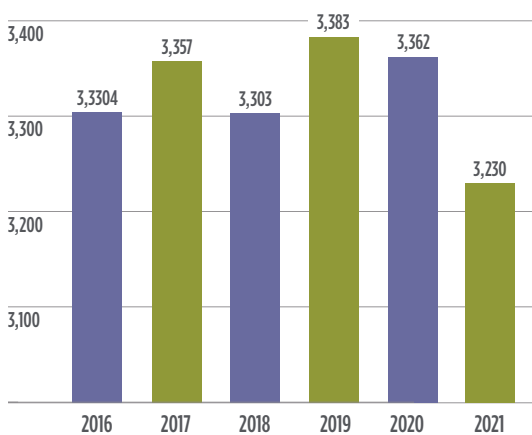
WATER CONSUMPTION

CUBIC METER PER METRIC TONNE OF PAPER PRODUCED

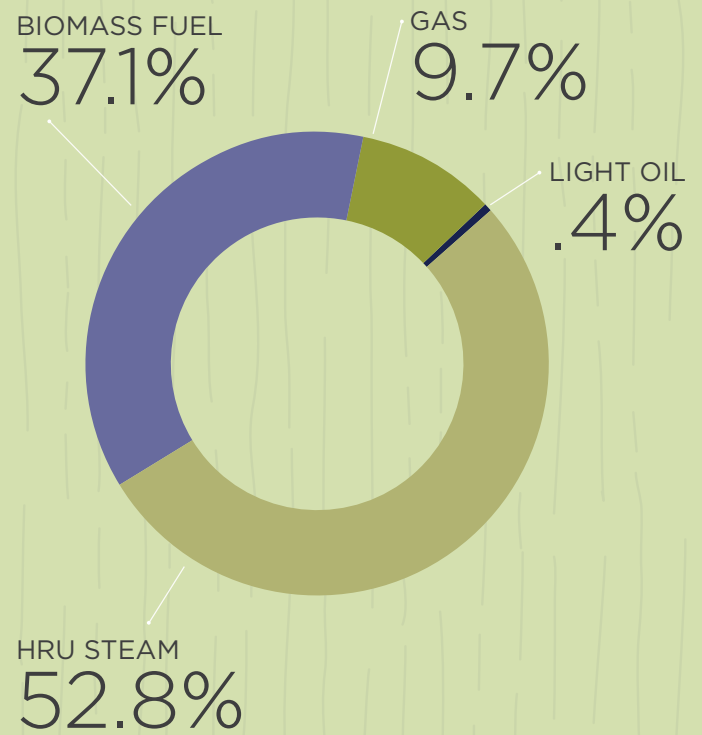


ELECTRICITY CONSUMPTION

KWH PER METRIC TONNE OF PAPER PRODUCED



Steam Generation Fuel Mix



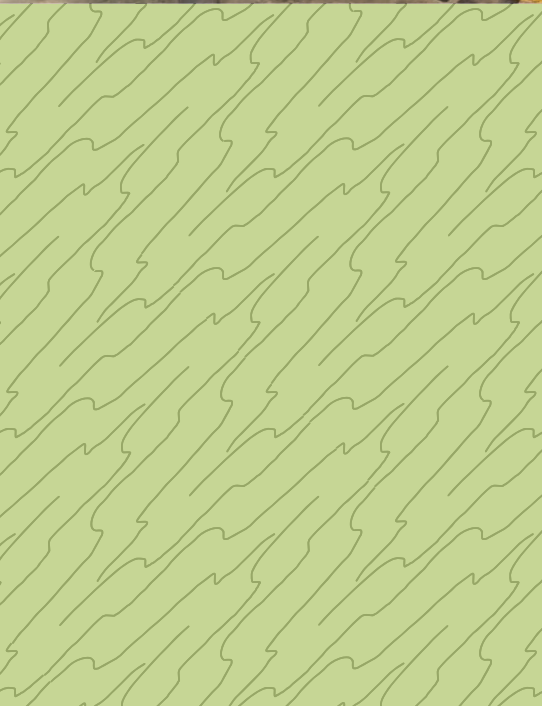


In 2021, Port Hawkesbury Paper heightened its focus on working safely

We implemented protocols designed to keep our employees and community safer during the pandemic. We are pleased to report that, with the appropriate measures in place, we were able to operate without a production shutdown during the pandemic.

We put charity and community services at the forefront. We support many critical service organizations throughout the community in healthcare, education, sports and entertainment, youth and women's services, and food banks.

We're especially proud of the Log-a-Load Charity Golf tournament organized by employees in our Woodlands department. Proceeds go to the IWK Children's Hospital in Halifax. In 2021, we raised \$26,100, for a total of \$252,600 since 2007.





“Our employees are an integral part of the community, giving our time and resources to charitable organizations in the province.

The pandemic presented a challenge in 2021, and for safety reasons, we had to postpone some of our charity events and activities. However, we still supported many important organizations in our region.”

Bevan Lock
Mill Co-Manager





About Port Hawkesbury Paper

Port Hawkesbury Paper is a forward-looking natural resources company committed to operating at the highest safety standard while caring for the environment and empowering our people to deliver top-quality products & customer service. We see integrity at the core of every relationship and a key principle as we strive for excellence in all we do in an ever-changing world. As a relatively small non-hierarchical organization we deliver big results. We are a leader in Thermal Mechanical Pulp and Supercalendered paper production in North America. Port Hawkesbury Paper's approach to business and environmental sustainability creates an economic cornerstone for eastern Nova Scotia.

Port Hawkesbury Paper ships its products to customers throughout North America and worldwide. The mill produces the Artisan® (SCA++) and Prominence® Plus (SCA+) brands for use in retail inserts, catalogs, magazines, circulars, coupons, and specialty packaging applications.

Since 2001, the mill has maintained forest management certification and is currently certified to the forest management standards of the Forest Stewardship Council® (FSC®; FSC-C023189) and Sustainable Forestry Initiative® (SFI®).

The company is also independently certified to the chain of custody standards of FSC (FSC-C112699), SFI, and the Programme for the Endorsement of Forest Certification (PEFC). These standards ensure that the company meets all requirements for the management of ecological, social, and economic forest values. Chain of custody certification also verifies that company paper bearing an FSC, SFI, or PEFC label comes from well-managed forests or controlled sources.



PORT HAWKESBURY PAPER

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