

2022

Port Hawkesbury Paper

Sustainability Report



Our new environmental policy is a leap forward for Port Hawkesbury, Nova Scotia, and the surrounding communities

Port Hawkesbury Paper is committed to sustaining a healthy environment in our forests and facilities. The natural resources entrusted to our company are managed for long-term sustainability and biodiversity while conserving the social and cultural values of the community.

In accordance with our new environmental policy, we will meet—and strive to exceed—all applicable regulations, legal obligations, and other requirements to which Port Hawkesbury Paper (PHP) subscribes. This includes setting or complying with the appropriate environmental objectives and targets, creating applicable action plans, reviewing progress, conducting periodic reviews and annual updates, and making adjustments as required.

The company, through its employees and contractors, shall:

- Develop and manufacture products and execute projects with respect for the environment, including Emergency Response Plans.
- Utilize resources and supplies efficiently, and minimize energy and freshwater use.
- Commit to pollution prevention and long-term sustainability.
- Commit to long-term landscape ecosystem planning, soil and water conservation, waste reduction, and promoting applicable recycling in managing our environmental footprint.
- Continually measure and regularly report on our environmental performance to the public.
- Continually improve all aspects of our sustainability systems through experience and research.
- Provide appropriate training to employees and contractors in relevant environmental aspects of their work.



Our second decade at Port Hawkesbury Paper is focused on the future.

In 2022, we celebrated our 10th anniversary with a look back at the strides we made in sustainability, growth, and innovation. Over 10 years, our efforts included approximately \$60 million in capital investments, over \$2 billion spent in the province, year after year of sustainable forest management certification, and building enduring relationships with the people of the Mi'kmaq.

Our sister entity PHP Wind continues to make progress toward a new 130-megawatt wind farm that will supply up to 40% of the facility's required electrical power and further reduce its carbon footprint and greenhouse gas emissions.

Last year, we embarked on a comprehensive analysis of the project's potential environmental impacts. In March, the Minister of Environment and Climate Change approved the Goose Harbour Lake Wind Farm Project after a rigorous environmental assessment. Construction is slated to begin in the first half of 2024.

In 2022, we continued to adapt to our changing markets by further advancing our product development. Our SCA++ (Artisan) heavy basis weights have grown to 25% of our volume and have become a real differentiator for PHP.

The energy markets faced a surge in coal prices escalated by the instability due to global events. A 500% increase in the price of coal futures challenged operations and costs, and served as a reason to further commit to our efforts around renewable energy.

We appreciate the opportunity to share our plans for improvement and successes with our stakeholders each year. It helps us keep moving forward to a future that benefits the entire region.

A handwritten signature in black ink that reads "Bevan Lock".

BEVAN LOCK
CO-MILL MANAGER

A handwritten signature in black ink that reads "Mike Hartery".

MIKE HARTERY
CO-MILL MANAGER



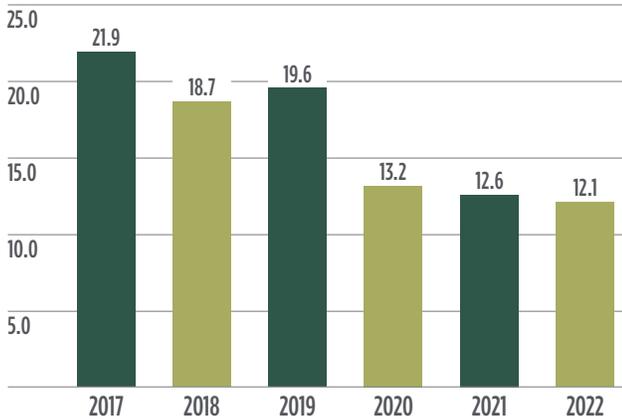


Ever committed to energy and waste reduction

Port Hawkesbury Paper is committed to continuously reducing energy usage, increasing sustainable energy sources, and reducing water utilization and waste. Volatile power costs have resulted in fluctuations in production which directly impact our efficiency per tonne of paper produced. This past year produced mixed results, with solid waste generation and water consumption increasing year over year, but still remaining flat or trending down from historical levels. Our efforts paid off in other areas with reduced electricity, effluent, and net steam usage.

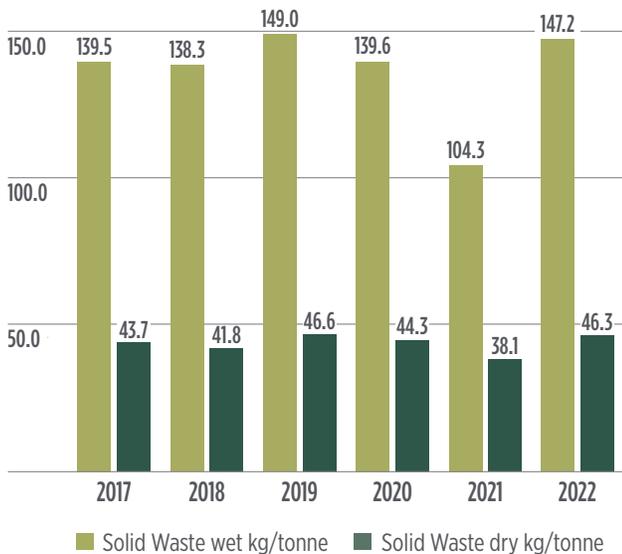
TSS TO EFFLUENT TREATMENT

TOTAL SUSPENDED SOLIDS
KG PER METRIC TONNE OF PAPER PRODUCED



SOLID WASTE GENERATED

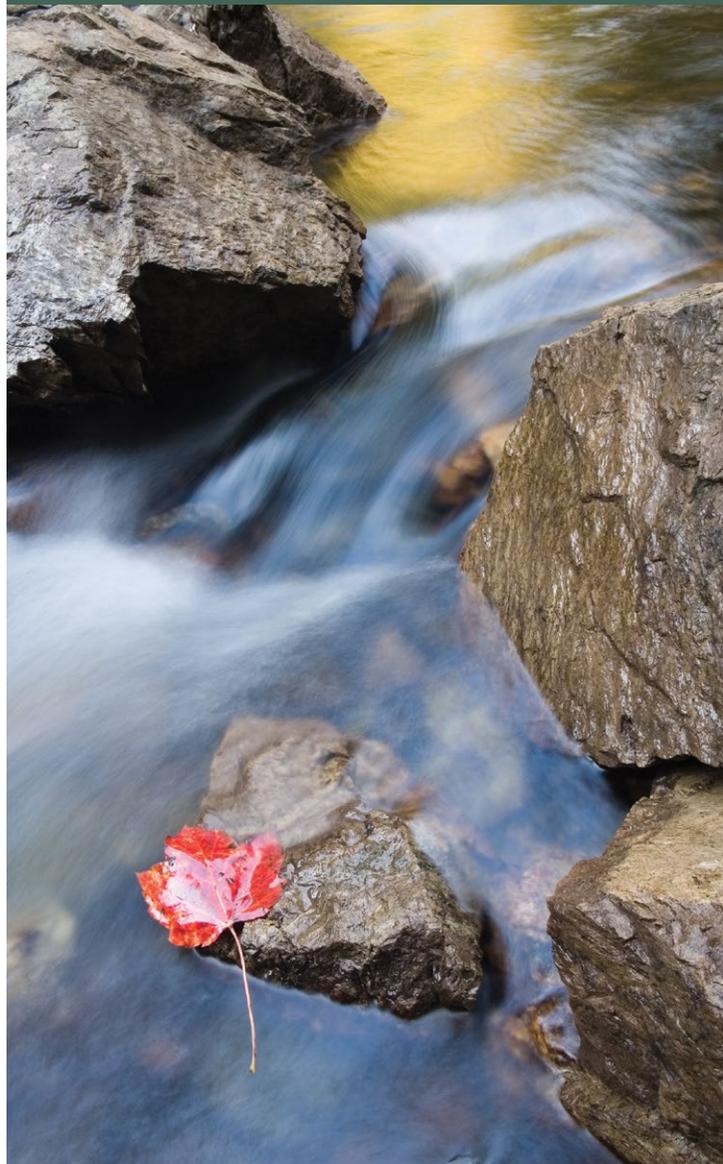
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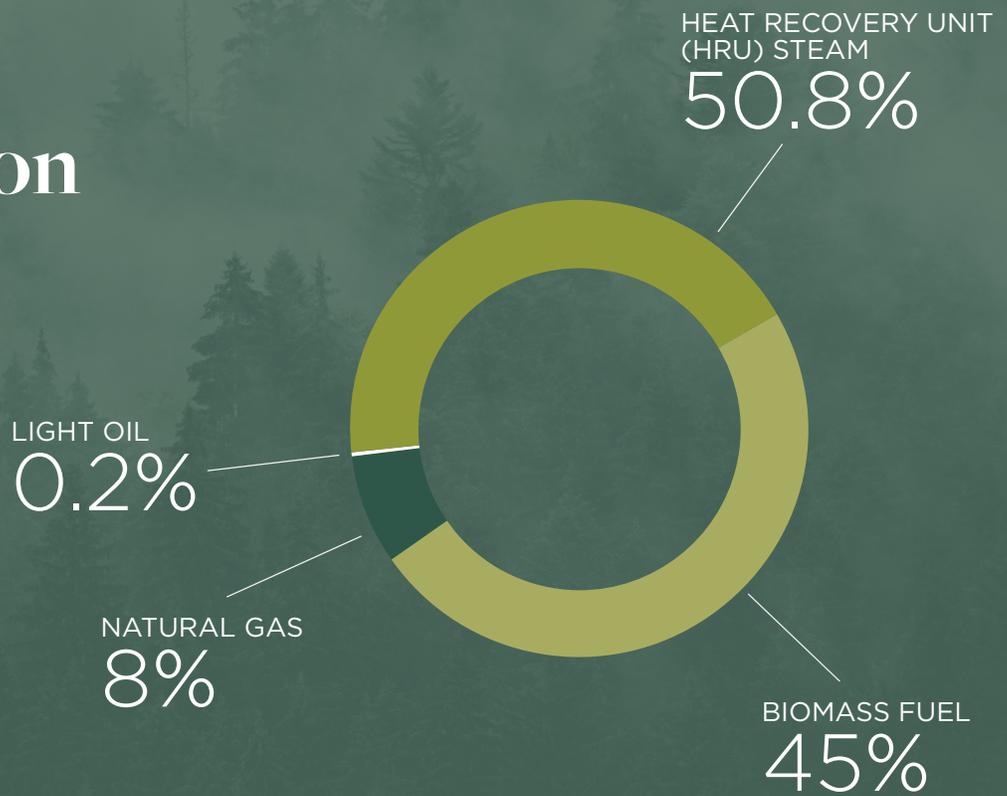
Environment Canada Regulations provide an approved method for calculating a Reference Production Rate (RPR), which is the highest 90th percentile of the previous three years' actual production rate. This calculation normalizes production for events of curtailment. RPR is how we report our compliance 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.

Port Hawkesbury Paper continues to see positive trends in our environmental performance with the goal to continue to improve each year.

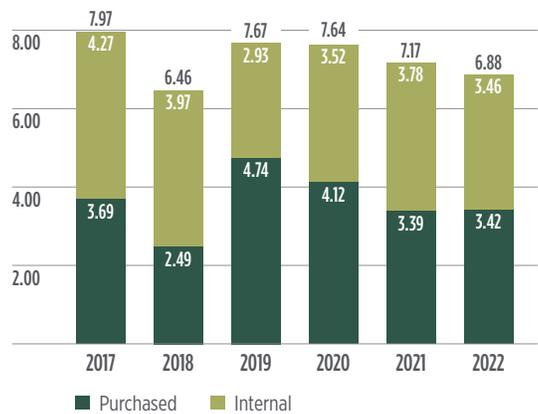


Steam Generation Fuel Mix



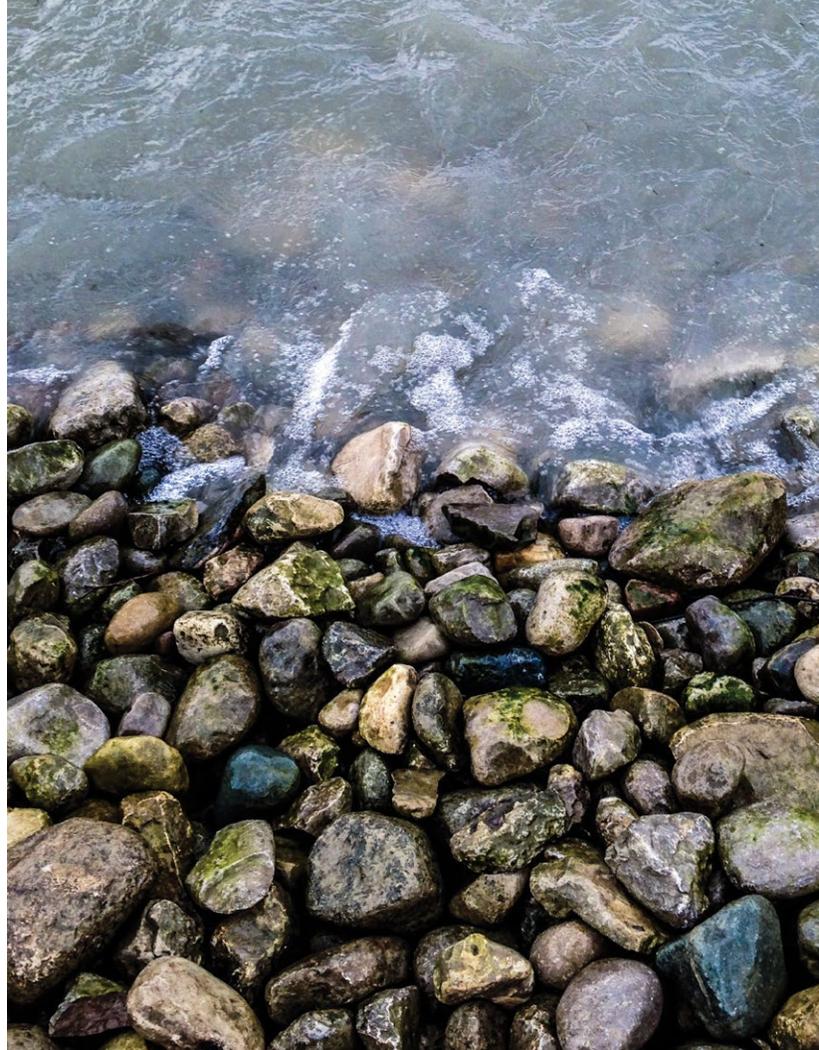
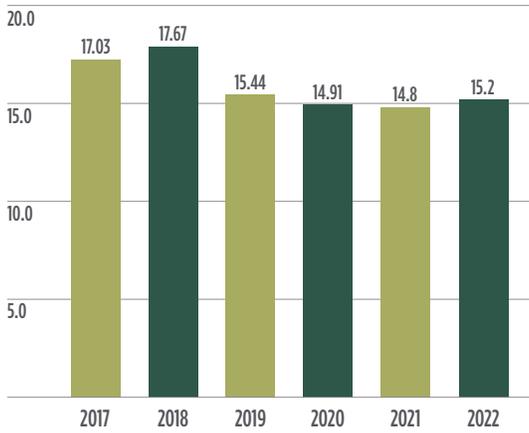
NET STEAM CONSUMPTION

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WATER CONSUMPTION

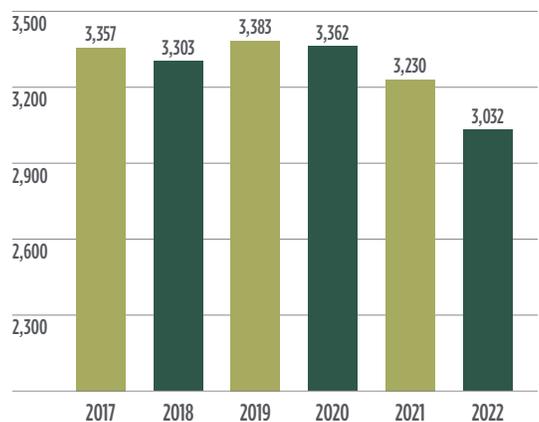
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Our efforts paid off in other areas with reduced electricity, effluent, and net steam usage.

ELECTRICITY CONSUMPTION

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**Utilizing an
ecological-
based forest
management
system**

A new 100-year long-term plan

An updated timber supply analysis was completed as the Woodlands Department transitions to a new triad forest management system.

This consists of managing the Acadian forest into three separate zones:

- Protected
- Ecological Matrix
- High Production Forestry

Biodiversity conservation, multiple resource use, ecosystem functions, natural conditions, and increased fibre production objectives are all managed collectively across the land base to balance a range of interests and forest uses.

This long-term plan adheres to the principles of adaptive forest management and continual improvement. The plan was completed based on ecological landscape planning, natural disturbance regimes, and sustainable forest management principles. Furthermore, it conforms to the company's commitment, as well as our environmental and social responsibility statements.

An updated Conservation Area Network Gap Analysis, which started in 2022, is underway with interested stakeholders to identify ecosystems that still need to be effectively conserved inside a network of protected areas or through other successful and long-term conservation measures. Applied to a large ecologically defined region, the occurrence and status of biodiversity conservation are mapped and analyzed to identify any ecological gaps where further action can be taken toward conservation.



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Celebrating 15 years of certified forest stewardship

In October, we welcomed SAI Global auditors to complete an annual surveillance and re-registration audit of PHP's certification to the Forest Stewardship Council® (FSC®) and Sustainable Forestry Initiative® (SFI®) standards for forest management.

Audit results are based on a sampling of procedures, records, field observations, and interviews with staff, contractors, forest workers, and stakeholders.

Areas of recognition included:

- Good support and engagement process with First Nations
- Cutting-edge range of natural variation analysis
- Protection of bird and lichen habitats
- Advanced training and recording tools for various species at risk
- Good relations with government officials and stakeholders

Areas of improvement included:

- Broadening job-specific training for staff, contractors, and forest workers
- Updating operational monitoring forms
- Identifying management activities that may cause an increase in natural hazards
- Operational compliance related to portable fuel tanks, lock-out procedures, and personal protective equipment

PHP has been FSC-certified for 15 years and SFI-certified for 9 years. The success of these certifications is due to our committed Woodlands staff, contractors, and forest workers. Their dedication to what we do each day is essential and deeply appreciated.



2022 delivered a
successful transition
from the FSC
Maritime standard
to the FSC National
Forest Stewardship
Standard of Canada.

Wind farm construction to start in 2024

The Minister of Environment and Climate Change approved the Goose Harbour Lake Wind Farm Project in March after a rigorous Environmental Assessment (EA).

The project is an approximately 130-megawatt wind farm that will supply up to 40% of the facility's required electrical power and further reduce its carbon footprint and greenhouse gas emissions.

The assessment included a comprehensive analysis of the potential environmental impacts of the project, guided by Strum Consulting, which conducted a series of detailed studies, including:

- Wetlands and watercourses surveys
- Vegetation and habitat surveys
- Bird and bat surveys
- Moose surveys
- Sound and visual assessments
- Electromagnetic assessments
- Archaeological assessments
- Telecommunication assessments



The Goose Harbour Lake Wind Farm team has also collaborated with Membertou Geomatics Solutions, who were contracted to complete Mi'kmaq Ecological Knowledge Studies (MEKS) to ensure the EA is informed by and inclusive of the Mi'kmaq perspectives on the proposed land base.

A high-level schedule has been developed in consultation with the project developer, Renewable Energy Services (RES). Construction activities are projected to begin the first half of 2024, and we anticipate project completion and operation by 2025.



During its development, the wind farm will generate approximately \$300 million in investments, and construction will create local community employment opportunities, with about 150 temporary full-time jobs and supporting approximately 5 permanent roles. The project's collective financial benefit to the region and province is projected to represent approximately \$1.3 million annually.

The wind farm is just one step toward using more sustainable energy sources and helping reach the provincial goals of working toward 80% renewable energy by 2030.

Read more about the project and see its timeline by visiting www.phpwind.ca.

**Goose Harbour
Lake Wind Farm
was approved
after rigorous
environmental
assessments.**



Strengthening our emergency response

At PHP, we were proud of operating throughout the pandemic without a shutdown. But safety isn't a special event at the mill—it's a daily practice.

In 2023 we'll continue strengthening our Emergency Response Team (ERT). To achieve this, PHP engages with neighboring industries to share experiences and best practices for efficient collaborative training. We were also fortunate to utilize the training facilities at the Nova Scotia Strait Area Campus Fire School to train and practice in live fire exercises. The PHP ERT continues to evolve—improving and training our employees to respond to emergencies such as fire, medical, chemical release, confined space, and technical rescue for the protection of people, property, business, and the environment.

PHP and You

We put charity and community services at the forefront. PHP is an integral part of the community, with our employees, suppliers, and local businesses all contributing to and improving the place we live.



Here are some of the organizations we support:

- Bursaries and support for education—either through work/school programs or through offsetting educational costs
- Funding for hospitals, healthcare, and medical organizations to support the health and wellness of the community. PHP has committed to donating \$100,000 from 2020 - 2023 to the Strait Richmond Hospital and will have a similar commitment to the Cape Breton Regional Hospital's Cancer Care Centre starting in 2024.
- Ongoing support for the arts and sports teams
- Charitable foundations, food banks, and shelters
- Chamber of Commerce and local businesses
- 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 2022, we raised \$27,100, for a total of \$279,600 since 2007.

About Port Hawkesbury Paper

Port Hawkesbury Paper is a forward-looking natural resource and manufacturing company committed to operating at the highest safety standard while caring for the environment and empowering our people to deliver top-quality products and customer service. We believe that integrity is at the core of every relationship and a fundamental 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 without red tape. We are a leader in Thermal Mechanical Pulp and Supercalendered paper production in North America. Port Hawkesbury Paper's business and environmental sustainability approach creates an economic cornerstone for eastern Nova Scotia.

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

The company is 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 the company meets all requirements for managing ecological, social, cultural 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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