

Port Hawkesbury Paper

Sustainability Report

2023





A banner year in safety, wind, and forestry

Port Hawkesbury Paper had a banner 2023 in many ways.

One of our major accomplishments is in safety excellence. At the end of the year, we had a recordable injury rate of 0.66, which marked a four-year trend of continuous improvement. Thanks to the collective efforts of all our employees, we were also named the 2022 safest mill of our size by Pulp & Paper Canada, which has been benchmarking mill safety for almost 100 years.

The mill sharpened its focus on safety and dedicated significant resources to training our emergency response team and our prevention leaders. Read more about the details of our recent trainings and milestones on page 3. We're thrilled our efforts are paying off.

There is also a tremendous amount of "energy" building around the developing Goose Harbour Lake Wind Farm. When complete, this green energy project will house up to 31 turbines and have an annual capacity equivalent to more than 50% of Port Hawkesbury Paper's (PHP) required electrical power demand. We've been conscientious of the land we're building on, and have been working closely with the Mi'kmaq Wskijnu'k Mtmo'taqnuow Agency Ltd. (WMA) and the KMKNO - the Kwilmu'kw Maw-klusuaqn Negotiation

Office (Mi'kmaq Rights Initiative) to ensure indigenous participation. Get a look at the project timeline on page 12.

Finally, our Woodlands teams have been working with Dalhousie University and the Nova Scotia Community College on a habitat mapping project that could positively impact at-risk birds. We've also extended agreements with the province to support sustainable ecological forestry practices and management of public lands.

We're working hard to create and maintain a truly sustainable mill that benefits the forest, the regional community, and our customers. And we're happy to share those successes with you in this year's report.



BEVAN LOCK
CO-MILL MANAGER



MIKE HARTERY
CO-MILL MANAGER

Safety excellence is our main goal

Port Hawkesbury Paper is proud of its commitment to achieving safety excellence. At the end of 2023 we had achieved a recordable injury rate of 0.66. This marks a four-year trend of continuous improvement.



Safest mill in Canada

Port Hawkesbury Paper was named Canada's safest mill of its size for 2022 by Pulp & Paper Canada, which has been benchmarking mill safety since 1926. The scope of mill safety has evolved in recent years. Safety is not limited to working with mill equipment or simply ensuring that all employees have the proper gear on site. Psychological health is now recognized as a major factor impacting the safety of mill personnel, and the pandemic spotlighted hygiene in a way never seen in our generation. Safety is paramount.

The annual Safest Mill in Canada report recognizes the outstanding safety records of participating mills by ranking total recordable incidents. Port Hawkesbury Paper attributes our stellar record to a renewed focus on safety and dedicated resources to improve performance.



Increased commitment to training

- We began a pathway of education and training for management and Joint Occupational Safety and Health Committee (JOHSC) members on effectively managing all elements of our safety program.
- In 2023, all those involved in incident reporting and investigation received a 1-day educational course on properly conducting incident investigations to develop solid recommendations for prevention of incidents and injuries. Similar sessions will be scheduled annually, focusing on a different element of the safety program each year.
- A dedicated training room and learning center was created to facilitate the return of in-class lockout training—a critical safety procedure. Using new learning methods and technology, a revamped training program received positive feedback from all employees as being interactive, engaging, and transformative. Future initiatives include incorporating other compliance training to this new method of delivery.

Emergency response team gets a boost

- We continued strengthening our Emergency Response Team (ERT), 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.
- Our ERT engaged with neighboring industries to share experiences and best practices in collaborative training.
- We used the facilities at the Nova Scotia Strait Area Campus Fire School to train and practice in live fire exercises.



10-year license agreement renewed



Early last year, provincial agreements with Port Hawkesbury Paper were updated to support sustainable ecological forestry practices and management of public lands.

The Province has two agreements, first signed in 2012, with Port Hawkesbury Paper.

The original 10-year Sustainable Forest Management and Outreach agreement was renewed in February, running until 2033. This ensures services are aligned with current ecological forestry objectives, such as helping implement these types of practices on private woodlots.

“The forestry sector is important to the economy of Nova Scotia. It can be sustainably managed and align with our environmental goals,” said Tory Rushton, Minister of Natural Resources and Renewables. “We’ve refreshed these agreements to continue working with Port Hawkesbury Paper as an important employer, as part of the forestry sector, and as a corporate taxpayer.”

The second agreement is a long-term forest utilization license agreement that guarantees an annual volume of timber from certain parcels of Crown land. Originally for 20 years, it is now extended to 2043.

At-risk birds are on our LiDAR

In November, Port Hawkesbury Paper began work on a public project to model the habitats of at-risk birds on PHP’s Crown land using LiDAR (light detection and ranging). Team members from Nova Scotia Community College and Dalhousie University will carry out the project, which will explore whether the provincial LiDAR data is suitable for developing relevant models that better describe and predict suitable habitats.

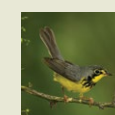
Port Hawkesbury Paper manages approximately 520,000 hectares of Crown Forest in eastern Nova Scotia, including harvesting, silviculture, and road building, which is supported through annual operating plans, a 5-year plan, a 20-year plan, and a 100-year long-term plan. All stages of PHP’s planning require consideration and management of wildlife habitat including species-at-risk.

The management of forests for a variety of species-at-risk can be facilitated by accurately quantifying, mapping, and forecasting wildlife habitat. However, gathering field-based, empirical data is frequently expensive and time-consuming. A complementary method for characterizing and mapping habitat is computer modeling, which depends on the caliber of the underlying ecological data. To create habitat models that are trustworthy and defensible, an understanding of wildlife ecology and technological proficiency requires partnerships with biologists, ecologists, and GIS professionals.

Habitat models can define and anticipate the distribution of habitat over time, which can be incorporated into PHP’s long-term planning model to ensure sustainable forest management and the long-term availability of species-at-risk habitat across the landscape.

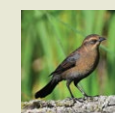
Translating what is known and understood about bird habitat into metrics that may be derived from LiDAR data will be an important part of this project.

The research project will aim to develop habitat models for these at-risk birds:



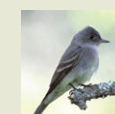
Canada Warbler

Federal listing – Threatened;
Provincial listing – Endangered



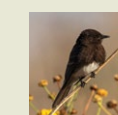
Rusty Blackbird

Federal listing – Special Concern;
Provincial listing – Endangered



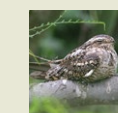
Eastern Wood-Pewee

Federal listing – Special Concern;
Provincial listing – Vulnerable



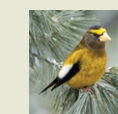
Olive-Sided Flycatcher

Federal listing – Threatened;
Provincial listing – Threatened



Common Nighthawk

Federal listing – Special Concern;
Provincial listing – Threatened



Evening Grosbeak

Federal listing – Special Concern;
Provincial listing – Vulnerable



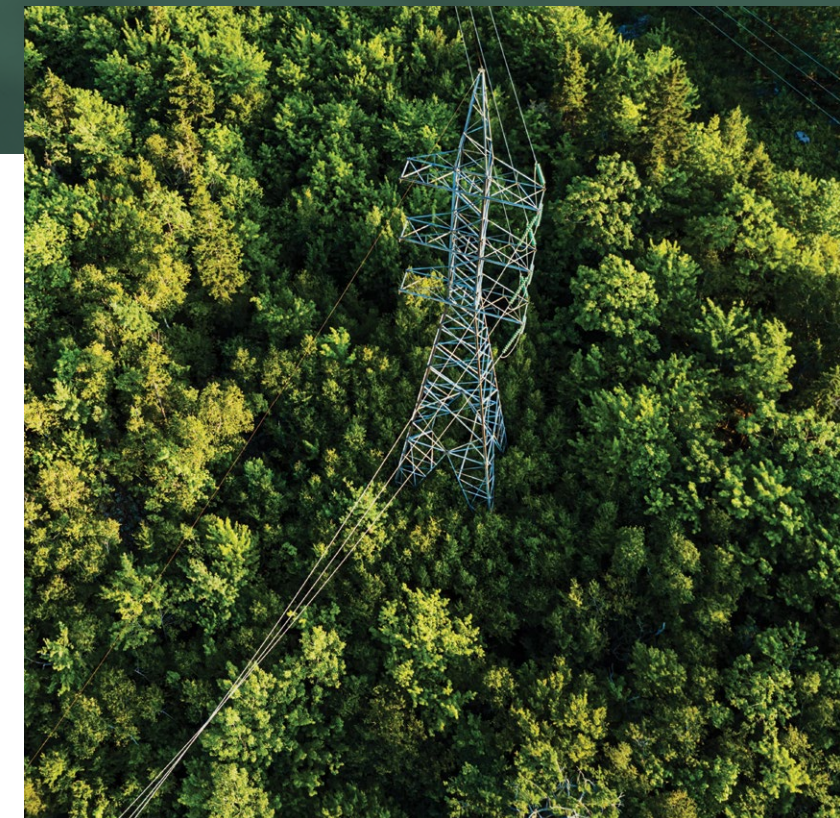
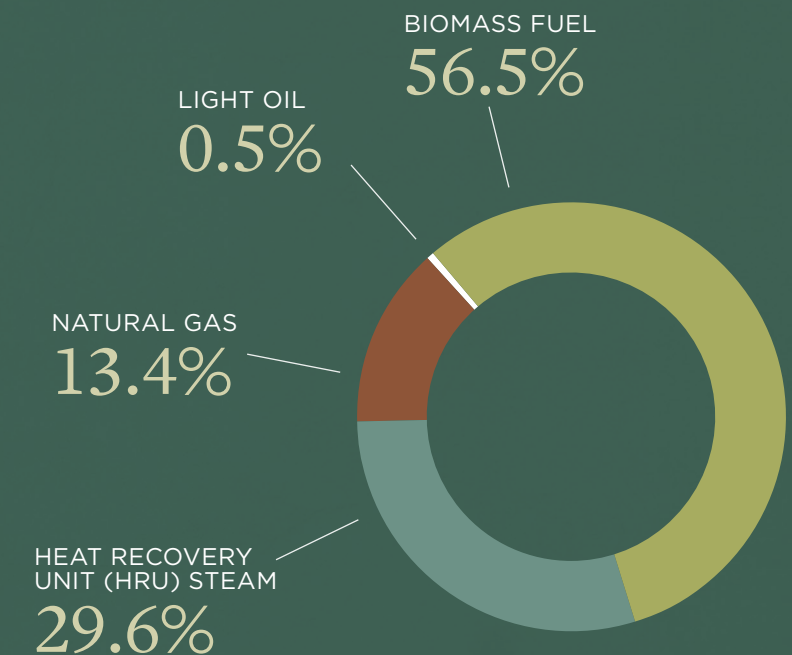
New in 2023: Membership in Nova Scotia's Output-Based Pricing System

Port Hawkesbury Paper became an inaugural member of Nova Scotia's Output-Based Pricing System (OBPS) last January. The OBPS was introduced in the province as a replacement for the previous Cap and Trade program. OBPS uses the prices for carbon emissions as set by the federal government and applies them to members based on individual verified emission intensity baselines.

Under the new legislation, each facility is required to establish a standard based on historical performance. If its performance exceeds the standard, then credits are given. If performance falls below the threshold, the facility has an obligation to purchase credits or create bilateral agreements with other facilities that have credits to sell.

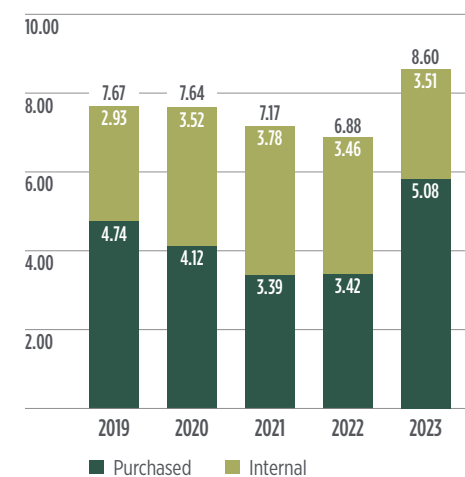
PHP is tracking its emissions as a result of its production, which includes its onsite transportation and the emissions from the generation of steam. 2023 is the first year of reporting for OBPS that must be independently verified.

STEAM GENERATION FUEL MIX

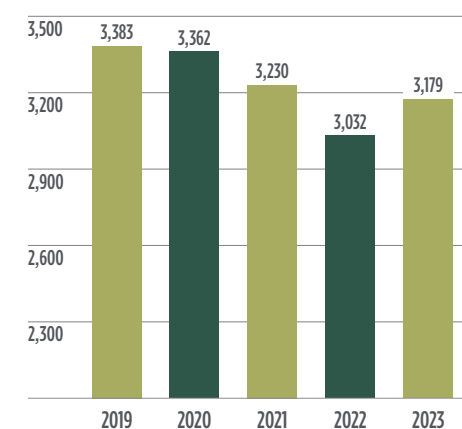


Overall, we are pleased with our continued progress in reducing our environmental footprint. The unprecedented downturn in the printing and writing paper market, particularly during the winter period, necessitated many facility starts and stops as well as increased heating load relative to actual paper production. Total steam usage and the resulting required fuel usage were lower in 2023 than in previous years. The reduced paper production (denominator) creates an anomalous step up in Net Steam Consumption.

NET STEAM CONSUMPTION GIGAJOULES PER METRIC TONNE OF PAPER PRODUCED



ELECTRICITY CONSUMPTION KWH PER METRIC TONNE OF PAPER PRODUCED



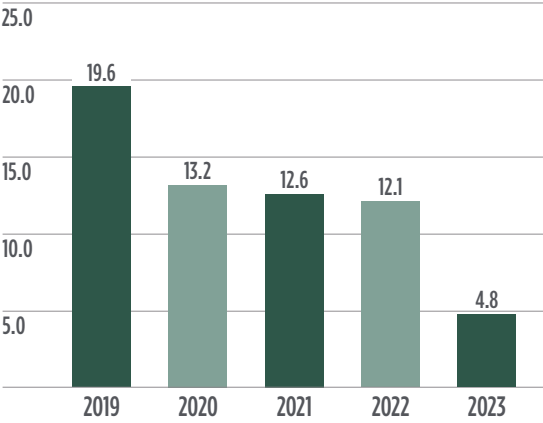
Ever committed to energy, water, and waste reduction

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



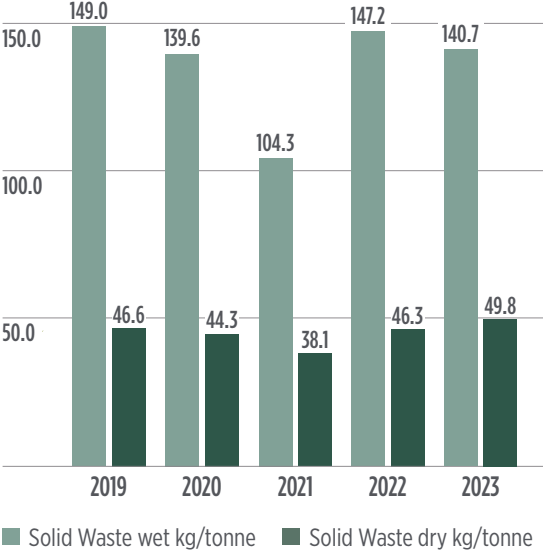
TSS TO EFFLUENT TREATMENT

TOTAL SUSPENDED SOLIDS
KG PER METRIC TONNE OF PAPER PRODUCED



BIO-SOLIDS GENERATED

KG PER METRIC TONNE OF PAPER PRODUCED



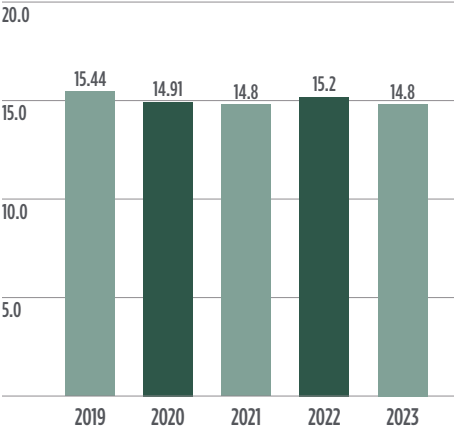
Environment Canada Regulations provide an approved method for calculating a Reference Production Rate (RPR), which is the highest 90th percentile of the previous three years' actual production rate. This calculation normalizes production for events of curtailment. RPR is how we report our compliance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



WATER USAGE

CUBIC METER PER METRIC TONNE OF PAPER PRODUCED



Wind Farm invites community engagement



We continue to invest in wind energy with the Goose Harbour Lake Wind Farm in development on lands in Guysborough County that are currently under license to Port Hawkesbury Paper for approved sustainable forest management.



When complete, this green energy project will house up to 31 turbines and have an annual capacity equivalent to more than 50% of PHP's required electrical power demand. The wind farm will reduce the carbon footprint of the provincial power supply and corresponding greenhouse gas emissions.

Because projects like this are better when there is community involvement and engagement, the Goose Harbour Lake Wind Farm Community Liaison Committee (CLC) was developed to meet regularly with a focus on the Guysborough area. Continued meetings and outreach with

members of the Mi'kmaq communities via Wskijnu'k Mtmo'taqnuow Agency Ltd. (WMA) and the KMKNO - the Kwilmu'kw Maw-klusuaqn Negotiation Office (Mi'kmaq Rights Initiative) are ensuring indigenous participation and valuable input.

Routes are being planned for the turbines to minimize the impacts to local traffic. These roads will provide access to the site for the transportation of components and ongoing maintenance once the facility is constructed. Forestry road upgrades will start in 2024, and commercial operations are expected to commence in mid 2026.



When complete, this green energy project will house up to 31 turbines and have an annual capacity equivalent to more than 50% of PHP's required electrical power demand.



Port Hawkesbury Paper keeps the community top of mind



In 2023, we completed our \$100,000 commitment to Strait Richmond Hospital for its renovation project. In 2024, we made a similar funding commitment to the Cape Breton Regional Hospital's new Cancer Care Centre.

The mill has a long history of supporting the community through charitable donations, volunteer time, and events. We're focused on charities that impact the entire community, such as hospitals, higher education, and resources for low-income families.

We support:

- Education through bursaries, providing university co-op work terms
- Community college and high school work experience, and job shadowing opportunities
- Hospitals, medical organizations and palliative care societies to support health and wellness in our communities
- Charitable foundations, food banks, and women's shelters
- Sporting events and teams
- The Chamber of Commerce, Cape Breton Partnership and local businesses, Junior Achievement Nova Scotia
- Seniors' events, community organizations and festivals, forestry organizations, and recreation groups

For 14 years running, our Woodlands employees have organized the Log a Load for Kids annual golf tournament fundraiser for the IWK Children's Hospital in Halifax. In 2023, the event raised \$31,100 of \$310,900 funds raised to date.



Jacob Jessome is the son of a Woodlands employee and an example of the critical work done by the IWK. Jacob weighed less than two pounds when he was born and was a patient of the IWK Hospital throughout his childhood. We were proud to have him participate in the tournament and share his success story.



2023 was the first year PHP raised the Mi'kmaq flag on its property in recognition of National Day for Truth and Reconciliation.

About Port Hawkesbury Paper

Port Hawkesbury Paper is a forward-looking natural resources 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 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 with no red tape. 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 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 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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