



Sustainability Report

from PORT HAWKESBURY PAPER *for* 2024





A year of progress and purpose

At Port Hawkesbury Paper, 2024 was a year of both progress and purpose. We are proud to share the strides we've made in improving safety, sustainability, and long-term value for our employees, partners, and communities.

Safety remains our highest priority. This year, we achieved a recordable incident rate of 0.64—our lowest to date—thanks to enhanced training, new technologies, and the dedication of every team member to maintaining a safe and healthy workplace.

The Goose Harbour Lake Wind Farm took a significant leap forward achieving full \$450 million project financing in late December. Supported by federal investment and Indigenous partnership, this project will soon provide over 60% of the mill's power needs while creating economic opportunities for the community and reducing carbon emissions to help meet provincial targets.

We also remain focused on ensuring the long-term success of the company amid a shifting industry landscape. In a market that is facing consolidation, uncertainty, and machine conversions, we are staying competitive by optimizing our world-class equipment and investing in new, high-quality paper grades. The launch of Altitude and Elevation Book and Offset allows us to expand into new markets while reinforcing our reputation for premium, sustainable products.

Together, these initiatives reflect our ongoing commitment to excellence, innovation, and resilience. We are proud to be building a brighter, more sustainable future—not only for our company, but for all of Nova Scotia.

BEVAN LOCK
MILL CO-MANAGER

MIKE HARTERY
MILL CO-MANAGER

Safety Leadership in 2024

At Port Hawkesbury Paper, safety remains a core value and a shared responsibility.

We invest in our people, systems, and practices to create a workplace where safety is embedded in our culture. The results speak for themselves: in 2024, our Recordable Incident Rate (RIR) improved once again, falling to 0.64, continuing a seven-year trend of steady progress. This achievement reflects our focus on education, training, engagement, and industry collaboration.



We continue to make significant progress on safety initiatives and have improved our 2024 recordable incident rate to the best result in years.

2024 Safety Initiatives

- Modernized Confined Space Entry (CSE) Training Program using interactive and technology-based learning
- Shifted Confined Space Rescue Training for ERT to be in-house, allowing us to effectively train more personnel with scenarios tailored to our specific environment and conditions
- Occupational Health & Safety education and training for staff focused on continuous improvement processes
- Ongoing networking, best practice sharing and training with neighboring businesses, local fire departments and the industry



Advancing Long-Term Forest Stewardship

Sustainable forest management at Port Hawkesbury Paper (PHP) is guided by strategic long-term planning. These plans provide a comprehensive, forward-looking framework that ensures our forested lands are managed responsibly over a period of 10 to 100 years. Updated approximately every five years, these plans reflect evolving ecological conditions, regulatory requirements, and stakeholder priorities.

The current plan, originally submitted in 2023, is undergoing an update for resubmission to the Province of Nova Scotia by December 31, 2026. This revision incorporates new requirements under Nova Scotia's triad forest management strategy, which divides managed landscapes into

three zones, each with distinct goals related to biodiversity, ecosystem function, and sustainable resource use. The strategy is designed to balance conservation with increased fiber production.

Our approach to forest planning is rooted in science-based tools and measurable outcomes. A key element is the use of a forest model—a decision-support system that helps us evaluate how forests grow and respond under various conditions. Equally important is our implementation of VOITs—Values, Objectives, Indicators, and Targets—which link overarching forest values to measurable actions and trackable performance indicators.

50 VOITs and Counting

Our updated forest management plan doubles the number of tracked Values, Objectives, Indicators, and Targets (VOIT)—strengthening transparency, accountability, and ecological stewardship.

In preparation for the 2026 plan, PHP completed a full review and update of its VOIT framework. The number of VOITs has doubled from approximately 25 to 50, strengthening our ability to monitor progress, adapt to change, and demonstrate accountability. These metrics are evaluated annually, and the results are published in our Woodlands Annual Monitoring Report, available to the public on our website.

By integrating scientific modeling, ecological stewardship, and stakeholder input, Port Hawkesbury Paper continues to ensure its forestry operations align with provincial goals and community values.

Preparing for EU Deforestation Regulation (EUDR)

The European Union’s new Deforestation Regulation (EUDR), coming into effect on December 31, 2025, aims to ensure that products entering the EU market are deforestation-free and legally produced. While Canada is considered a low-risk country under the regulation, Canadian paper manufacturers are still required to meet reduced due diligence obligations.

Since early 2024, Port Hawkesbury Paper has taken proactive steps to understand and implement the necessary requirements. Our teams have participated in webinars, training sessions, and internal planning to align our chain-of-custody procedures with EUDR compliance.

Under the regulation, PHP must demonstrate that wood-based paper products sold to EU customers originate from deforestation-free sources. This involves several core components of a simplified due diligence system, including:

- Verified GPS coordinates of harvest plots
- Legal and supply chain documentation
- Risk assessment demonstrating low-risk status (e.g., third-party forest certification, regulatory oversight)
- Preparation of a Due Diligence Statement for submission

These records are submitted through the EU’s TRACES NT platform before any shipment enters the EU.

As the compliance deadline approaches, Port Hawkesbury Paper is well prepared to meet the EUDR requirements and provide customers with the assurance of sustainable, legally sourced fiber.

Progress Under Nova Scotia's Output-Based Pricing System (OBPS)

Port Hawkesbury Paper is a voluntary participant in Nova Scotia's Output-Based Pricing System (OBPS), which replaced the former Cap and Trade program. The OBPS framework uses federally set carbon pricing and applies it to participating facilities based on verified emissions intensity baselines.

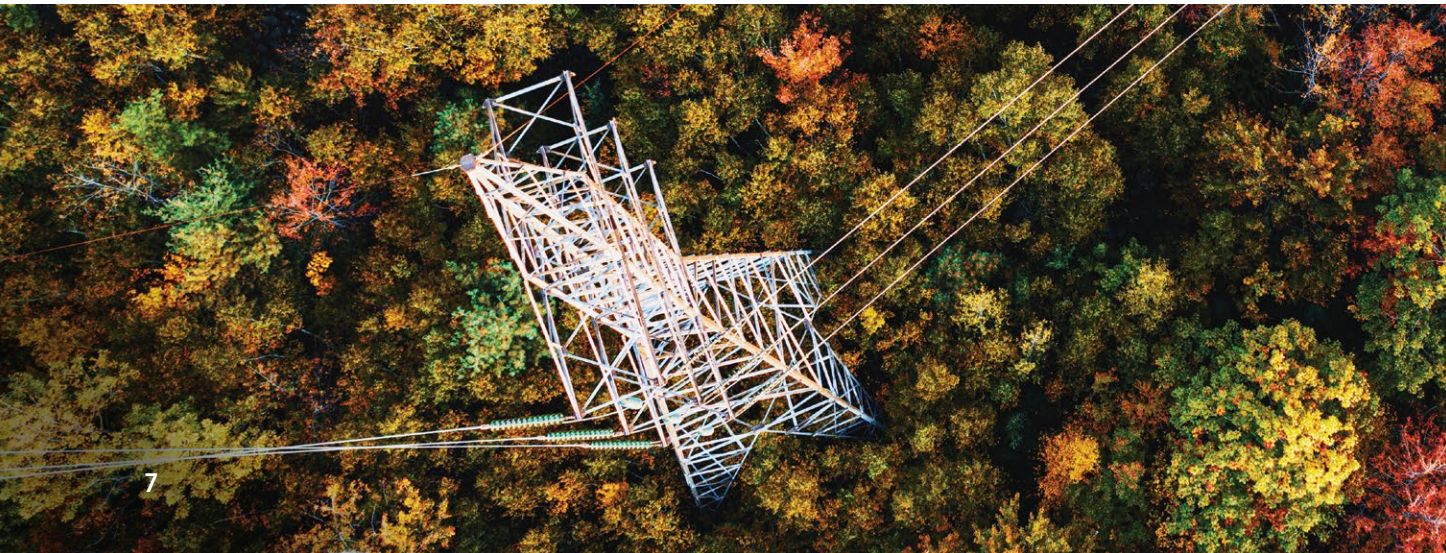
Each facility under the OBPS is required to establish an emissions performance standard rooted in historical production data. Facilities that operate below this threshold earn credits, while those that exceed it must either purchase credits or engage in bilateral trading with compliant facilities.

In 2024, PHP successfully completed its second year of reporting under the OBPS, with its emissions intensity independently verified. This figure

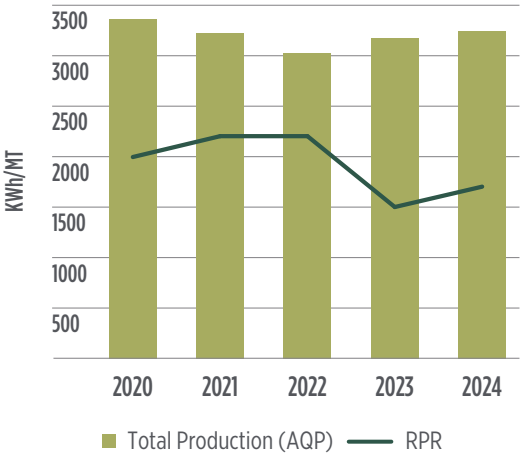
includes all emissions associated with paper production, onsite fuel use, steam generation, and internal transportation.

Despite operational challenges in 2023—most notably a decline in paper production combined with elevated heating demand—PHP achieved a 17.6% year-over-year reduction in emissions intensity. When measured against our long-term OBPS baseline, PHP achieved a 0.96% reduction, coming within 0.0016 metric tonnes of CO₂ equivalent of meeting the regulatory 1% annual reduction target.

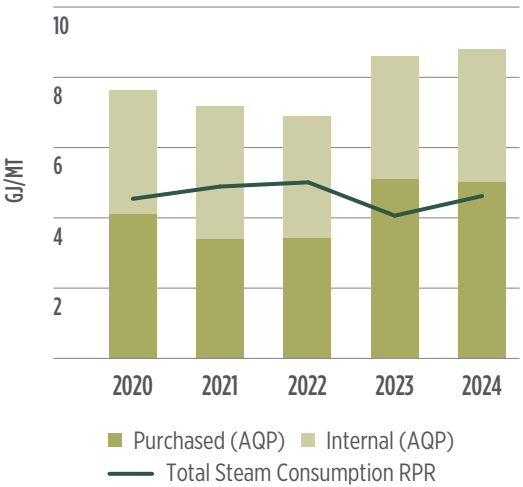
We remain committed to continuous improvement under this framework and will continue monitoring and managing our emissions closely as we align with provincial and federal climate goals.



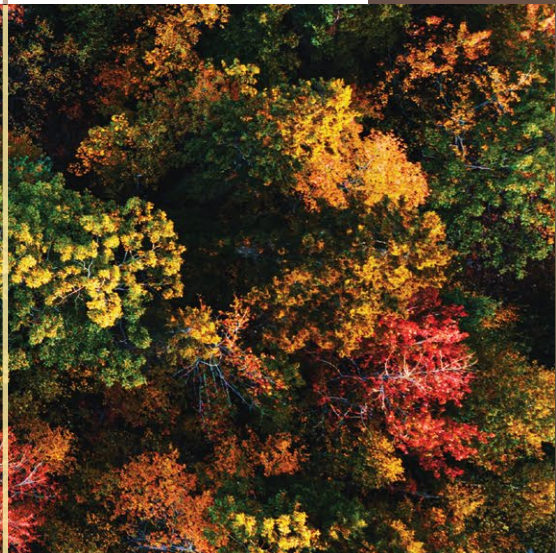
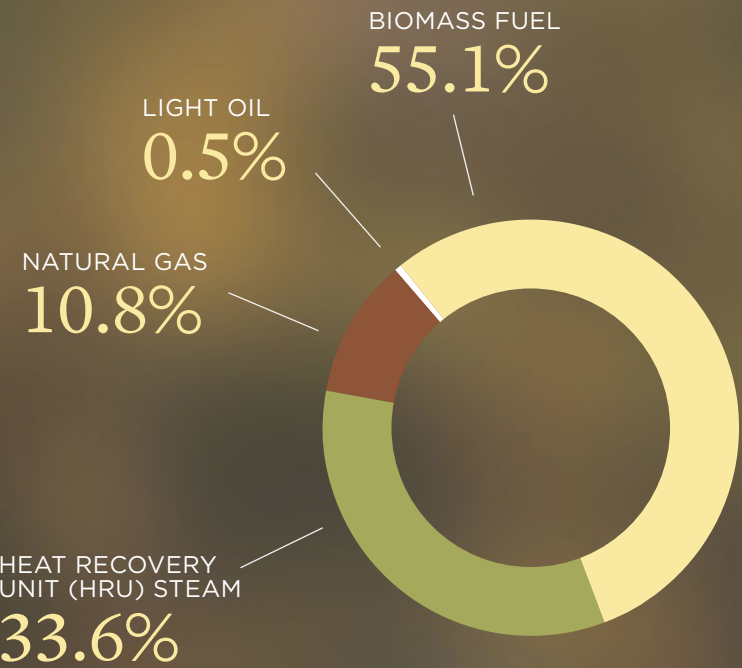
ELECTRICITY CONSUMPTION
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NET STEAM CONSUMPTION
GIGAJOULES PER METRIC TONNE OF PAPER PRODUCED



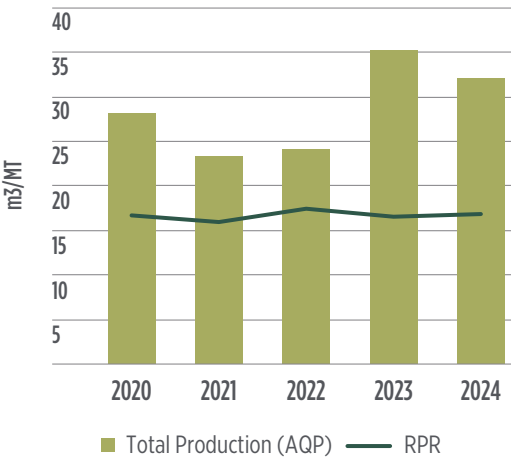
STEAM GENERATION FUEL MIX



Environment Canada Regulations provide an approved method for calculating a Reference Production Rate (RPR), which is the highest 90th percentile of the actual production rates for the previous three years. 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. In past years, this is how we presented data in the sustainability report. This year, we have provided per tonne results based on both RPR and the Actual Quantity Produced (AQP).

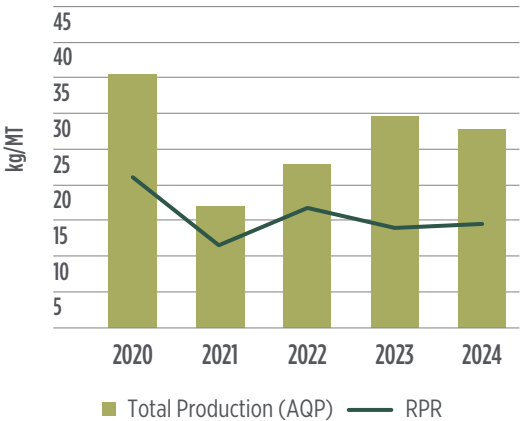
WATER USAGE

CUBIC METER PER METRIC TONNE OF PAPER PRODUCED



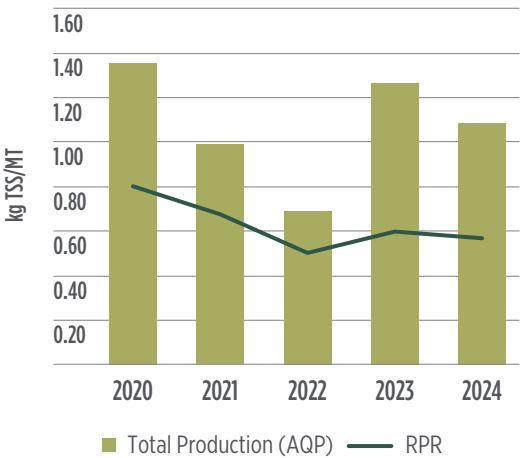
BIO-SOLIDS GENERATED

KG PER METRIC TONNE OF PAPER PRODUCED



TSS TO EFFLUENT TREATMENT

KG OF TOTAL SUSPENDED SOLIDS PER METRIC TONNE OF PAPER PRODUCED



Wind Energy Momentum

In 2024, the Goose Harbour Lake Wind Farm took a significant leap forward achieving full \$450 million project funding. This investment will accelerate construction of the 168-megawatt wind project, which includes 24 state-of-the-art Nordex N163 turbines equipped with cold climate and anti-icing technology.

A key component of the project is Indigenous equity participation. Through the Wskijnu’k Mtmo’taunuow Agency Ltd. (WMA), 13 Mi’kmaw First Nations will collectively own a 10% equity stake, with support from the Canada Infrastructure Bank’s Indigenous equity loan program. This marks WMA’s second clean energy investment and ensures long-term participation and governance representation for Indigenous communities.

The Goose Harbour Lake Wind Farm exemplifies how sustainable energy, economic development, and inclusive partnerships can work together to build a greener, more resilient future for Nova Scotia.

The wind farm will generate enough zero-emission energy to partially support both Port Hawkesbury Paper—the province’s largest industrial electricity user—and contribute to the provincial energy grid. Once operational in 2026, the project is estimated to reduce greenhouse gas emissions by more than 350,000 tonnes per year—equivalent to 2.4% of Nova Scotia’s 2021 total emissions.

The project is being led by RES Canada Construction LP and will create up to 150 jobs during peak construction and five permanent positions during operations.

168 Megawatts of Clean Power
13 Mi’kmaw Communities
1 Shared Future

The Goose Harbour Lake Wind Farm is driving sustainable energy and Indigenous economic participation across Nova Scotia.

HARNESSING THE WIND: A Comprehensive Journey Through Site Selection for Port Hawkesbury Paper Wind

The development of renewable energy infrastructure is a complex endeavor, particularly when it intersects sensitive ecosystems, stringent regulatory frameworks, and the need for community and environmental stewardship.

The Port Hawkesbury Paper Wind (PHP Wind) project – Goose Harbour Lake Wind Farm – exemplifies this complexity. Located in Guysborough County, Nova Scotia, this initiative has undergone a rigorous and iterative site selection process, balancing technological feasibility with environmental integrity and regulatory compliance.

The PHP Wind site was selected, refined, and finalized with the integration of advanced geospatial analysis, the navigation of provincial land entitlement

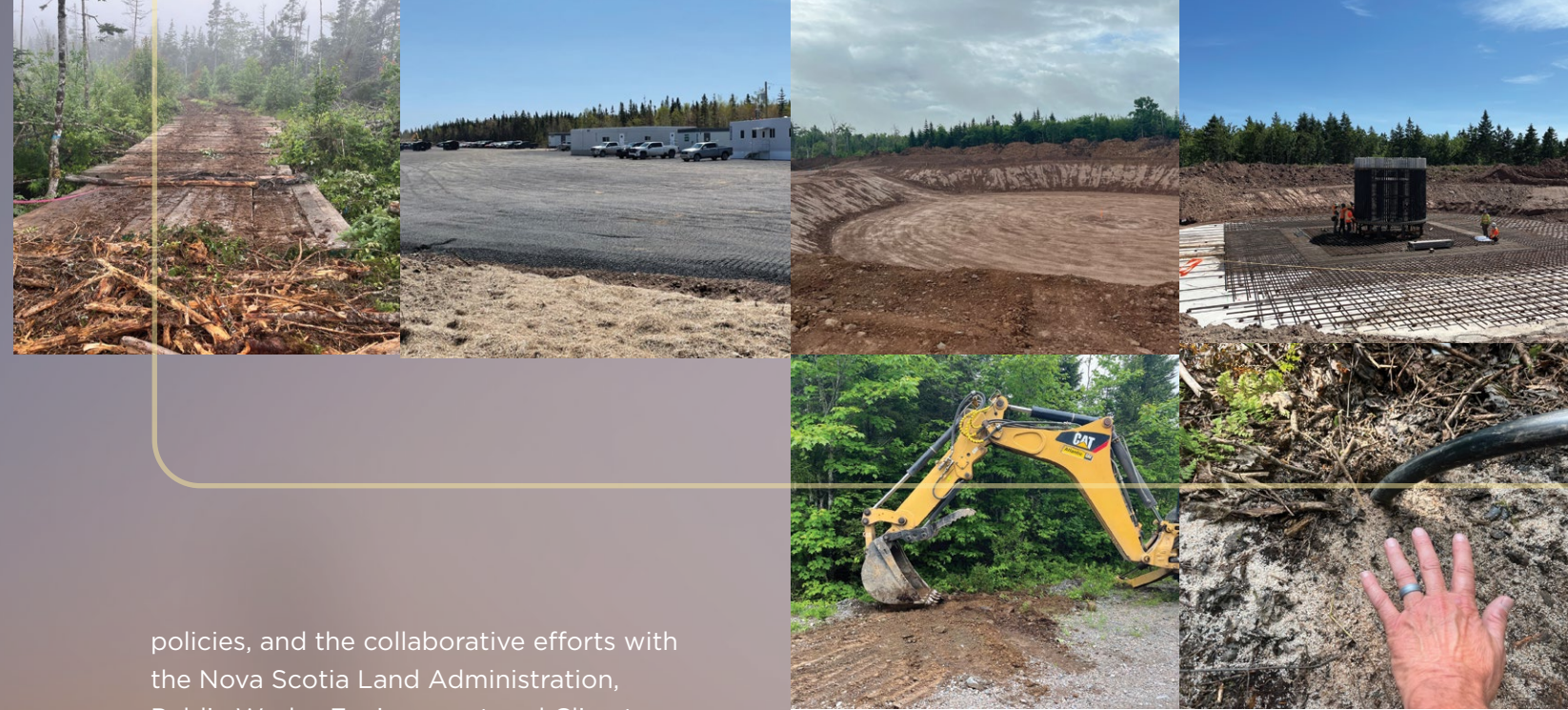
policies, and the collaborative efforts with the Nova Scotia Land Administration, Public Works, Environment and Climate Change (ECC) Department of Natural Resources (NSDNR) and its Integrated Resource Management (IRM) team.

The PHP Wind site selection process was not linear. It involved multiple iterations, stakeholder consultations, and adaptive planning. As new data emerged—whether from field surveys, community input or government feedback—the project team adjusted turbine locations, road alignments, and clearing extents accordingly, as there was private land entitlement on a remote lake that needed to be accounted for.

Operational datasets were continuously updated and shared with contractors, ensuring that all decisions were grounded in the most current information. This flexibility was essential in navigating the evolving regulatory landscape and maintaining the project's environmental and social license to operate.

Throughout the site planning process, several key factors were identified, defined, reviewed, assessed and reported before operations could proceed, including:

- Defining the Study and Assessment Areas
- Navigating Crown Land Entitlements and Property Identification Numbers (PID) Clarifications
- Road Network and Infrastructure Planning
- Environmental Assessment (EA) and Sensitive Area Compliance
- GIS-Driven Iterations
- Submission/Reporting to NSDNR and IRM Teams
- Old Growth Forest (OGF) Considerations
- Lichen Habitat Management
- Significant Habitat and Species at Risk (SAR)
- Field Technology and Real-Time Data Integration
- Development of Sites
- Adaptive Planning and Continuous Improvement



Supporting Our Communities in 2024

Port Hawkesbury Paper remains committed to building strong, healthy communities across our region. Through targeted charitable giving, active partnerships, and employee-led initiatives, we continue to invest in causes that create meaningful impact.



Co-op engineering and summer students

Advancing Education and Youth Opportunities. In 2024, we continued to offer bursaries to graduating high school students, along with university co-op placements, and job shadowing opportunities for high school and community college students.

Investing in Health Care. In 2024, PHP made the first of four annual payments as part of a \$100,000 commitment to the Cape Breton Regional Hospital's new Cancer Care Centre. This investment supports improved access to critical health services in our region. We also continued to fund local hospitals, health care providers, and medical organizations to promote wellness across our communities.

**15 Years
\$336,150 Raised**

PHP's Log A Load for Kids golf tournament continues to make a difference—supporting care, research, and equipment at the IWK Children's Hospital.



Ongoing Charitable Support. We proudly support a wide range of organizations that serve vulnerable populations, including food banks and women's shelters, as well as charitable foundations, palliative care societies, volunteer fire departments, and groups that provide services for seniors and low-income families.

Community Involvement and Events. PHP is a strong supporter of local festivals, concerts, sports teams, and recreation groups. We also work in cooperation with the Cape Breton Partnership, local Chambers of Commerce, and small businesses to promote economic development and regional pride.

15 Years of "Log A Load for Kids"

The 2024 "Log A Load for Kids" golf tournament marked the 15th year of this employee-led initiative, organized by our Woodlands team. This year's event raised \$25,250, bringing the total funds raised since the tournament began to \$336,150. Proceeds benefit the IWK Children's Hospital in Halifax, supporting the purchase of advanced medical equipment, improvements to care spaces, and ongoing research and programming for children and families across Atlantic Canada.

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 Altitude (SCA+++), Artisan® (SCA++) and Prominence® Plus (SCA+) brands for use in retail inserts, catalogs, magazines, circulars, coupons, and specialty packaging applications, and the Elevation Book and Offset grades for publishing and uncoated paper 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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