

Environmental Liaison Committee Mid-February Update

**Submitted to
Paper Excellence Canada and Northern Pulp Nova Scotia**

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Environmental Liaison Committee

As part of its desire to re-start its Northern Pulp Nova Scotia (Northern Pulp) kraft pulp mill, Paper Excellence Canada (PE Canada) is seeking feedback and input from the community to better understand and formulate an operation and stakeholder engagement plan. An independent, community-based Environmental Liaison Committee (ELC) has been established to act as an advisory body for the company by providing input on existing or potential concerns and solutions.

In October 2020, the ELC, comprised of individuals from the local community with forestry, fishery, labour, environmental science, and business backgrounds, was formed to develop an understanding of the issues that led to the closure of Northern Pulp's kraft pulp mill.

The objectives of the ELC are to:

1. Attempt to identify, review and prioritize potential environmental, forestry, marine, and community engagement issues and solutions related to Northern Pulp's operations;
2. Consider Northern Pulp's commitment to build long-term, mutually beneficial relationships with stakeholders and rightsholders when proposing potential solutions related to Northern Pulp's operations;
3. Reach a consensus on the issues and potential solutions related to Northern Pulp's operations; and,
4. Present findings to Northern Pulp Nova Scotia for further action related to the company's operations.

The ELC consists of individuals with diverse backgrounds and views on Northern Pulp's operations throughout Nova Scotia, and at the mill site. The Committee members do not represent any stakeholder groups specifically and are volunteering their time as individuals. ELC members include:

- Mr. Marshall Bateman
- Mr. Stuart Beaton
- Mr. John Boyd
- Mr. John Carruthers
- Mr. Jack Fraser*
- Mr. Sandy MacDonald*
- Mrs. Kim MacLaughlin*
- Mr. David MacMillan
- Mrs. Julia MacMillan
- Mrs. Kathy McMullen
- Mr. David Parker
- Dr. Michael van den Heuvel
- Mr. Andy Thompson
- Mr. Kevin Thompson

*Former Northern Pulp Nova Scotia employee

Meetings are being facilitated by Mr. Jol Hunter.

Work undertaken by the Environmental Liaison Committee

ELC members have met weekly since October 2020 to:

- Identify and discuss stakeholder and rightsholder issues and concerns with Northern Pulp's operations;
- Review alternatives to existing practices or previously proposed solutions; and,
- Identify opportunities that may lead to solutions for a modernized mill using best available technology, while following progressive forestry practices.

The ELC wants to ensure the concerns of stakeholders and rightsholders are clearly understood and addressed in Northern Pulp's potential proposed solutions and have been meeting with and reviewing input from the public.

An engineering firm with pulp and paper expertise has provided technical guidance and support to the ELC as it prepares an initial summary on potential solutions to address identified stakeholder and rightsholder concerns.

As of February 15, 2021, the ELC has undertaken 18 meetings, which included presentations by representatives of Nova Scotia Environment, Northern Pulp, Paper Excellence Canada, forestry groups and politicians. They have also reviewed written submissions received directly, reviewed comments Nova Scotia Environment received regarding Northern Pulp's Focus Report and Draft Terms of Reference for the Preparation of an Environment Assessment Report, and had informal discussions in the community.

The findings in this report reflect what the committee heard through these engagements and are mostly limited in scope to the committee's first two objectives:

1. To attempt to identify, review and prioritize potential environmental, forestry, marine, and community engagement issues and solutions related to Northern Pulp's operations.
2. Consider Northern Pulp's commitment to build long-term, mutually beneficial relationships with stakeholders and rightsholders when proposing potential solutions related to Northern Pulp's operations.

Going forward, the ELC will continue to reach out to individuals and groups who have previously expressed concerns about Northern Pulp's operations. Future reports will provide findings related to the committee's further objectives to reach a consensus on the issues and potential solutions related to Northern Pulp's operations; and present findings to Northern Pulp for consideration and further action related to the company's operations.

The ELC hopes its findings will be used to transform Northern Pulp's operations and strengthen the company's relationships within the communities in which it operates.

Preliminary Findings

The following is a summary of the Environmental Liaison Committee's (ELC) identification of key factors that contributed to Northern Pulp Nova Scotia's failure to obtain the necessary approvals to build a new effluent treatment facility (ETF), resulting in the mill's hibernation. The objective of this summary is to provide a starting point for addressing the issues in future operations.

The thoughts and ideas presented below are the result of ELC member discussions, meetings, interviews, and correspondence with representatives of Northern Pulp, the Government of Nova Scotia, and other stakeholders who have a vested interest in the mill's operations and proposed ETF. It should be noted that the ELC members recognize they may not have intimate or direct knowledge of the specific events that led to the hibernation of Northern Pulp. As such, the ideas presented below, represent the combined perspectives of Committee members after consultation with stakeholders and their own deliberations.

The factors identified below are current as of the report date and may change or expand as additional input is gathered from stakeholders.

The ELC has grouped all identified factors into six main areas:

1. Lack of Community Trust and Leadership
2. Effluent Treatment Facility
3. Odour
4. Air Quality
5. Forestry Practices
6. Community Involvement

1. Lack of Community Trust and Leadership

Some stakeholders and rightsholders do not trust Northern Pulp and PE Canada. This lack of trust on the part of some stakeholders and rightsholders resulted in a reluctance by some to even meet to have a conversation with the ELC. Many stakeholders feel there is a long history of pollution and an apparent lack of caring on the part of Northern Pulp and PE Canada.

Trust in the company through day-to-day operations of the mill and the Environmental Assessment (EA) process for the proposed ETF were brought forward as concerns from almost all stakeholders. The ELC has categorized the trust issue into the following topics:

- Leadership
- Stakeholder and Rightsholder Communication and Engagement
- Transparency and Confidence in the Data

Leadership

The ELC heard concerns from many stakeholders regarding the leadership at the mill. It was the view of stakeholders that leadership prioritized mill production over managing public issues and stakeholder concerns related to both mill operations and the stakeholder engagement process around the EA.

Possibly due to tight timing limitations within the EA process, the mill's management did not take the time to earn the trust of stakeholders—employees, forest contractors, sawmillers, private woodlot owners, community, retirees, government, etc.—and took for granted that traditional allies would continue to support the mill because of its significant economic impact and the region's dependence on its operations. Similarly, mill management was perceived to believe the mill was too important to fail. It was evident to stakeholders over the last number of years that managing its environmental performance (perceived or real) and maintaining a strong social license to operate were not as important to management as maintaining mill production.

In terms of the EA, stakeholders did not feel their concerns were being taken seriously and, in some cases, felt their concerns or criticisms were dismissed. Stakeholders feel that going forward PE Canada and Northern Pulp need to establish a talented team of professionals who can prepare and submit an EA that sincerely seeks and addresses stakeholder input and feedback.

Stakeholder and Rightsholder Communication and Engagement

The above-mentioned mill's management team's focus on operations and not on external relations, is believed by many stakeholders to have contributed to Northern Pulp's approach to stakeholder and rightsholder communication and engagement, and ultimately stakeholder and rightsholder distrust of the company.

Stakeholder communication and engagement should be a two-way process. Stakeholders did not feel that Northern Pulp took the time to truly consult or involve those impacted by their operations and the proposed solutions.

Additionally, the main overarching message that mill management presented stakeholders was an ultimatum—if you do not agree with our plan then we cannot operate—instead of addressing the questions, issues and concerns being raised.

Stakeholders felt that Northern Pulp remained too quiet during the final months of the EA process instead of engaging with stakeholders and providing facts and science to offset the emotion being expressed. This left stakeholders with the impression that Northern Pulp was not listening and responding to what was being presented to them by way of questions, comments and concerns.

Stakeholders also believe the mill's communications were overly focused on economic impact and lacked data and information related to environmental concerns and questions.

Lastly, Northern Pulp did not mobilize stakeholders who supported a safe and environmentally sound mill to communicate with government decision makers throughout the EA process. In the final months before the EA decision, the industry did mobilize to communicate their support of Northern Pulp, but the messaging was the same as the company's, focused on jobs and economic impact, and fell flat.

Stakeholders felt that long-term and consistent industry outreach to government that focused on forestry practices and the environment, in addition to economic impact, could have had a more positive impact.

The ELC acknowledges the importance of the relationship between the mill and its First Nations

rightsholder neighbour, specifically Pictou Landing First Nation. Their concerns have a far-reaching impact on many aspects of the mill's operations. The ELC will continue to encourage meetings and dialogue between the ELC and Pictou Landing First Nation to be held to build trust and better understand their concerns.

Transparency & Confidence in the Data

Both in relation to day-to-day operations at the mill as well as the EA process for the new ETF, stakeholders did not feel they had adequate data from Northern Pulp to properly understand the environmental impacts of the mill and/or the new ETF in relation to air emissions, effluent, water impacts, etc.

The company's lack of transparency around these issues as they related to day-to-day operations, combined with a perceived failure to provide timely and relevant information as requested by stakeholders through the EA process, further negatively impacted stakeholder perception. This increased distrust in both the operations of the mill and the potential impacts of the proposed ETF.

As a solution, some stakeholders have suggested that an independent third-party review confirm the validity of on-site testing, such as air emissions and water effluent, on a regular basis. This would show Northern Pulp is being transparent in its reporting and respects the desire of its host community to know what is happening.

2. Effluent Treatment Facility

Stakeholders echoed many of the same concerns that were expressed during the EA for Northern Pulp's proposed ETF. Many stakeholders continue to voice concerns around the environmental impact to fish habitat if the treated effluent is piped into the Northumberland Strait. Other stakeholders continue to be concerned about the potential impacts of the proposed pipeline going through the Town of Pictou's watershed. Overall stakeholders did not feel that concerns and questions raised around the proposed ETF were adequately addressed and want to ensure that any new proposal provides more information on the quality of the effluent.

It is not clear if it was the principle of having no treated effluent discharged into the Northumberland Strait, regardless of its composition, that caused the intense opposition. The combination of lack of trust in the company and/or the vagueness of the composition of the treated effluent created very high stakeholder concerns about discharge into the Strait. The concerns and feelings are quite acute and greater clarity should be sought to determine a possible harmonious path forward, if possible.

3. Odour

Many stakeholders expressed long time frustration with the constant odour caused by the operations of the mill and notice the absence of any foul odour since the mill was shut down. Stakeholders feel the constant odour impacts their enjoyment of their community and would look to Northern Pulp to find ways to eliminate odours that result from the day-to-day operations of the mill.

4. Air Quality

Although many stakeholders recognized improvements in Northern Pulp's air emissions, stakeholders expressed concerns around the air quality in the community due to emissions from mill operations and the lack of transparency that would allow citizens to know in real time the levels of emissions and their impacts on air quality in the local area.

Stakeholders expressed the desire for Northern Pulp to implement stronger air emissions targets and to provide better quality and real time information to the public should the mill restart.

5. Forestry Practices

Most stakeholders felt strongly that forestry in Nova Scotia must be done in accordance with best practices as outlined in the Lahey Report, and in a manner that foresters can make a living. Stakeholders expressed a desire for PE Canada and Northern Pulp to show leadership in supporting the full implementation of the Lahey Report and its sustainable forest practices. The ELC heard from some stakeholders who feel the Lahey Report cannot be effectively implemented without a kraft mill operating in Nova Scotia.

Further to Lahey implementation, some stakeholders would also like to see Northern Pulp take a public role in addressing negative perceptions of forestry practices within and outside their operations throughout Nova Scotia. It is believed by some that Northern Pulp's lack of involvement in the past resulted in many external parties, who may otherwise not have become part of the vocal opposition, wanting the mill closed due to its perceived negative impact on the forests of Nova Scotia. It will be important going forward for the mill to demonstrate its support for forestry across the province by helping educate Nova Scotians on the important forestry benefits of an operating mill.

6. Community Involvement

It is felt that Northern Pulp has not been living up to several of the values stated on PE Canada's website, specifically those related to building constructive relationships with stakeholders. There are many examples of this, including several listed above, but stakeholders are also concerned about retirees whose pension is underfunded and foresters who are suffering financial and other losses.

If PE Canada and Northern Pulp wish to restart the mill, stakeholders believe they will need to commit to being good corporate citizens. This means addressing the concerns listed above as well as committing to address the pension fund deficit and helping to provide an interim market solution. This will ensure forestry suppliers are available to the mill should it re-start after further environmental assessment, construction and commissioning activity.

A Vision of the Future (Preliminary)

It is clear from stakeholder input and discussions among ELC members that Northern Pulp must change its operations and practices if it is to reopen and satisfy various rightsholder and stakeholder concerns. While not a complete picture, the ELC has developed the following preliminary picture of a reimagined operation of the mill:

First Nations, including Pictou Landing First Nation

- In response to their requests as a condition to work with Northern Pulp going forward, withdraw the current Environmental Assessment and application to the Nova Scotia Supreme Court for judicial review of the December 17, 2019, decision by the Minister of Environment requiring a full environmental assessment report for the current design;
- Develop and implement a mutually agreed upon plan to build trust and undertake consultations on the path forward; and,
- Work together to identify partnership opportunities and synergies from mill operations that could support first nations economic development.

Mill Leadership

- Separate leadership functions between mill production and external relations (e.g., rightsholder and stakeholder engagement, environmental assessment);
- Develop mutually respectful relationships with elected and non-elected representatives at all levels of government; and,
- Act in a timely manner on matters and issues of importance to stakeholders and rightsholders.

Environment

- Ensure the effluent being discharged meets the highest environmental standards in the world;
- Ensure the effluent being discharged is similar in composition to the receiving water;
- Minimize the quantity of effluent released by better managing water usage;
- Remove odour from normal pulp mill operations;
- Implement real-time transparent disclosure of environmental effects;
- Retain an independent third-party to verify the environmental effects of mill operation; and,
- Establish a third-party certified Environmental Management System (ISO 14001) for the mill operations.

Forestry

- Implement the full Lahey Report recommendations on all Northern Pulp owned and managed land;
- Develop and implement a detailed plan for an interim solution to support the forestry supply chain through the Environmental Assessment and upgrades to Northern Pulp;
- Continue to support the recreational use of Northern Pulp owned and managed land;
- Where appropriate, designate lands of biological significance and uniqueness better suited to conservation and preservation; and
- Develop and maintain mutually beneficial business relationships with all its forestry suppliers.

Community

- Develop mutually beneficial and trusted relationships with the communities in which Northern Pulp operates; and
- Live Paper Excellence's espoused values with all stakeholders and rightsholders.

Operations

- Provide a safe and respectful environment for all employees, suppliers and stakeholders;
- Instill a culture of continuous improvement that produces an excellent product, is recognized by peers as a best-in-class environmental performer, a best-in-class employer, and provides a sustainable return on investment for its shareholders;
- Develop and maintain mutually beneficial business relationships with all its suppliers; and,
- As part of the transformation of mill operations and business operating principles, improve the visual appearance of the mill site.

Recommended Engineering Solutions

An engineering firm with pulp and paper expertise is developing recommendations for potential solutions to address the concerns identified by the ELC, stakeholders, and rightsholders, as outlined in this report. Among the preliminary conceptual solutions are:

- The conversion of the recovery boiler to a low odour configuration;
- The addition of a tertiary treatment system on the treated effluent;
- The update and third-party certification of the mill's environmental management system; and,
- Implementation of process changes, including replacement of the power boiler venturi scrubber with a wet electrostatic precipitator, to reduce the number of visible plumes emitting from the mill.

The ELC encourages PE Canada and Northern Pulp to further explore potential solutions, and to engage in two-way dialogue with stakeholders and rightsholders to determine if proposed solutions are suitable and viable options for transforming the mill.

Next Steps

ELC members believe there remains significant work to do to achieve the Mandate of the committee.

The ELC will continue to reach out to individuals and groups who have previously expressed concerns about Northern Pulp's operations. Over the next several months, the ELC will provide interim updates and make recommendations covering many aspects of Northern Pulp's operations from forestry practices through to community engagement.

Acknowledgement

The Environmental Liaison Committee (ELC) would like to acknowledge and thank the stakeholders, government representatives, and Northern Pulp Nova Scotia management who have met with them and participated in open, frank, and sometimes difficult, discussions over the past few months. The ELC continues to contact and encourage other stakeholders and rightsholders to participate in our process.