

Port Hawkesbury Paper LP

Modern Slavery Report

For the Financial Year Ended December 31, 2023



2023 Modern Slavery Report

1. Introduction

This is the 2023 Modern Slavery Report (“**Report**”) issued by Port Hawkesbury Paper LP (“**PHPLP**” or the “**Company**” or “**our**” or “**we**”), for the activities during the financial year ended December 31, 2023 (the “**Reporting Period**”), in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (S.C. 2023, c. 9) (the “**Act**”). This Report only covers the activities and actions of PHPLP.

2. Steps Taken to Prevent and Reduce Risks of Forced Labour and Child Labour

PHPLP maintained its Core Labour Requirements Policy which includes a section on Abolition of Child Labour. PHPLP also established a list of forward-looking measures to ensure the ongoing effectiveness of the Core Labour Requirements Policy and to strengthen our commitments to reducing risks of forced labour and child labour in our activities and supply chains.

3. Structure, Activities, and Supply Chains

Structure

PHPLP is a limited partnership located in Nova Scotia, Canada.

PHPLP is a key economic engine and cornerstone of Strait Area. Today, the mill employs over 1,200 people (326 directly and over 900 contractors; 50% in Woodlands and 50% at the facility) and is a significant contributor to the local (rural) economy of Nova Scotia.

Activities

PHPLP produces high-quality paper products and has been recognized as a leading manufacturer of Supercalendered Paper in North America. The Company manufactures up to 360,000 metric tonnes of paper annually.

The mill site was first developed in 1962 with the start-up of a sulfite pulp mill. Within ten years, the mill added a newsprint machine and continued to manufacture newsprint and pulp for the next three decades. In 1998, a new Thermo-Mechanical Pulp plant and Supercalender machine were installed. In 2012, the mill was purchased by Stern Partners Inc. as PHPLP. The mill continues to operate today as a world-class high-tech facility, manufacturing Supercalendered Paper.

The mill manages over 510,000 hectares of Crown land in eastern Nova Scotia and is independently certified to three different Forest Certification programs (Forest Stewardship Council, Sustainable Forestry Initiative, and Programme for the Endorsement of Forest Certification) that verifies that the forests are being managed sustainably and to the highest standards. The Company strives to balance its approach under four key focus areas: Environmental, Social, Cultural and Economic. As such, their forests are managed for a

very diverse set of values including but not limited to wildlife, conservation and protection, recreation, fibre supply, Indigenous and carbon.

PHPLP's products are sold globally through a network of distributors, printers and commercial companies that utilize Supercalendered Paper for magazines, publications, catalogs, and special packaging applications. In addition to business activities occurring in Nova Scotia, PHPLP also conducts business with companies throughout Canada, the United States and Europe.

Supply Chains

PHPLP's paper products are exclusively manufactured in Nova Scotia, Canada. The majority of PHPLP's sourcing from a value standpoint is wood fibre, which is solely sourced from Canada.

PHPLP has a focus on local sourcing in Nova Scotia where possible, with quality goods and services being paramount. A 2023 Economic Impact Study of PHPLP conducted by Gardner Pinfold indicated that PHPLP supports a supply chain of over 500 companies in Nova Scotia. In addition to this direct sourcing from Nova Scotia, PHPLP conducts business with up to 500 companies through Canada, the United States and Europe in any given year.

Services acquired by PHPLP from its suppliers include: repair and maintenance; transportation; stevedoring; environmental; electrical; construction; and specialized trades.

Goods acquired by PHPLP from its suppliers include: parts and equipment (e.g. machine parts, equipment and its parts, motors, bearings, vehicles, building supplies); and chemicals and other raw materials (wood fibre, clay, various chemicals, finishing materials). Goods are sourced and shipped via ship, rail and truck.

4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Policies

PHPLP has developed and maintains a Core Labour Requirements Policy ("**Policy**") that specifically addresses the Company's position and commitments in relation to forced labour and child labour. The Policy was in place throughout the Reporting Period.

The Policy states:

We at PHPLP are committed to demonstrating the highest level of ethical principles. We are fair in our procurement dealings and avoid any adverse conduct. It is the responsibility of all our employees, to maintain and exhibit faultless standards of integrity in all aspects of our business, both internally and externally, and firmly to reject those practices that may reasonably be deemed improper, ensuring that we are trusted and respected and that we are known for carrying out business efficiently in a fair and reasonable manner, and with integrity.

The Policy includes the following statements and elements:

- Abolition of Child Labour — Work undertaken by people of 18 years or under without consideration for their personal development, safety, education, or health is prohibited. We support the long-term elimination of child labour, and the company does not engage in any form of forced and/or compulsory labour.
- Elimination of All Forms of Forced and Compulsory Labour — Forced, bonded or compulsory labour is not used, and employees are free to leave their employment after reasonable notice. Employees are not required to lodge deposits of money or identity papers with their employer.
- Right to a Living Wage
- Avoidance of Excessive Working Hours
- Safe and Healthy Working Conditions

Due Diligence Processes

Within the Reporting Period, PHPLP's human resources, finance, purchasing, and operations teams were responsible for ensuring compliance with laws and internal policies, including compliance with the Policy and its specific statements and elements noted above that address forced labour and child labour.

5. Forced labour and child labour risks

PHPLP avoids doing business with companies operating in high-risk jurisdictions.

Due to the nature and location of its operations being predominantly located in Canada (as discussed in further detail at section 3.) PHPLP considers the risk of use of forced labour or child labour practices in its operations and supply chains to be low. Similarly, PHPLP considers the risk of involvement in modern slavery practices by its suppliers to be low. Nonetheless, PHPLP remains committed to taking steps to identify and address potential incidents of forced labour or child labour in our supply chains.

Most of our suppliers are in countries with high standards of protection for employees and the rights of individuals, and do not pose a high degree of risk of forced labour or child labour practices. We acquire goods and equipment and services from reputable, well-known suppliers who also primarily operate in countries with proportional protections for employees and other individuals. Our primary suppliers are located in Canada, the United States and Europe. The majority of our suppliers have been doing business with the Company for more than 10 years.

6. Remediation Measures

PHPLP has determined that the activities within PHPLP's supply chains carry a low risk of forced labour or child labour being used and as such, remediation is considered not applicable.

7. Remediation of Loss of Income

PHPLP did not take any measures during the Reporting Period with respect to remediating any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains, as no specific actions were necessary.

8. Training

During the Reporting Period, PHPLP did not conduct training specifically on forced labour and child labour.

In 2024, PHPLP intends to develop training, including familiarization with and adherence to the Act and the principles in the fight against forced labour and child labour, for employees, including senior management, who have close involvement with procurement. This training will include a sign-off that employees have read and understood the training materials. Employees will also be required to sign-off on the Company's Code of Conduct.

9. Effectiveness Assessment

During the Reporting Period, PHPLP did not take any actions to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains.

Going forward, in addition to ensuring the ongoing effectiveness of the Policy, PHPLP intends to implement the following measures:

- Mandatory sign-off on the Company's Code of Conduct for all employees;
- Employee training, including a sign-off that employees have read and understood the training materials and will adhere to the Act;
- Risk review for all suppliers;
- Revision to purchase order terms and references to include a statement regarding the Act.

10. Approval and Attestation

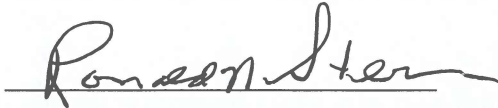
This Report was approved by the Board of Directors of Port Hawkesbury Paper GP Ltd., in its capacity as the general partner of PHPLP for the financial year ended 2023, pursuant to paragraph 11(4)(a) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the

information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I make the above attestation in my capacity as a director of Port Hawkesbury Paper GP Ltd., in its capacity as the general partner of PHPLP.

Ronald N. Stern
Director
May 27, 2024

A handwritten signature in black ink, appearing to read "Ronald N. Stern", is written over a horizontal line.

I have authority to bind PHPLP