

Environmental Liaison Committee (ELC) Interim Project Summary

**Submitted to
Paper Excellence Canada, Northern Pulp Nova Scotia, and Ernst & Young Inc.
acting as court appointed Monitor of the CCAA proceedings**

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a) Executive Summary

Since the Environmental Liaison Committee (the “**ELC**”) issued their initial report in February 2021 (the “**First Report**”), the ELC has continued to review the results of its findings. This is the second report written by members of the ELC which describes the activities and findings since the First Report was issued. The ELC has been meeting regularly since October 2020 and this report addresses ELC activities subsequent to the issuance of the First Report.

The ELC has developed a new mandate (Term of Reference outlined below) with direct reporting to Ernst & Young Inc. acting as Court appointed Monitor of Northern Pulp Nova Scotia and related entities (the “**Monitor**”) while Northern Pulp (“**NP**”) is undergoing CCAA proceedings. This report will be considered by the Monitor as they continue with their professional responsibilities under the CCAA.

The ELC has been taking specific actions to ensure NP has received community and stakeholder feedback with respect to future Mill operations by:

- Holding a series of meetings with NP to provide feedback from the stakeholders;
- Attended NP organized presentations to stakeholders to ensure feedback is free flowing;
- Continued to reach out to all stakeholders to ensure they are being heard.

To date the ELC has met with community stakeholders and received a number of presentations to better understand the various sides of the community’s view on the Mill’s situation. While not all stakeholders have accepted the ELC’s invitations to meet, efforts continue to ensure they all understand the invitation remains open.

The ELC is pleased with the community interaction and the results of their efforts to date, including providing comments and feedback on NP’s presentation to stakeholders - currently at version 21 based on feedback NP has been receiving.

The ELC has created a website (www.elc4ns.ca) where the presentations are filed.

b) ELC Terms of Reference (TOR)

The ELC’s TOR can best be described as:

*To encourage that any transformation of the Northern Pulp mill (the “**Mill**”) be done in accordance with a manner that respects the environment (land, sea, and air) and promotes economic and social well being for its community partners, while respecting the unique cultural and traditional requirements of our Indigenous communities.*

The objectives of the ELC include the following:

- Attempt to identify, review, and prioritize potential environmental, forestry, marine, and community engagement issues and solutions related to NP's operations.
- Monitor NP's plan for a mill restart, including every aspect of community engagement, planning, communications, and its building of mutually beneficial relationships with its stakeholders.
- Aid NP in the identification and initial development of mutually beneficial relationships with its stakeholders by facilitating open and honest two-way communications with stakeholders committed to finding mutually beneficial solutions.
- Provide findings and feedback to the Monitor and NP for further action related to the company's operation.

c) Initial ELC Report

It is important to understand that the First Report findings focussed on 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

Furthermore, the First Report provided its vision of a future Mill:

It is clear from stakeholder input and discussions among ELC members that NP 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 established the following categories for a picture of a reimagined operation of the Mill:

1. First Nations, including Pictou Landing First Nation

- In response to their requests as a condition to work with NP 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.
- Work together to identify partnership opportunities and synergies from Mill operations that could support first nations economic development.

2. 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 representative at all levels of government.
- Act in a timely manner on matters and issues of importance to stakeholders and rightsholder.

3. Environment

- Ensure the effluent being discharged meets the highest environmental standards in the world.
- Ensure the effluent being discharged has as similar 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 effect.;
- Retain an independent third-party to verify the environmental effects of Mill operation.
- Establish a third party certified Environmental Management System (ISO 140001) for the Mill operations.

4. Forestry

- Implement the full Lahey Report recommendations on all NP 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 NP.
- Continue to support the recreational use of NP owned and managed land.
- Where appropriate, designate surplus land as protected areas.
- Develop and maintain mutually beneficial business relationships with all its forestry suppliers.

5. Community

- Develop mutually beneficial and trusted relationships with the communities in which NP operates.
- Live Paper Excellence's ("PE") espoused values with all stakeholders and rightsholder.
- Engage in potential business and educational opportunities for the community.

6. 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 ethical business relationships that are mutually beneficial with all its forestry suppliers.
- Improve the visual appearance of the Mill site, as part of the transformation of Mill operations and business operating principles.

d) Specific Categories and ELC Follow Up

1. First Nations, including Pictou Landing First Nation

The ELC has been unable to convince the Pictou Landing First Nation (the “**PLFN**”) to meet to discuss issues and areas of common interest. Several attempts have been made through various contacts in the community. The ELC will continue to encourage dialogue with this important community partner.

2. Mill Leadership

Discussions have occurred with PE/NP regarding the ELC’s view of the management organizational structure needed in Nova Scotia in order to successfully build trust with the community. The ELC supports the efforts of the NP personnel heading up the EA process, but remains concerned about the timing to react with community engagement beyond the EA process. The ELC has drafted a list of specific suggested actions PE/NP can review which may result in actions being taken. The ELC feels these actions will demonstrate to the community how committed PE/NP are in having the Mill reopen.

3. Environment

Since the issuance of the First Report, the development of the “Tomorrows Mill” website has addressed in principle the community issues identified by the ELC. The reaction of the Community through the EA review will be closely monitored by the ELC to understand the community’s reaction as follows:

- Impact on the Environment
 - a. Benefits of the Sustainable Future - NP’s Vision to be one of the world’s cleanest, most environmentally friendly focused, and community-based mills
 - b. Climate change improvement proposed in the plan includes reduced wastewater effluent, reduction in odours, visible plumes, and water usage
 - c. Independent measuring and reporting of environmental impacts, including a public dashboard and Management system
- Monitoring of ongoing stakeholder concerns

- a. ELC will receive regular reports from NP throughout the EA process
- b. Continue to receive feedback and report concerns from the community back to NP
- c. Continue to monitor and respond to emails and web traffic on ELC website
- d. Regular meetings and record keeping of ELC activities

4. Forestry

Through the ELC forestry sub committee, key concerns of this sector remain a high priority:

- I. When the Mill plans to reopen - will there be a sector remaining large enough to supply the required wood products?
- II. With the implementation of the Lahey report - will there be enough harvestable product to sustain the Mill?
- III. The ELC will continue to press PE/NP to provide bridge financial support to help the existing forestry sector sustain itself while the EA and construction process is underway.

5. Community

This remains one of the most important responsibilities of the ELC, if not the most important role, in ensuring that community issues with NP are heard and responded to appropriately by NP. This is of paramount concern to the Provincial government who want to hear feedback from the community, and certainty that NP has addressed all these fears and concerns satisfactorily.

Steps taken with NP to address community/stakeholder's concerns:

- I. NP has been open and communicates well with the ELC including regular updates and looks for input on external presentations to stakeholders
- II. The ELC has ongoing discussions with NP with respect to all stakeholder feedback received
- III. NP will need to continue to update the ELC on a regular basis to ensure that the impacts of feedback are considered throughout the EA process. So far NP has responded well to the feedback – for example, outcomes of the First Report have been reviewed and discussed with various NP representatives which have been incorporated within NP's "Tomorrows Mill" planning document (the "**Plan**").

6. Operations

While PE/NP currently has their primary focus on the EA process, the ELC will continue to discuss and emphasize the importance of how the Mill is managed with the community. This will include communicating to the community and reporting how the Mill will implement and comply with all the operational procedures outlined in their Plan.

e) ELC Communication with Stakeholders

To educate itself, the ELC developed a list of areas of interest where presenters have provided guidance and insight, over and above NP offered resources including:

- a. understand the specific issues of concern for all sides
- b. communicate same and encourage Northern Pulp to address issues identified as part of its future planning considerations

To date there have been 28 presentations made and discussions with interested parties at the ELC meetings. The purpose and useful output of these sessions has been to demonstrate to the stakeholders that the ELC is actively listening to ensure stakeholder issues are understood.

In addition, the ELC has broadly advertised and invited different groups to come forward and participate in similar discussions as a means of engaging, in the broadest sense possible, the community affected by the Mill shut-down. As a result of these meetings the ELC has been able to communicate community concerns to NP, and where applicable have those concerns addressed through the amended Plan.

Stakeholders were invited through direct approaches as well as public advertisement to present to the ELC. The ELC has, through ex officio membership, a NP and Monitor representative at all weekly meetings and presentations with findings being summarized in the minutes.

Where significant changes were required regarding major issues, the ELC did 'follow-ups' through reviews of the Plan to ensure the revised changes were appropriately presented.

It is important to note that, there are certain stakeholder groups that have been asked to attend an ELC meeting, however, the ELC is still waiting for confirmation from these stakeholders to schedule a date to present or have a discussion.

The ELC is encouraged by the stakeholders who have come forward and remains hopeful the others will see the benefits of entering into similar dialogue.

f) NP Presentations to Stakeholders

The ELC has been invited to attend NP's presentations of its Plan.

During some presentations, NP representatives left the room or video call in order for ELC members to receive frank and open feedback. This has been very useful for hearing honest and open questions from participants, and comments regarding their own individual situations. This has resulted in additional issues and concerns being shared with NP.

In addition, for the sessions the ELC did not attend, NP has shared all the documented feedback. The ELC intends to consider this feedback and its impact moving forward on the Mill reopening plans.

Since June, 3 NP representatives, accompanied by the ELC, have presented to the following groups:

- Town of New Glasgow
- Sawmill owners and forestry
- Pictou County MLA's
- Deputy Minister and staff of NS Department of Lands & Forestry
- Pictou County Mayors and Warden
- NP Woodlands
- Unifor National Executive and Local 440 President
- Forest NS and Canadian Woodlands Forum
- NP retirees
- NP former employees
- Gulf NS Bonafide Fisherman's Association
- Maritime Aboriginal Peoples Council
- Media representatives
- Northumberland Fishermen's Association
- Town of Pictou Council
- Municipality of Pictou County
- Gerald Battist Trucking
- Town of Stellarton
- Municipality of Colchester
- Town of Westville
- Town of Trenton
- Town of Truro
- Maritime Fishermen's Union
- NP Suppliers

There was good discussion and questions during all presentations which provided feedback on these key areas:

- What discussions have taken place with the Province of NS?
- What's your plan for forestry contractors?
- What conversations have been held with First Nations?
- What is in the effluent? Where will it be discharged?
- The numbers and percentages in the presentation - can these be explained better?
- How will things be different this time?
- What does best in class/best practice mean?
- How is the project being funded?
- What is the arrangement with Boat Harbour and the Province of NS?

- Why has the project changed from the last EA?
- How can the Pictou harbour flush the effluent now, when it was stated previously it wasn't possible?
- How does NP build trust back in the community?

g) The Importance of NP's Mill operation to the NS Economy

The ELC has heard from many members of the community that it is important that stakeholders and rightsholders understand the future economic impact that the business operation of the Mill will have on the Province of NS, the local municipalities, businesses, and individuals and families. With all the attention given to the EA process, the impact on the financial affairs of Nova Scotians seems to be overlooked as an important consideration in the data gathering to assess the reopening plan. NP is a significant source of economic activity in rural NS, areas where it is common to have higher unemployment. NP is in a unique position to partner with the entire forestry sector, including sawmills and harvesters.

Certain economic factors support the comments the ELC has heard with respect to the importance of NP in the forestry sector:

- NP's Kraft pulp is used globally to produce commonly used household products including, tissues, towels, toilet paper, and writing and photocopy paper.
- NP is a significant exporter through Halifax Harbour – receiving approximately 50 to 55 trucks each weekday with Kraft pulp delivered for shipping worldwide. In addition, NP receives 120 truck loads of chips daily. NP supplies 30% of roundwood to NS sawmills, and in return purchases 90% of chips produced by sawmills in NS.
- NP is an integrated operation managing 250,000 hectares of forest lands and grows 6,000,000 seedlings a year for reforestation. NP's operations are critical to the implementation of the recommendations of the Lahey Report to sustain forestry operations in NS.

In addition, below are some key historical financial facts (per Gardiner Pinfold 2019 Economic Study):

- NP manufactures 280,000 tonnes of high-quality Kraft pulp per year
- 352 employees on direct NP payroll - \$34M annual salaries – average \$85,000 per employee; and 2,679 FTEs supported by NP expenditures for a total payroll impact of \$128M
- 1,300 businesses in supply chain, including 943 in NS - \$279M in spending
- HST and Excise Taxes - \$18.7M to Province of NS; \$19.7M to Government of Canada
- Property taxes to Municipalities - \$650,000 paid by employees and \$538,000 paid by NP (\$358,000 in 2021 with Mill in hibernation)

- Capital improvements for Mill Transformation forecasted to be \$350M to enhance current operations – providing a much-needed fiscal stimulus in the local area – a significant investment amount – approximately 50% will be wages resulting in 600 jobs during construction

h) ELC’s Role in Maintaining and Increasing Stakeholder Feedback

The ELC remains committed to seeking out and receiving feedback from the community. The ELC has its own general email address which is monitored for questions and other requests. In addition, the ELC has its own website (www.ELC4ns.ca) where interested parties can find information and a means to contact the ELC. The ELC continues to assess its membership and invite new members to the committee to broaden its experience and knowledge base to deal with stakeholder and rightsholder issue.

i) Future Work Plan of the ELC

- I. The ELC will continue to meet and reassess its performance and impact on NP’s activity and success in meeting its stated objectives
- II. Seek out and continue stakeholder and rightsholder consultations throughout the EA process
- III. Receive regular updates from NP
- IV. Issue progress reports to the Monitor
- V. Solicit feedback from both the Monitor and NP on the role of the ELC
- VI. Receive regular updates on the involvement of PLFN in NP plans and activities
- VII. Develop a process tracking all emails, questions or concerns passed on to NP for answers or clarification ensuring the community’s issues are being addressed
- VIII. A letter will be sent out to NP suppliers asking for feedback on the impact of the NP closure on their business and how this has affected them and ask what concerns or comments suppliers would like NP to address
- IX. Develop a list of potential actions for NP to help build trust in the community

j) Recommendations and Summary Comments

The ELC continues to believe that its members can provide a valuable service to not only NP, but the community as well. The ELC are the “eyes and ears” for NP and provide them with valuable feedback that they may not otherwise receive.

At the same time, the ELC can ensure that there is an appropriate and timely response by NP to issues raised. This will enhance the reputation of the ELC in the community as an independent and transparent committee of interested participants who want to see NP carry out its reopening plans in a manner respectful for the community and environment.

The ELC will complete a stakeholder analysis and establish what motivates each group creating a profile and action plan based on those items. In addition, the ELC will determine how these groups would like to receive information and in what form they would like to communicate with such as newsletters, reports (weekly, monthly), email, online platforms, social media, phone calls, or directly in person or group meetings.

Appendix A – Governance of the ELC

a) Background on ELC and Membership

The ELC continues to diversify its membership and has recently added four new members. The ELC consists of individuals with diverse backgrounds and views on NP's operations throughout Nova Scotia, and at the Mill site. The members do not represent any stakeholder groups specifically and are volunteering their time as individuals.

ELC members include:

- Marshall Bateman-Forestry Contractor
- John Boyd-Fisher
- John Carruthers, FCPA
- Nancy Dicks-Town of New Glasgow Mayor (N)
- Jack Fraser- NP retiree
- Kris Hunter- Biologist (N)
- Jack Lewis- Engineer (N)
- Sandy MacDonald-Fisher and former NP employee
- Nick MacGregor- Local Business Owner (N)
- Kim MacLaughlin- former NP employee (ELC Chair)
- David MacMillan-Forester
- Julia MacMillan- Forester (ELC Vice Chair)
- Ian McKay – Community member (N)
- Kathy McMullen -Town of Pictou resident
- David Parker- Municipality of Pictou County Counsellor
- Dr. Michael van den Heuvel- UPEI scientist
- Andy Thompson- Municipality of Pictou County Counsellor
- Kevin Thompson- Fisher

N- new member

b) Subcommittees of ELC

The ELC has recognized the need for subcommittees to be organized who can focus on specific stakeholder groups of importance for feedback. It is important to note each sector has significantly different needs and objections. The following subcommittees have been identified:

- Fisheries
- Forestry
- Community/Climate Change
- Nominating
- Communications

Each ELC subcommittee has created a mandate:

- **Fisheries Mandate**

It will reflect and echo the fishing community's concerns regarding potential impact on marine environment, fish habitat, and possible social partnerships, while respecting the unique cultural and traditional ways of our Indigenous communities.

- **Forestry Mandate**

It will review present forest practices and recommend adjustments to these practices to meet the spirit and objectives of the Lahey report, climate change, waterways, fauna, and society needs. To create the model of sustainable, ecological, and economic forest management in the Maritimes for the new Northern Pulp.

- **Community/Climate Change Mandate**

It will strive to understand climate change globally, to understand the effects of climate change regionally, to understand the effects of industry, specifically, the pulp and paper industry on climate change, to explore the opportunities for industry mitigation regarding climate change, to explore specific mitigation opportunities re: Northern Pulp, liaise with the regional community on opportunities for Northern Pulp to build a lasting, positive community legacy, engage with community interest groups (non-profit, recreational, charitable) to build an inventory of current and future support opportunities for the new NP.

- **Nominating Mandate**

It will produce a slate of well-balanced individuals from (but not limited to) the following backgrounds: First Nations, Forestry, Fishing, Community (including community political representatives), Employees (recent and former), Science, and Commercial/Industrial. The hope is that there will be a strong focus on engaging members with opposing or uncommitted views which will lead to providing NP with insight on the issues and views to enable the Mill to be best in class while meeting the needs of the community at large.

- **Communications Mandate**

It will reflect and echo the community's concerns with the environment (land, sea, and air), forestry practices, economic and social partnerships, while respecting the unique cultural and traditional ways of our Indigenous communities.

The members of each subcommittee are developing their own action plan and will reach out to these stakeholder groups to solicit feedback about NP's reopening plans. Through their efforts each subcommittee will focus on the following questions and report back to the ELC:

1. How does each Committee see its role and how does the operation of the Mill impact them?
2. What is the current business impact of the Mill in mothball status? Going forward?
3. How does each Committee see the Mill's effect on their users for the Lahey report fulfilment, climate change, and environmental issues?
4. How does the Committee see NP's role as to future directions and in making a positive effect on the surrounding community efforts in their area?

The work of the Subcommittees will be ongoing as the Environmental Assessment process with the Province of Nova Scotia unfolds.