

Environmental Liaison Committee (ELC)

“A Community Liaison Committee”

Third 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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Executive Summary

The ELC continues to operate under the Court approved mandate (Terms of Reference) 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. The Monitor will consider this report as they continue with their professional responsibilities under the CCAA.

The ELC’s role is to inform the Mill transformation by:

- Reaching out to stakeholders to ensure they have an opportunity to be heard.
- Holding meetings with Northern Pulp to provide feedback from stakeholders.
- Attending NP organized presentations to stakeholders to ensure dialogue is free flowing and recorded.

To date, the ELC has met with numerous community stakeholders and received presentations to better understand the views and perspectives on the Mill of various groups and individuals. While not all stakeholders have accepted the ELC’s invitations to meet, efforts continue to ensure that all stakeholders understand the invitation remains open and the ELC would welcome their views at their convenience.

The ELC will continue to engage with the community and are planning “Town Hall” style meetings for additional face-to-face conversations with stakeholders and residents.

Interestingly, during the period covered by this report, NSECC provided an opportunity for public input on the Draft Environmental Assessment Terms of Reference for the proposed mill transformation. Encouragingly, there was a very robust response from Pictou County with close to one thousand submissions submitted. More is reported on these consultations in the Community Section of this report.

The ELC is pleased to provide its views in the recommendations section to encourage further progress to the government, Northern Pulp and the CCAA guardians.

This report should be read in conjunction with the ELC’s February 2020 report (the “**First Report**”) and the ELC’s October 2021 report (the “**Second Report**”).

ELC Terms of Reference (TOR)

The TOR defines the ELCs purpose 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 ELC’s October 14, 2021, Report details the objectives of the ELC.

Summary of Third Report Activities

Throughout the report period, the ELC met at least bi-weekly and considered many subjects to provide input to Northern Pulp and the Monitor. The main ELC activities included hosting external groups including;

Paper Excellence/NP	October 13
Friends of New Northern Pulp	October 20
Kris Hunter, Nova Scotia Salmon Assoc./Atlantic Salmon Fed.	January 19
Loon Lake Association	March 11
Dalhousie Professor Peter Duinker	March 16
Carter Logging	March 30
Atlantic Gold	to be scheduled

The ELC assembled and synthesized a list of forty-two common public questions for response development by Northern Pulp/Paper Excellence.

Representatives of the ELC also monitored Northern Pulp presentations to numerous external groups and provided regular input on related and requested subjects.

The ELC prepared a letter and responded to the NSECC draft Terms of Reference.

The ELC continued to reach out and seek presentations and information from groups and stakeholders that could be affected by a mill transformation. The following summarizes the current status of each major priority area as determined by the ELC. This Report provides reviews of five subject areas: Mill Leadership, Environment, Forestry, First Nations, and Community.

1. Mill Leadership

The ELC has held discussions with Paper Excellence and Northern Pulp reflecting the ELC's view of the organizational structure and Nova Scotia management required to successfully build trust with the community. The ELC supports the efforts of the Northern Pulp staff leading the EA process and are pleased to meet the new personnel added for the NP transformation project. Specifically, the recruitment of a local, skilled VP Corporate Affairs is a positive step that demonstrates PE's continued commitment to make progress on the transformation. The ELC is looking forward to further progress on the resourcing and leadership team to advance the transformation.

2. Environment

Since the issuance of the First Report, the development of Northern Pulp's "Tomorrows Mill" website (www.tomorrowsmill.ca), specifically its Transformation Plan, has addressed in principle the community issues identified by the ELC through its initial discussions with stakeholders. The reaction of the community through the EA process will be closely monitored by the ELC and reported on.

Progress has been made on two substantive environmental areas identified by stakeholders and advanced by the ELC including the introduction of an air monitoring dashboard and the advancement of the foundational "receiving water study" to assess the optimal location and suitability of the treated

effluent release location in Pictou Harbour. Both initiatives demonstrate progress by Northern Pulp on issues identified as high priority by stakeholders and advance by the ELC.

3. Pictou Landing First Nation

The ELC continues to encourage engagement with Pictou Landing First Nation (“PLFN”) to meet and discuss issues and areas of common interest. The ELC will continue to find ways to foster dialogue with this vital community partner. The ELC understands and respects the PLFN position that its primary relationship is one of Nation to Nation with the Province of Nova Scotia. The ELC continues to share information with PLFN, extend invitations to events and activities and has two seats reserved on the ELC Committee for PLFN participation should that be desirable at any time. The ELC has also reached out to regional First Nations groups for their input and perspectives. Members of the ELC are genuinely seeking participation from PLFN either formally or informally as they are a vital part of the Pictou community and were impacted by previous decisions regarding the mill. The ELC keeps an open hand and heart to future PLFN involvement and are hopeful that as the formal EA process proceeds that PLFN will participate in many forums open to them.

4. Forestry

In this period, concerns of the forestry sector and the ELC forestry subcommittee remains a high priority in the community. Generally, the situation for forestry has deteriorated over the last six months. There are four main areas of concern.

Forestry Supply Chain Viability – With the uncertainty of the Northern Pulp transformation plan timing, will there be a remaining forestry sector large enough to supply the required fiber? Currently harvesters, truckers, silviculture workers, sawmill operations and woodlot owners have all been negatively impacted by the mill closure and many forestry businesses are feeling the financial vice closing on them as both the initial Covid government financial support programs and higher than normal lumber prices have abated. There is growing anxiety and fear in the forestry sector of its ability to survive.

Lahey Report Implementation – The Province of Nova Scotia continues to advance the implementation of the Lahey Report on Crown Land and encourage Lahey forestry practices adoption on private woodlots. The difficulty is that, as the Lahey Report itself points out, the transition to ecological forestry requires a market for lower grade forest fibre to finance much of the work. The best and largest pulp grade wood and sawmill residuals market was and remains Northern Pulp.

Bridging the Time Gap - The ELC will continue to press PE and NP to provide options and bridge financial support to help the existing forestry sector sustain itself while the EA and construction process is underway. Paper Excellence has indicated it understands the importance of maintaining the supply chain to enable the transformation and re-opening of the Mill. It is currently trying to re-establish a supply chain in Northern Saskatchewan after it was lost when that mill closed. It would be preferable to maintain as much of the supply chain as possible and the largest variable in that goal is the amount of time required to adjust for the sector. The need for a clear, predictable schedule is paramount to developing bridging programs and strategies for the sector. This lack of timing clarity is very frustrating to all involved.

Why are EA’s so different and difficult in Nova Scotia? - The ELC has heard from the community, primarily the forestry industry, that the NS Environmental Assessment process is broken. Pulp and paper mills are a well understood and regulated sector throughout Canada. There are dozens of kraft pulp

mills operating across Canada with national effluent standards in place. Yet, In Nova Scotia the vast majority of the 1,550 public comments to the NSECC (detailed below) support that the NSECC is treating the Northern Pulp transformation as a novel plan requiring NP to abide by a stricter and less transparent set of rules than would be required for Environmental Assessments Canada. Despite the fact that the very same Department's has had direct regulatory oversight of that mill for over 50 years. Two similar mill upgrade projects are occurring in Saskatchewan and New Brunswick without the timelines or vagueness shown by NSECC towards Northern Pulp.

Furthermore, the ELC has heard from the forestry sector that other natural resource sectors in NS have similar complaints affecting all resource industries trying to improve economies in rural Nova Scotia. The elected government should consider acting on this situation urgently.

5. Community

The primary role of the ELC is to ensure that community issues with Northern Pulp are heard and responded to by Northern Pulp wherever possible. There has been progress in this area with the increased publication of more information and through Q's & A's, the public dashboard, and the enhanced outreach by the project team. The Provincial government had indicated it wants to hear feedback from the community that NP has addressed any fears and concerns satisfactorily.

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

- NP has been open and communicates well with the ELC including regular updates and seeking input on external presentations to stakeholders.
- The ELC has ongoing discussions with NP with respect to all stakeholder feedback received.
- NP will need to continue to update the ELC on a regular basis to ensure that all feedback is 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").
- NP needs to establish a structured method to evaluate how well the community's concerns are being addressed and monitoring feedback from the community.

NSECC Draft ToR Consultations Erode Trust in EA process

The Pictou County community responded to the opportunity to provide input into the draft Terms of Reference for the transformation project. Of the approximately 1550 submission received by NSECC, over one thousand were from Pictou County. Overwhelmingly, respondents from Pictou echoed comments from the rest of Nova Scotia seeking clear environmental standards be set and the process be led by independent experts. Over 90% requested greater clarity from NSECC. There were many submissions from individuals who, most likely for the first time communicated with their government in writing and expressed their heartfelt hope for a better future and the role a clean mill could play in that vision for them and their family. Though uncoordinated, the ELC was pleased that its submission to the NSECC reflected the consensus view expressed by the community. The ELC view is aligned with the community view.

The ELC remains very concerned that NSECC has chosen to disregard the views of the vast majority of respondents to its public input process. The public responded in good faith seeking clarity and the

NSECC failed to address the main issues. The NSECC reaction does not bode well for future public participation opportunities in its processes. The common refrain that the ELC hears among Pictou residents is “Why bother, they don’t care what we think anyway?”

ELC’s Role in Increasing Stakeholder Feedback?

There has been a significant amount of information being exchanged in the media regarding NP’s legal proceedings against the province of Nova Scotia, EA terms of reference, forestry sustainability issues, etc. Despite the challenges the extensive media coverage brings, 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 from the community. The ELC continues to manage its own website (www.ELC4ns.ca) where interested parties can find information and a means to contact the ELC. The ELC welcomes and encourages all constructive feedback. Since the last report, the ELC has completed the following items:

- ToR submission to NS Dept of Environment & Climate change.
- Meeting improvements i.e., Virtual technology upgraded.
- Adjusted to Covid restrictions on engagement and EA process.
- Numerous presentations and guests accommodated since last report.
- Encouraged new PE Public Relations/Government Relations expert be hired in Nova Scotia.
- Developed list of forty-two common questions heard from the community for which NP provided responses.
- Developed a future work plan for the ELC including detailed action plans and budgets.

Future Work Plan of the ELC

- The ELC will continue to meet and reassess its performance and impact on NP’s activity and success in meeting its stated objectives.
- Evaluate accomplishments from previous reports.
- Restarting community engagement after covid.
- Rebranding the ELC as the “ELC- A Community Liaison Committee”.
- Hire a facilitator to host public consultations and will connect the committee with-speakers who have backgrounds in environmental sciences and communication.
- Seek out and continue stakeholder and rightsholder consultations throughout the EA process.
- Receive regular updates from NP about how the company is progressing with the EA process, as well as addressing the issues submitted by the ELC.
- Issue and develop a new style of progress reports to the Monitor.
- Receive regular updates on the involvement of PLFN in NP plans and activities.
- 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 issues or comments suppliers would like NP to address.

Recommendations and Summary Comments

The ELC continues to believe that its members can provide a valuable service to both Northern Pulp and the broader community. The ELC are the “eyes and ears” for the community acting as a liaison between the community and Northern Pulp by providing them with valuable feedback they would not otherwise receive.

The ELC can ensure there is an appropriate and timely response by Northern Pulp 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 Northern Pulp carry out its reopening plans in a manner that is reflective of the community’s wishes and safe for our environment.

In the period covered by this report, the ELC would like to make the following recommendations for consideration by Northern Pulp, the Monitor and the Province of Nova Scotia that may help guide their future choices and conduct.:

1. There is urgency to the mill uncertainty.

There is no time for never-ending processes. The livelihoods of families and businesses are being eroded with each passing day. Citizens are losing confidence that a path forward will be found in a relevant timeline. All parties involved need to demonstrate they share the public concern and are responding to it.

2. The public wants thoughtful, responsible common-sense actions taken by the Government.

There is a growing sense that the provincial Government Department in charge does not understand the the real-life impacts of its approach to the Class II EA. The jobs lost at the mill, the location of the mill, the processes deployed at the mill, the product, and environmental impacts of kraft mills are all well studied and known. It appears the NSECC is not taking into account the rules, guidelines, and knowledge available to guide and assess the transformation plan. Many community members feel this is disingenuous. Nova Scotia should be able to have both economic and environmental progress at the same time.

3. If possible, the legal and bureaucratic conflicts should be replaced by dialogue and a single-minded purpose to determine a path forward ... or not. There is increasing frustration with the legal and bureaucratic processes that are utilizing financial resources and time without any evident progress towards advancing the transformation. The ELC would strongly encourage the company, the provincial government, and the courts to use their individual roles to cause more opportunities for dialogue than discord. For average citizens who are trying to plan their future and have bills to pay in the months and years ahead, they would like to see the responsible parties focus on the outcomes and what is possible versus the conflicts in the current processes.

The ELC will undertake any role the parties believe could be helpful to achieving a just outcome.