

SPK


SPX


SPX
VELOCITY


SPX
PREMIER


SPX
VECTOR



CANADIAN
*Kraft Paper*TM

CANADIAN KRAFT PAPER INDUSTRIES

Presentation to PUB

May 2023

canadiankraftpaper.com



CKP - Who We Are

- Respectfully acknowledges it is located on Treaty 5 territory, traditional lands of the Swampy Cree, Saulteaux, Metis Nations and its people.
- Leading manufacturer of unbleached high-performance sack kraft paper
- Located in The Pas, Manitoba, Canada operating since 1971
- Annual capacity: 165,000 tonnes
- 350 direct employees
- Partnership with Nekote for Nisokapawino Forestry Management Corp. – 2018
- 118 woodlands contractor employees
 - ~ 74 Indigenous

Manufacturer of “A” Grade Kraft Paper Products

- Strong, sustainably-managed northern Canadian fibre and mill investments result in top-tier product offerings
- 6.2 m paper machine makes it ideal to trim for the sack kraft market

Our paper is marketed with our experienced Sales Team

- Canadian Kraft Sales & Marketing, located in Kelowna, British Columbia, Canada
 - Providing sales & marketing, customer service, and logistics

Highly-Regarded Technical Service and Product Development

- Mill-based technical customer service
- Full range of paper testing services on-site testing, and research lab
- Network of leading forestry and paper industry academics
- Product development team and advisory services offered

Efficient Logistics

- Optimal usage of rail, truck and ocean freight

CKP Performance-oriented Products & Services

Diversity, Equity & Inclusion

Dedication & Commitment



CKP strives to create a diverse organization that is reflective of its surrounding communities, where culture, ethnicity, race, gender, orientation, religion, age, education, and varied backgrounds are respected and valued.

CKP is committed to promoting a fair and equitable work environment where all employees are valued and provided opportunities to grow within the organization.

CKP aims to create an inclusive work environment that fosters creativity and innovation, promoting engagement through awareness and inclusivity.



Environmental Responsibility

Customer Satisfaction and Loyalty.

CKP is committed at all levels of the organization to the protection of the environment for the benefit of present and future generations.

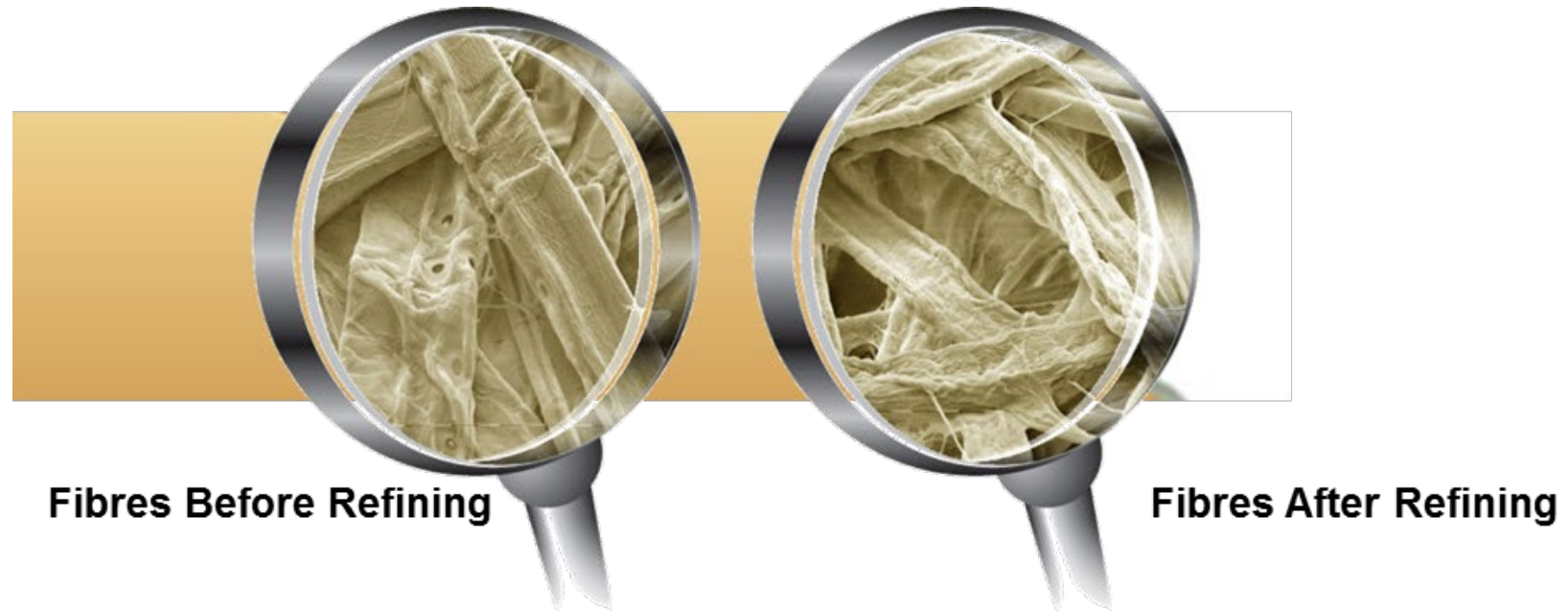
- Through internal monitoring and external audits CKP does continually assess our environmental performance and takes the necessary corrective actions to ensure compliance.
- CKP does adhere regulatory compliance standards and legislation and any voluntary commitments.
- CKP does continually manage operations to minimize pollution and waste to ensure our environmental commitment.
- CKP practices sustainable forest management through our Sustainable Forest Management (SFM) Policy.



CKP - Strong Northern Fibre

- Slow-growing northern boreal forests provide long, slender, flexible fibres that have exceptionally high strength properties
- High-consistency refining results in high tensile strength development

CKP Fibre



CKP Products

	Product Features	End Uses
SPK [®]	<ul style="list-style-type: none"> High performance multiwall sheet with good stiffness and runnability. 	<ul style="list-style-type: none"> Agricultural products such as flour, sugar, seed, feed for open mouth sacks (pinch and sewn sacks) Air filled dunnage bags for cargo protection in transport
SPX [®]	<ul style="list-style-type: none"> High Tensile Energy Absorption (TEA) extensible sheet, good printability. 	<ul style="list-style-type: none"> Cement and other construction materials Typically used in pasted valve sacks
SPX [®] VELOCITY	<ul style="list-style-type: none"> Superior High Tensile Energy Absorption (TEA), high porosity extensible sheet. 	<ul style="list-style-type: none"> Pasted valve sacks without perforation, faster filling with reduced dust during filling. A cost-effective packaging solution.
SPX [®] VELOCITY PREMIER	<ul style="list-style-type: none"> Extremely high Tensile Energy Absorption (TEA), high porosity fully extensible sheet. 	<ul style="list-style-type: none"> Intended for use without perforation to maintain strength, faster filling and reduced dust level during filling operation.
SPX [®] VECTOR	<ul style="list-style-type: none"> High porosity, fully extensible high strength and very good runnability. 	<ul style="list-style-type: none"> Ideal for single ply bags with no perforations. Reduces cost for the converters in production, storage, packaging and transportation while maintaining the performance.
SWS	<ul style="list-style-type: none"> High strength, superior runnability with potential exposure to moisture. 	<ul style="list-style-type: none"> Ideal for use in multiwall sacks that require strength when wetted such as for potatoes and other foodstuffs.

Customer Commitment

Success through customer satisfaction and loyalty.



Recognized for strength, consistent quality, and excellent customer service our focus remains on the development and production of world class industry-leading kraft paper products.

Strategic and diversified markets:

North America 80%

- Canada 26%
- USA 40%
- Mexico 14%

Export Market 20%

- Asia Pacific
- Europe
- Middle East & Africa
- South America





CKP Certifications

- ✓ **ISO 9001:2015** Quality Management System
- ✓ **ISO 14001:2015** Environmental Management System
- ✓ **CAN/CSA Z809-16** Sustainable Forest Management
- ✓ **PEFC** – Chain of Custody of Forest Based Products
- ✓ **ISEGA** (Germany) Certificate of Compliance Food Packaging
- ✓ **CME Safe Work Certified** – Canadian Manufacturers & Exporters

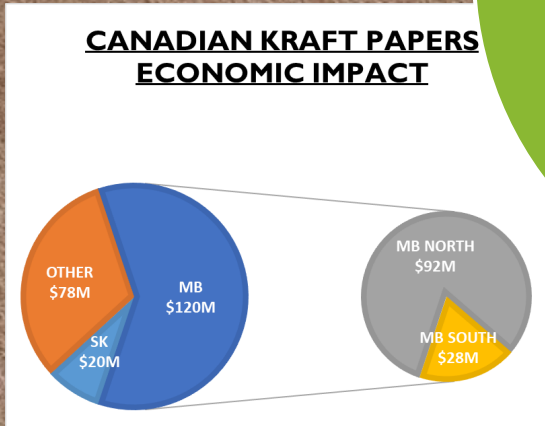
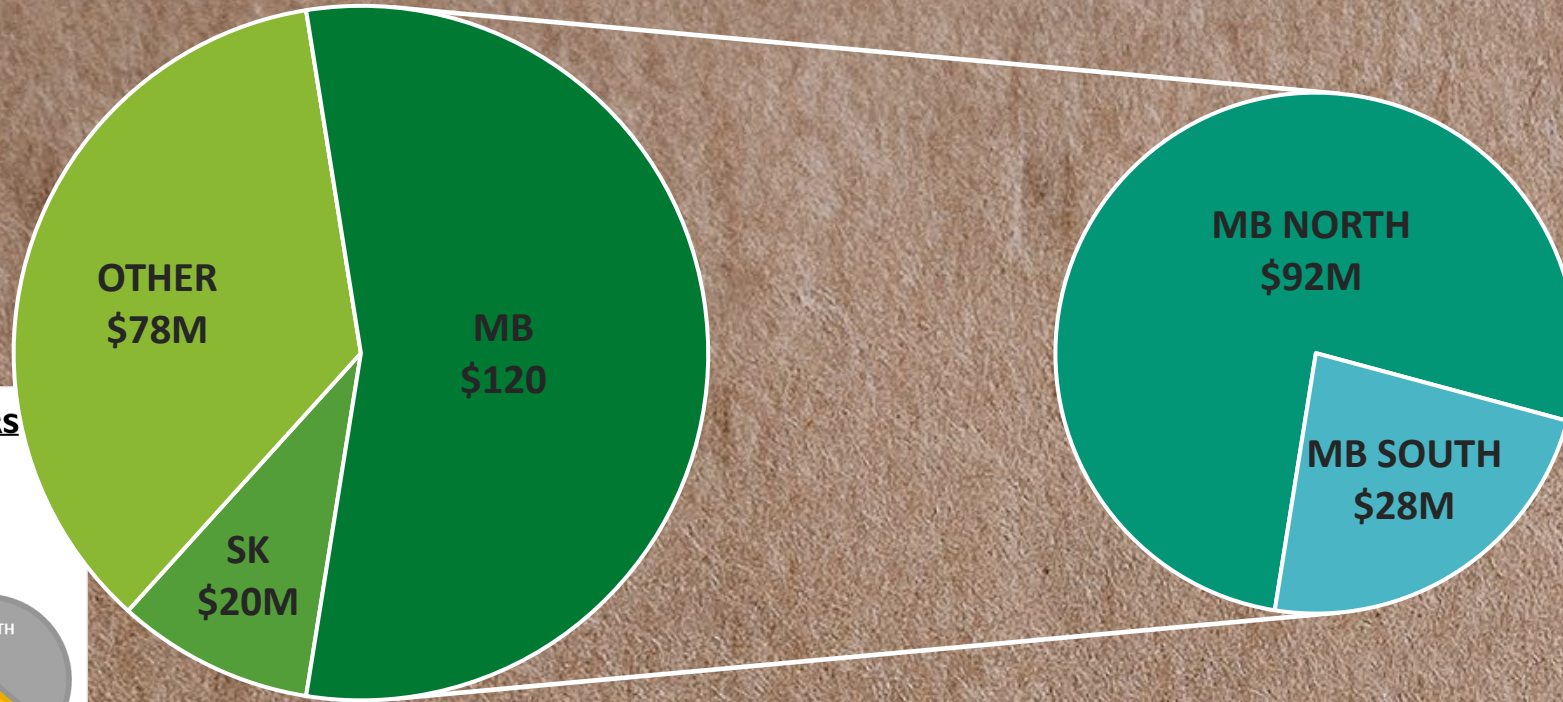


CKP is a proud member of FPAC / APFC





CANADIAN KRAFT PAPER ECONOMIC IMPACT





CKP Process Energy Overview

- Our process is energy intensive with consumption being in the form of electricity and steam
- Chemical Recovery Boiler burns black liquor, utilizing heating value from residual organics and reducing chemicals for re-use
- Power Boiler burns biomass (“hog fuel”) and co-fires with waste oil or bunker C when demand exceeds hog fuel baseline
- 28 MVA Backpressure Turbogenerator reduces steam pressure to operational requirements while extracting energy to produce electrical power
- Steam is used by Pulpmill to cook wood chips, Papermill for drying the paper and our multi-effect evaporators for concentrating black liquor
- Large users of electricity are the paper machine drives, pulp washers drives, boiler auxiliaries drives, air compressors, fibre refiners which includes the 10MW High Consistency Refiner



CKP and MB Hydro

The longstanding relationship and service from Manitoba Hydro is important to the success of our business. These are the key priorities that affect our mill the most:

❖ Reliability:

- CKP is a 24/7 operation and any interruption to power supply is an interruption to paper production and lost profit. Even a momentary interruption would require hours to restart production and losses exceeding \$100,000
- Our turbine is not designed or sized to carry plant load and will trip offline in a power loss creating a mill wide blackout.
- In winter months, asset preservation is also a concern because without timely restoration our plant can freeze up.

❖ Customer Service:

- CKP has a good customer service with MB Hydro and that needs to continue.
- Timely responses and action to billing inquiries are appreciated.
- Working with CKP and providing information on new/green technologies as we transition to decarbonize our operations.

❖ Rates:

- Pulp & Paper is a very competitive and low margin industry; any large changes to our service rates directly impacts our bottom line and could push us towards being unprofitable.
- CKP is a disadvantaged mill compared to its competitors due to its remote location and no access to natural gas

❖ Rate Design:

- Alternative rate options do not work for CKP as there is no flexibility to utilize.
- The current demand model is adequate but could be improved if there were demand concessions for short planned maintenance. If CKP had to take its turbine offline for 4 hours to make a quick repair, it increases demand charge for the month by \$100,000.

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