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|-----------------------------|---|--------------------------------------|--|
| Certificate Holder:         | Daishowa-Marubeni International Ltd.,<br>Peace River Pulp Division                                | Certification Body (CB):             | KPMG Forest Certification Services Inc.  |
| FSC CW certificate code:    | KF- COC/CW-001020   | Date of CB Approval:                 | Pending Approval   |
| Date of Risk Assessment:    | June 07, 2010   | Address of CB:                       | 900 – 777 Dunsmuir Street, Vancouver BC V7Y 1K3  |
| Certificate Holder Address: | Forest Resources Business Unit<br>Postal Bag 6500, Pulp Mill Site<br>Peace River, Alberta T8S 1V5 | Signature of Company Representative: | <br>_____, RFP (AB), PEA, EMS(LA)<br>Continuous Improvement Coordinator |

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| Districts, including countries covered with this risk assessment*: | Northwest Alberta. See map attached as Appendix 1. |
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| Category   | FSC Indicator   | Information Sources Used  | Brief justification  | Risk Designation |
|--|---|---|--|------------------|
| <b>1. Illegally Harvested Wood</b> The district of origin may be considered low risk in relation to illegal harvesting when all the following indicators related to forest governance are present: | 1.1 Evidence of enforcement of logging related laws in the district | <a href="http://www.illegal-logging.info">www.illegal-logging.info</a><br><a href="http://www.eia-international.org">www.eia-international.org</a><br><a href="http://www.canlii.org/ab/laws/regu/1973r.60/20080818/whole.html">http://www.canlii.org/ab/laws/regu/1973r.60/20080818/whole.html</a> - Timber Management Regulations<br><a href="http://srd.alberta.ca/ManagingPrograms/ForestManagement/ForestManagementDirectives/ComplianceEnforcement.aspx">http://srd.alberta.ca/ManagingPrograms/ForestManagement/ForestManagementDirectives/ComplianceEnforcement.aspx</a> - Public disclosure of Enforcement and Compliance in Alberta | <p>There is strong legislation in place to regulate forestry activities, which is generally well enforced. There is no evidence that illegal logging is a wide scale problem in this country.</p> <p>Section 120 of the Timber Management Regulations outlines the Transportation requirements and Schedules 1 and 2 in the regulation outlines enforcement measures.</p> <p>Timber Management Regulation includes provisions to ensure that compliance and enforcement takes place and that each load of timber from private and public land is accompanied by a load slip.</p> <p>Alberta has government staff dedicated to the monitoring of compliance with and to enforce Acts and Regulations by forest companies.</p> | <b>Low Risk</b>  |



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|----------|---|--|---|------------------|
|          | 1.2 There is evidence in the district demonstrating the legality of harvests and wood purchases that includes robust and effective systems for granting licenses and harvest permits. | <a href="http://www.illegal-logging.info">www.illegal-logging.info</a><br><a href="http://www.eia-international.org">www.eia-international.org</a><br><a href="http://www.srd.alberta.ca/ManagingPrograms/ForestManagement/ForestTenure/ForestManagementAgreements/documents/DMI-OC391-2009.pdf">http://www.srd.alberta.ca/ManagingPrograms/ForestManagement/ForestTenure/ForestManagementAgreements/documents/DMI-OC391-2009.pdf</a> - DMI FMA Agreement – East<br><a href="http://www.srd.alberta.ca/ManagingPrograms/ForestManagement/ForestTenure/ForestManagementAgreements/documents/DMI-OC392-2009.pdf">http://www.srd.alberta.ca/ManagingPrograms/ForestManagement/ForestTenure/ForestManagementAgreements/documents/DMI-OC392-2009.pdf</a> - DMI FMA Agreement – West | <p>Harvesting without required permit or felling license is not known to be a problem in the country based on international sources and reports in relation to illegal logging.</p> <p>DMI FMA Agreement are awarded by the provincial government and are available on-line.</p>  |                  |
|          | 1.3 There is little or no evidence or reporting of illegal harvesting in the district of origin.  | <a href="http://www.illegal-logging.info">www.illegal-logging.info</a><br><a href="http://www.eia-international.org">www.eia-international.org</a><br><a href="http://srd.alberta.ca/ManagingPrograms/ForestManagement/ForestManagementDirectives/ComplianceEnforcement.aspx">http://srd.alberta.ca/ManagingPrograms/ForestManagement/ForestManagementDirectives/ComplianceEnforcement.aspx</a> - Public disclosure of Enforcement and Compliance in Alberta<br><a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/ems/documents/FibreProcurementPolicyRev1.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/ems/documents/FibreProcurementPolicyRev1.pdf</a> - DMI Fibre Procurement Principles   | <p>Harvesting without required permit or felling license is not known to be a problem in the country based on international sources and reports in relation to illegal logging.</p> <p>Compliance and Enforcement infractions of the Timber Management regulation are made publicly available and there is little or no evidence of illegal harvesting in the district of origin.</p> <p>DMI has contracts and declarations stating that fibre does not originate from illegal/controversial sources for the entire District of Origin.</p> |                  |
|          | 1.4 There is a low perception of corruption related to the granting or issuing of harvesting permits and other areas of law enforcement related to harvesting and wood trade.         | <a href="http://www.transparency.org">http://www.transparency.org</a> - Transparency International maintains regularly updated information on perceptions of corruption at the national level  | <p>There are no reports or information about significant levels of illegal harvesting in the country.</p> <p>As per the Transparency International's 2008 Transparency International Corruption Perceptions Index (Transparency International, 2009), Canada ranks as the 10<sup>th</sup> least corrupt country in the world. Canada ranks lower than Sweden, the least corrupt, but higher than the US, the 18<sup>th</sup> least corrupt.</p>   |                  |



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|---|--|---|---|------------------|
| <b>2. Wood harvested in violation of traditional or civil rights</b><br>The district of origin may be considered low risk in relation to the violation of traditional, civil and collective rights when all the following indicators are present: | 2.1 There is no UN Security Council ban on timber exports from the country concerned;  | <a href="http://www.un.org">www.un.org</a>  | There is currently no UN Security Council ban on timber exports from Alberta.   | Low Risk         |
|   | 2.2 The country or district is not designated a source of conflict timber (e.g. USAID Type 1 conflict timber)  | Global Policy Forum<br><a href="http://www.globalpolicy.org/security/natres/timbrindex.htm">www.globalpolicy.org/security/natres/timbrindex.htm</a><br><a href="http://www.usaid.gov">www.usaid.gov</a> - Conflict Timber: Dimensions of the Problem in Asia and Africa Volume I Synthesis Report | Alberta is not designated as a source of conflict timber.   |                  |
|   | 2.3 There is no evidence of child labour or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned  | <a href="http://laws.justice.gc.ca/en/L-2/">http://laws.justice.gc.ca/en/L-2/</a> - Canada Labour Code and Regulations<br><a href="http://employment.alberta.ca/SFW/996.html">http://employment.alberta.ca/SFW/996.html</a> - Alberta Employment Standards Code and Regulations                   | Forest employment in Alberta is regulated under federal (s. 179 (Act); s. 10 (Reg.) - <i>Canada Labour Code and Regulations</i> ) and provincial (ss.65, 66 (Code); ss. 51, 52, 52 (Reg.) - <i>Employment Standards Code and Regulations</i> ) labour codes, which prohibit child labour, protect the rights of workers to organize and are consistent with other ILO provisions.   |                  |
|   | 2.4 There are recognized and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned | <a href="http://www.treaty8.ca/upload/images/0-0-01b.jpg">http://www.treaty8.ca/upload/images/0-0-01b.jpg</a> - Treaty 8 website<br><a href="http://www.aboriginal.alberta.ca/1.cfm">http://www.aboriginal.alberta.ca/1.cfm</a> - Alberta Consultation process                                    | The District of origin is Treaty 8 Territory, home of several First Nations.<br><br>The courts of Canada have established a legally binding consultation system. There is a process in place with both the governments of Canada and the provinces to negotiate and implement land claims and self government agreements. Many First Nations have treaties with the government of Canada.<br><br>Alberta has a First Nation consultation policy that must be followed by industry. Approvals are dependant upon adequate First Nation |                  |



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|  | 2.5 There is no evidence of violation of the ILO Convention 169 on Indigenous and Tribal Peoples taking place in the forest areas in the district concerned.    | <a href="http://www.chrc-ccdp.gc.ca/legislation_policies/aboriginal_employment-en.asp">www.chrc-ccdp.gc.ca/legislation_policies/aboriginal_employment-en.asp</a> -- federal aboriginal employment policy.<br><a href="http://www.unhchr.ch/html/menu3/b/62.htm">http://www.unhchr.ch/html/menu3/b/62.htm</a> - the ILO Convention 169 on Indigenous and Tribal Peoples   | <p>consultation.</p> <p>Federal and provincial laws protect the rights of all workers including aboriginal employees.</p> <p>Violation of ILO Convention 169 and the rights of Indigenous and Tribal people is not known to be a problem in District of Origin based on international sources and reports.</p>  |                  |
| <b>3. Wood harvested from forest in which high conservation values are threatened by management activities</b> The district of origin may be considered low risk in relation to threat to high conservation values if: a) indicator 3.1 is met; or b) indicator 3.2 eliminates (or greatly mitigates) the threat posed to the district of origin by non-compliance with 3.1. | 3.1 Forest management activities in the relevant level (eco-region, sub-eco-region, local) do not threaten eco-regionally significant high conservation values. | <a href="http://www.biodiversityhotspots.org/xp/hotspots/Pages/default.aspx">http://www.biodiversityhotspots.org/xp/hotspots/Pages/default.aspx</a> - Those regions identified by Conservation International as a Biodiversity Hotspot<br><a href="http://www.nationalgeographic.com/wildworld/pr/files/g200_index.html">http://www.nationalgeographic.com/wildworld/pr/files/g200_index.html</a> - Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation status of endangered or critical. If the Global 200 Ecoregion comprises more than a single terrestrial ecoregion, an ecoregion within the Global 200 Ecoregion can be considered low risk if the sub-ecoregion is assessed with a Conservation Status other than "critical/endangered."<br><a href="http://www.ec.gc.ca/soer-ree/English/Framework/NarDesc/borpln_e.cfm">http://www.ec.gc.ca/soer-ree/English/Framework/NarDesc/borpln_e.cfm</a> provides a map of Alberta ecoregions and terrestrial ecozones<br><a href="http://multimedia.wri.org/frontier_forest_maps/name-nof.html">http://multimedia.wri.org/frontier_forest_maps/name-nof.html</a> - Those regions identified by the World Resources Institute as a Frontier Forest | <p>No Biodiversity hotspots are identified in the District of Origin.</p> <p>No eco-regions in the District of Origin are assessed as being critical or endangered.</p> <p>The district of origin may contain areas determined to be Frontier Forests. However, DMI HCVF work to date (see below) protects these attributes.</p> <p>The district of origin may contain areas determined to be Intact Forest Landscapes. However, DMI HCVF work to date (see below) protects these attributes.</p> | <b>Low Risk</b>  |



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|  |   | <p><a href="http://www.intactforests.org">www.intactforests.org</a> - Intact Forests Landscapes, as identified by Greenpeace</p> <p><a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/detailed_forest_management_plans/documents/DFMPSummaryDocJuly2_08.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/detailed_forest_management_plans/documents/DFMPSummaryDocJuly2_08.pdf</a> - This is a link to DMI's Detailed Forest Management Plan. Section 2.4 (HCVF) and 2.5 (Continuous Reserve Networks) are summarized in this document.</p> <p><a href="http://canadianborealforestagreement.com/media-kit/Boreal-Agreement-Full.pdf">http://canadianborealforestagreement.com/media-kit/Boreal-Agreement-Full.pdf</a> - Canadian Boreal Forest Agreement</p>  | <p>Company has in place a framework to identify HCVF areas and develop management strategies to protect their HCV attributes including a continuous reserve network. This work addresses to some degree the Frontier Forest and Intact Forest Landscape issues listed above.</p> <p>DMI is a signatory to the Canadian Boreal Forest Agreement.</p>   |                  |
|  | 3.2 A strong system of protection (effective protected areas and legislation) is in place that ensures survival of the HCVs in the ecoregion.                             | <p>FSC does not have a specific threshold that would clearly indicate whether a system of protection is "strong" or not. There is no single entity that controls what "strong" means in this case, so there is no authority that can give a definitive ruling on this matter.</p> <p><a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/detailed_forest_management_plans/documents/Ch3.BiotaandEcolCommunities.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/detailed_forest_management_plans/documents/Ch3.BiotaandEcolCommunities.pdf</a> - link to the Biophysical report</p> <p><a href="http://inform.energy.gov.ab.ca/Documents/Publications/IL-1997-01.pdf">http://inform.energy.gov.ab.ca/Documents/Publications/IL-1997-01.pdf</a> - Link to information letter from ASRD on the Special Places</p> | <p>The district of origin is approximately 15,036,858 ha. The protected spaces have increased from 544,521ha (1998) to 1,322,597ha (2008 data), which is 8.8%.</p> <p>The 1999 Biophysical Report describes the ecosystem-based approach taken by the company to balance economic and ecological values in the District of Origin. Table 43 summarizes the various types and amounts of protected areas. This work addresses to some degree the Frontier Forest and Intact Forest Landscape issues listed above.</p> <p>The Provincial 'Special Places' planning initiative goes further to identify and protect HCVs in the ecoregion.</p> |                  |
| <b>4. Wood harvested from areas being converted from forests and other wooded ecosystems</b> | 4.1 There is no net loss AND no significant rate of loss (> 0.5% per year) of natural forests and other naturally wooded ecosystems such as savannahs taking place in the | <a href="http://www.srd.gov.ab.ca/forests/pdf/Forest-Resource-Ftsht.pdf">http://www.srd.gov.ab.ca/forests/pdf/Forest-Resource-Ftsht.pdf</a> - Provincial approved annual cut information  | SRD Alberta states annual growth rate of Alberta's forest is 44 million cubic meters while approved annual cut was only 23.2 million cubic meters.  | <b>Low Risk</b>  |



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| to plantations or non-forest uses The district of origin may be considered low risk in relation to conversion of forest to plantations or non-forest uses when the following indicator is present:                                       | eco-region in question.   | The company has conducted its own analysis of conversion within its FMA's. This is attached as Appendix 2 of The FSC CW CoC Manual.   | The rate of conversion in the FMA portion of the district of origin over the past 20 years is 0.04%. The rate of conversion within the FMA area is considered to be higher than that outside of the FMA area due to the increased amount of oil and gas development.  |                  |
| <b>5. Wood from forests in which genetically modified trees are planted</b> The district of origin may be considered low risk in relation to wood from genetically modified trees when one of the following indicators is complied with: | <p>a) There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned</p> <p>b) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use</p> <p>c) It is forbidden to use genetically modified trees commercially in the country concerned</p> | <p><a href="http://www.fao.org/docrep/008/ae574e/ae574e00.htm">http://www.fao.org/docrep/008/ae574e/ae574e00.htm</a> - Forestry Department of FAO</p> <p><a href="http://www.inspection.gc.ca/english/plaveg/bio/st/st_06e.shtm">http://www.inspection.gc.ca/english/plaveg/bio/st/st_06e.shtm</a> -- Federal Food Inspection Agency.</p> | <p>Food and Agriculture Organization of the United Nations working paper "Preliminary review of biotechnology in forestry, including genetic modification", 2004 summarizes that no GMO trees are used commercially in Canada</p> <p>Federal Food Inspection Agency confirms that confined field trials of Plants with Novel Traits are limited to scientific research.</p> | <b>Low Risk</b>  |

