



Forest Stewardship Council (FSC) Controlled Wood & Chain of Custody Manual



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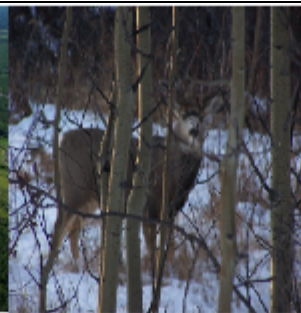
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1 Fibre Procurement Principles



DAISHOWA-MARUBENI
INTERNATIONAL LTD.

Peace River Pulp Division

Fibre Procurement Principles

DMI is dedicated to the sustainable use and responsible stewardship of the forest resources that have been entrusted to our care. In keeping with this commitment, DMI has implemented a very deliberate and comprehensive certification strategy for its Forest Resources Operations positioning the organization as a world leader.

DMI is committed to the highest level of protection of forest resources, starting with the procurement of a reliable supply of fibre from controlled wood sources.

DMI will use only FSC Controlled Wood in pulp production, and has implemented a rigorous assessment and field verification program to ensure all fibre originates from a low risk source.

In accordance with these standards, DMI will avoid trading and sourcing fibre from the following categories:

- Illegally harvested wood;
- Wood harvested in violation of traditional or civil rights;
- Wood harvested from forests in which high conservation values are threatened by management activities;
- Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or other non – forest uses; and
- Wood from forests in which genetically modified trees are planted.

Stefan Szabo, Forest Resources Business Unit Leader

Tim Lanteigne, Mill Manager

March 2010

2 FSC Controlled Wood District of Origin

2.1 Purpose

Daishowa-Marubeni International Ltd., Peace River Pulp Division (DMI PRPD) strives to supply end users with a Forest Stewardship Council (FSC) Controlled Wood certified product based on an Environmentally Managed Land Base and a Sustainable Forest Management Plan. This manual describes how DMI PRPD procedures and management systems are consistent with all applicable elements of the FSC chain of custody standards FSC-STD-40-004 version 2 and FSC-STD-40-005 version 2-1.

2.2 District of Origin

DMI PRPD operates a bleached Kraft pulp mill located near the town of Peace River, Alberta. The mill manufactures both hardwood and softwood pulp for export markets in North America, Asia, and Europe. The mill requires approximately 1.8 million cubic metres of deciduous fibre and 500,000 cubic metres of coniferous fibre per year in the manufacturing process.

For the purposes of FSC Controlled Wood, the district of origin includes all of the private and publically owned forests that provide fibre to the DMI PRPD mill. A map showing this district of origin is attached as Appendix 1.

The Government of the Province of Alberta and DMI PRPD signed two renewable 20-year term Forest Management Agreement in 2009. Under the terms of the agreements, DMI-PRPD is responsible for preparing Detailed Forest Management Plans (“DFMP”) for the forest areas named in the Agreements.

A DFMP must be prepared at least every ten (10) years. The DFMP is a strategic level-planning document that sets policy and direction for subsequent management activities. The analyses presented rely heavily on forecasts of forest growth and change in natural and human influenced conditions. 200-year forecasts are used to select sustainable harvest levels and strategies.

Detailed spatial schedules of harvesting activities are selected for 20 years into the future. Subsequent planning steps use this schedule to direct location and timing of activities. The government retains the right to direct land use by other industries as well as the public, who continue to have access to that land base. The management of wildlife/fisheries resources also rests with the province.

2.3 Deciduous Fibre Sources

The DFMP defines the objectives and strategies under which the DMI PRPD will manage the forest resources in a sustainable manner. The DFMP determines the annual allowable level of harvest (referred to as the annual allowable cut (“AAC”) expressed in cubic metres (m³).

The AAC for the East FMA (0900044) is 740, 274 m³, with 546, 764 m³ deciduous and 193, 510 m³ coniferous. The AAC for the West FMA (0900045) is 450, 513 m³, with 392, 000 m³ deciduous and 58, 513 m³ coniferous. DMI PRPD has been allocated harvest rights to the deciduous component of the FMA and other forest companies have been allocated the harvest

rights to the coniferous component on the same land base. As a result, there is also a portion of deciduous volume that is generated through the harvest of the coniferous component (referred to as incidental volume).

DMI PRPD has also been allocated Deciduous Timber Allocations (“DTA”) outside the FMA boundaries that contribute to the overall volume the mill requires for its manufacturing process.

A third source of fibre supply is Deciduous Timber Permits (“DTP”) which generates deciduous volume through harvesting of stands designated as pure stands. These permits are issued by the government through a competitive bid process and are available to the public. The government specifically issues permits for deciduous timber from lands that the Province of Alberta has designated for gradual conversion from the forested land base to agricultural land base.

A fourth source of fibre supply is residual chips – chips that come from sawmills.

A fifth source of fibre supply is private land. This is land privately owned and for various reasons the landowner wants to remove standing forest.

2.4 Coniferous Fibre Sources

Virtually all of the coniferous fibre required by DMI PRPD is obtained in the form of residual chips from area sawmills. Chips from portable chipping of coniferous trees may also be included. Several mills harvest their coniferous volume from within DMI PRPD’s FMA under their government issued timber permits and quotas.

A second source of coniferous chip supply is private land. This is land privately owned and for various reasons the landowner wants to remove standing coniferous forest.

A complete and up-to-date list of suppliers of both coniferous and deciduous fibre is attached as Appendix 2. This list includes the name and address of the supplier and the description of the fibre supplied.

Section 3 below describes how volumes from each supplier are tracked and recorded.

2.5 In Summary

The Alberta Government also regulates the transport of forest products. Each load of raw forest products being transported to a mill or between mills must be tracked by a government-audited system that ultimately matches wood source to mill. This ensures that illegally harvested wood cannot be accepted by mills.

There are numerous checks and balances provided through the planning process that ensures fibre supply does not originate from either illegal logging or from protected areas. These checks and balances are provided by the Alberta Government through their planning rules, multiple stages of approvals and their continued on-site field monitoring during operational activities.

DMI PRPD also encourages all suppliers of fibre, where certification does not exist, to give certification full consideration.

3 FSC Controlled Wood System Requirements

DMI PRPD will operate a management system in accordance with the requirements of FSC Chain of Custody (FSC-STD-40-004 version 2) and Controlled Wood (FSC-STD-40-005 version 2-1) standards, which ensure correct implementation, and maintenance of the FSC Controlled Wood chain of custody process.

3.1 Scope of the Chain of Custody

DMI PRPD has established FSC product groups (attached as Appendix 6) for all products that will be sold with FSC claims and maintains an up-to-date and publically available FSC Product Group Schedule with the following information:

- a) Specification of the product group as FSC Controlled Wood;
- b) Product types according to the FSC product classification; and
- c) Species according to the FSC species terminology used as inputs to the product group.

In addition, DMI PRPD specifies for each product group:

- a) The material categories used;
- b) The control system used in making FSC claims; and
- c) The sites involved in management, production, storage, sale, etc.
- d) The percentage or credit systems which are not used.
- e) DMI PRPD does not outsource any parts of its production.
- f) DMI PRPD does not generate raw material for sale on site.

3.2 Supplier Identification

DMI PRPD uses definitions and categorizations of input materials as specified in the FSC Chain of Custody and Controlled Wood standards. DMI PRPD categorizes all inputs to FSC product groups and by their material category and will ensure that only eligible inputs are used.

DMI PRPD will categorize its supplies as follows:

- a) FSC certified fibre;
- b) FSC Controlled Wood fibre from sources certified according to FSC-STD-30-010 or FSC-STD-40-005;
- c) Fibre included in the DMI PRPD FSC Controlled Wood verification program described in section 4 below; and
- d) Uncontrolled Wood.

DMI PRPD has no plans at this time to purchase FSC certified fibre.

DMI PRPD will maintain an up-to-date list of all its suppliers of fibre that are supplying material used for FSC product groups and that are included in the FSC Controlled Wood verification program.

For each supplier DMI PRPD will record:

- a) The name and address of the supplier;
- b) Description of the fibre supplied and product type;
- c) The supplied material category;
- d) The species and volume of the fibre supplied;
- e) The supplier's FSC Controlled Wood code (if applicable); and
- f) Links to relevant purchasing documentation.

3.3 FSC Controlled Wood inputs

For FSC Controlled Wood from suppliers certified to deliver FSC Controlled Wood, DMI PRPD will ensure that:

- a) All fibre is clearly identified as such;
- b) All fibre is accompanied by documentation which clearly identifies each products' batch and / or to related shipping documentation, sufficient to link the invoice to the products supplied;
- c) The transport documentation and invoices issued for the material shall quote the supplying company's FSC Controlled Wood code; and
- d) The supplier holds a valid FSC chain of custody certificate with Controlled Wood included in its scope, or a valid FSC Controlled Wood certificate.

3.4 Material Receipt and Handling

On receipt of material or prior to further use or processing DMI PRPD will check the supplier invoice and supporting documentation to ensure the following:

- a) The supplied material quantities and quality are in compliance with the supplied documentation;
- b) The material category is stated for each product item or for the total products; and
- c) The supplier's FSC chain of custody code or FSC Controlled wood code, if applicable, is quoted for material supplied with FSC claims.

DMI PRPD will ensure that inputs used for FSC product groups remain clearly identifiable and separable by product group.

For materials received with a label from other forestry conformity assessment schemes, DMI PRPD will ensure the materials are cleared of any such labels before sale with an FSC claim.

3.5 Conversion Factors

For each product group DMI PRPD will identify the main processing steps involving a change of

material volume or weight and specify the conversion factors for each processing step or for the total processing steps as follows:

- a) The chip truck fills from the sawmill site or portable chipper site within a cut block;
- b) A unique identifier for each chip load is produced – TM9 Load Slip. This information is used in the Log Information Management System (LIMS) data base to track the origin of chip deliveries;
- c) The chip truck arrives on site, weighs in on DMI PRPD scales to obtain a gross weight. It is unloaded then is weighed again on scales to obtain a tare (empty) weight;
- d) The net weight of each load is calculated according to the methodology summarized in Appendix 3 and stored in the LIMS data base;
- e) During unloading, a representative sample of chips is obtained from each load from sawmill sites and from randomly chosen loads originating from in bush portable chipping operations. These samples are tested for moisture content and this information is used to update the load weight information in the LIMS database;
- f) The chip testing data is inputted for the received loads and the total delivered Bone Dry Tonne (BDT) of chips is calculated by multiplying the load net weight by the applicable oven dry wood content;
- g) After unloading, the chips are conveyed to and spread across the appropriate chip pile. At DMI PRPD, the designated chip pile for softwood chips is the South West pile while hardwood is spread across the North West and North East piles, the South East pile can be either hardwood or softwood). The fibre handling supervisor or designate ensures the times of chips delivered to the pile are recorded;
- h) A crawler tractor pushes the chips from the conveyor outlet to the edges of the pile to allow more chips to be conveyed to the pile.

3.6 Production

DMI PRPD produces Controlled Wood material as follows:

- a) Chips are pushed into the east or west reclaim by either a chip dozer or loader. The chips are conveyed through a series of screens then fed into the digester;
- b) The pulp goes through a series of processes:
 - i. Digester;
 - ii. Oxygen delignification;
 - iii. Bleach Plant; and
 - iv. Pulp machine.
- c) Each pulp bale has a unique identifier – lot number and bale number. This unique identity allows tracking of the process that was used to produce the bale. The bale number and lot number are a permanent attachment to the pulp bale. The carrier of the product and/or the Marketing agency and/or end user may change, but the ID of the pulp bale does not change;

PRPD manufactures two types of pulp – deciduous and coniferous (hardwood and softwood). Quality testing is done on a regular basis to assess the quality of the pulp. When switching from one species to the other extra testing is completed to determine the percentage of each species in the final pulp. As the pulping process is continuous, there are periods where there is a blend of the hardwood and softwood pulp. This pulp is called transition pulp. Based on testing with a fibre length analyzer the species content of lots is determined; and

- d) After all the quality testing is completed, pulp lots are designated to specific end users. Quality data is shared with DMI PRPD and Marubeni Pulp Marketing.

3.7 Material Balances

The DMI PRPD technical department is responsible for communicating with the marketing groups to ensure that end users whose pulp is certified to the FSC Controlled Wood standards and those volume credit accounts are updated to ensure that no more pulp is sold with FSC Controlled Wood claims than has been produced.

For each product group DMI PRPD will establish a material accounting record to ensure that at all times the quantities produced and / or sold with FSC claims are compatible with quantities of inputs from different material categories, their associated claims and the product group conversion factors using LIMS. This accounting record includes:

For inputs and outputs:

- a) Invoice references;
- b) Quantities (by volume or weight);

For inputs:

- a) Material category;

For outputs:

- a) FSC claim;
- b) Information to identify the product item in invoices; and
- c) Applicable claim period or job order.

3.8 Annual Volume Summaries

DMI PRPD will prepare annual volume summaries providing quantitative information for each material category received / used and product type produced / sold, as follows:

- a) Inputs received;
- b) Inputs used for production;
- c) Inputs still in stock;
- d) Outputs still in stock; and
- e) Outputs sold

3.9 Determination of FSC Claims

DMI PRPD will use the transfer system for each claim period or job order.

3.10 Sales and Delivery

DMI PRPD will ensure that all invoices used for outputs sold with FSC claims include the following information:

- a) Name and contact details of DMI PRPD;
- b) Name and address of the customer;
- c) Date when the document was issued;
- d) Description of the product;
- e) Quantity of the product sold;
- f) DMI PRPD's Controlled Wood code;
- g) Clear indication of the FSC claim for each product item or the total products as 'FSC Controlled Wood' for products from FSC Controlled Wood product groups; and
- h) If separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.

DMI PRPD will ensure that the sale of Controlled Wood complies with Annex 4 of FSC-STD-40-005 version 2-1.

3.11 Transfer System

For each product group the claim period will be 12 months. DMI PRPD will use the transfer system exclusively for the production of FSC Controlled Wood.

3.12 Record keeping

DMI PRPD will establish and maintain records to provide evidence of conformity with these procedures, as follows:

- a) DMI PRPD will identify, provide and maintain the infrastructure and technical facilities needed for effective implementation and maintenance of the Organization's chain of custody procedures;
- b) There is a system in place for routine backup of all electronic files (LIMS database, Danbie Lot Tracking System, Procedures, Files with Summary of Certified pulp etc. Paper files required for the system are stored on the Forest Resources intranet site.);
- c) The Organization shall keep at least the following documents.
 - Records of all suppliers of forest based raw material including information which confirms that the requirements at the supplier level are met: LIMS data base and Chip/Logging contracts;

- Records of all purchased forest based raw material including information on its origin: LIMS data base and Chip/Logging contracts;
- Records of all forest based products sold and their claimed origin. Danbie Lot Tracking System, Correspondence with DMI and Marubeni Pulp and Paper North America;
- Records of internal and external audits, non-conformities which occurred and corrective actions taken;

DMI PRPD will maintain the records for a minimum period of five years.

3.13 Roles and Responsibilities

The following personnel are responsible for the implementation of these procedures:

ROLE	RESPONSIBILITY
Mill Manager	Overall responsibility for all Mill and Forest Resources operations.
Forest Resources Business Unit Leader	Overall responsibility of raw material procurement and identification of origin.
EMS Coordinator	Overall responsibility for implementing procedures, audits, non-conformity control and Forest Operations to all legislative requirements (provincial and federal)
Forest Resources Business Team Leader- Operations	Receiving & handling and inventory & supply (Company Operations & Residual Sawmills)

3.14 Training

DMI PRPD will ensure that all personnel performing work affecting the implementation and maintenance of the chain of custody shall be competent based on appropriate training, education, skills, and experience.

All relevant staff identified in section 3.13 will be trained to implement these procedures. Records will be kept of the training provided to staff in relation to the implementation of these procedures.

4 Controlled Wood Quality Assurance

A Detailed Forest Management Plan (DFMP) must be prepared at least every ten years. The DFMP is a strategic level-planning document that sets policy and direction for subsequent management activities. The analyses presented rely heavily on forecasts

of forest growth and change in natural and human influenced conditions. The 200-year forecasts are used to select sustainable harvest levels and strategies.

Detailed spatial schedules of harvest activities are selected for 20 years into the future. Subsequent planning steps use this schedule to direct location and timing of activities. The government retains the right to direct land use by other industries as well as the public who continue to have access to that land base. Management of wildlife/fisheries resources also rests with the province.

From this Detailed Forest Management Plan, more specific detailed plans are created. The General Development Plan (“GDP”) is an annually updated, tactical level document that outlines operational activities over a five-year timeframe on a localized level. The operational activities include proposed harvest areas, road construction, road maintenance, and reforestation. Strategies to address forest protection (insects, disease, wildfire, noxious weeds), and mitigate impacts on fish and wildlife habitat are identified as part of the GDP.

Annual Operating Plans (“AOP”) are 1-year plans that provide very localized operational details for each activity scheduled. Details include detailed mapping, specific harvesting techniques, reforestation techniques, road location and construction parameters, camp location and services, protection of water resources and non-timber features. Industry and governmental staff monitor and report on operations as they progress.

DMI PRPD is directly responsible for all of its own planning phases for operations within the FMA area. Conifer Quota holders follow direction set in the DFMP but are responsible for their own GDP and AOP for covering their own operations within DMI’s FMA area. Likewise, DMI is responsible for GDP and AOP planning of the DMI DTAs that are within other companies’ FMA. DMI is implementing the same planning standards on all of its tenures and is working with conifer quota holders to integrate all levels of planning.

FMA holders consult their embedded quota holders when preparing a DFMP And the DFMP process sets the AAC. Each company is responsible for preparing the detailed annual operating plans for their own harvest and silviculture activities. The Government of Alberta is responsible for approval of all plans and timber dispositions, including ongoing field inspections during operations.

There are DTAs within forest management units that have no FMA holder And in these units, the Alberta Government is responsible for DFMP preparation. Industry retains responsibility for the General Development Plan and the AOP process.

Also of note, the Alberta Government has implemented the Alberta Forest Management Planning Standard (Version 4.1 April 2006) http://www.srd.alberta.ca/ManagingPrograms/ForestManagement/documents/Alberta_Forest_Management_Planning_Standard_Version_4_1_April_2006_Final_2.pdf.

DMI PRPD is responsible to ensure that forest planning activities comply with these standards.

In addition to following these standards, DMI PRPD ensures that all chip procurement is done legally and that none of the fibre comes from controversial sources. One or more of the following methods may do this:

- Review of land ownership titles;
- Checks to ensure harvesting does not encroach on protected areas;

- Completing and keeping up to date Controlled Wood risk assessments to ensure that fibre supply does not originate from sources that are not low risk; and
- Field verification, as required, to ensure that fibre supply does not originate from sources that are not low risk.

These measures are described in more detail in the following sections.

4.1 Risk Assessment

DMI PRPD has completed two Controlled Wood risk assessments (NW Alberta and NE British Columbia) for its entire district of origin. These risk assessments are attached as Appendix 4. The risk assessments will be reviewed on an annual basis to ensure that it is accurate and revised as required based on changing fibre suppliers or new information. The results of this risk assessment are publically available by request, posted on the company external website, or through the FSC Controlled Wood Risk Register.

All fibre originating from sources deemed low risk shall be classified as Controlled Wood. In the case of doubt as to whether a fibre originates from areas that are low risk, the fibre shall be classified as unspecified. All fibre that is not classified as low risk shall be segregated and excluded from FSC Controlled Wood production.

4.2 Field Evaluations

For all sources of fibre that cannot be confirmed as low risk, DMI PRPD will include the forest management unit of origin in a verification program and confirm that it complies with the requirements specified in FSC-STD-40-005 v2 Annex 3. The results of the field verification program, including specification of non-compliance and / or corrective actions identified, will be available for review by FSC-accredited certification bodies on request.

Where guidance and / or interpretation is provided by the FSC International Centre, FSC Regional Offices and / or FSC-accredited national initiatives, this guidance and / or interpretation will be used by DMI PRPD in relation to fibre supply from sources that cannot be confirmed as being low risk.

4.3 Complaints Mechanisms

In the events of complaints supported by evidence related to supplies of Controlled Wood, irrespective of whether the supplies come from areas considered low risk or not, DMI PRPD will implement the following complaint mechanism:

1. Written notification will be made within two weeks of receipt of the written complaint supported by evidence;
2. The evidence provided in the complaint will be assessed within 2 weeks of receipt;
3. Field verification for cases in which evidence is considered relevant within 2 months of its receipt;
4. Procedures to exclude supply and supplier from DMI PRPD Controlled Wood category if any non-compliance with FSC Controlled Wood requirements is found;

5. Procedures to ensure that the supplier will only be able to supply FSC Controlled Wood once it has proven that it complies with the FSC Controlled Wood requirements;
6. Records will be kept of all complaints received and action taken; and
7. DMI PRPD will inform the FSC Canada and the relevant FSC-accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered to be low risk;

If there are frequent non-compliances with FSC Controlled Wood requirements in areas deemed to be low risk, DMI PRPD will review its risk assessment.

4.4 Inspection and Control

DMI PRPD will conduct internal audits at intervals of at least once per year covering all requirements of these procedures and establish corrective and preventative measures as required. The report from the internal audit shall be reviewed by the DMI PRPD's top management at least annually.

5 Sale of FSC Controlled Wood

The Company shall include the following information on all invoices issued for sales of FSC Controlled Wood:

- a) The name and address of the buyer;
- b) The date on which the invoice was issued;
- c) Description of the product;
- d) The quantity of the product sold;
- e) Reference to the product batch and / or to related shipping documentation, sufficient to link the invoice to the goods received by the customer; and
- f) The FSC Controlled Wood and Chain of Custody code issued by an accredited certification body

All invoices and transport documents issued for the sale of FSC Controlled Wood will include a clear product description as 'FSC Controlled Wood' for all applicable products.

Consistent with FSC-STD-40-005 v2 Annex 4, DMI PRPD will not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with Controlled Wood for on-product labelling or off-product labelling, advertising, promotion or reporting.

6 Appendices

Appendix 1: Map of District of Origin

Appendix 2: Residual Chip Suppliers Contact List

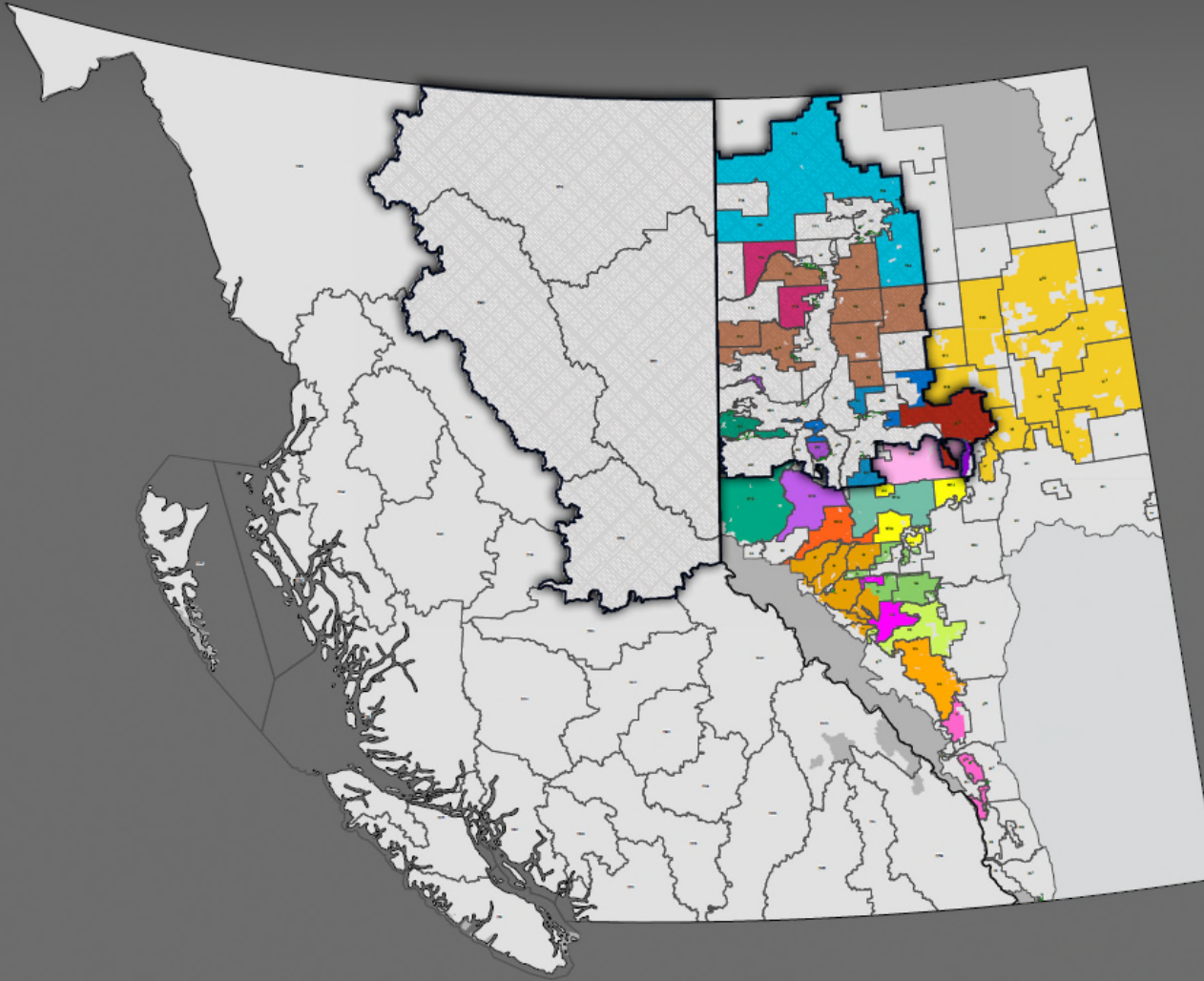
Appendix 3: Chip Weight Conversion Methodology

Appendix 4: Controlled Wood Risk Assessment

Appendix 5: FMA Land Conversion Analysis

Appendix 6: Product Group Schedule

APPENDIX 1
MAP OF DISTRICT OF ORIGIN



DISTRICT OF ORIGIN

Features of Interest

- District of Origin of DMI Wood Supply
- District/FMU Boundaries
- National Park

FMA-Provincial

- ANC Timber Ltd.
- Alberta Pacific Forest Products Incorporated
- Blue Ridge Lumber Inc.
- Canadian Forest Products Ltd.
- Daishowa-Marubeni International Ltd.
- Gordon Buchanan Enterprises Ltd. and Tolko Industries Ltd.
- Menning Diversified Forest Products Ltd.
- Millar Western Forest Products Ltd.
- Slave Lake Pulp Corporation
- Spray Lake Sawmills (1985) Ltd.
- Sundance Forest Industries Ltd.
- Sundra Forest Products Inc.
- Tolko Industries Ltd. (High Prairie)
- Tolko Industries Ltd. and Foothill Forest Products Ltd.
- Tolko Industries Ltd., Venderwell Contractors (1971) Ltd. and Alberta Plywood Ltd.
- Venderwell Contractors (1971) Ltd.
- West Fraser Mills Ltd. (Hinton)
- Weyerhaeuser Company Limited (Drayton Valley)
- Weyerhaeuser Company Limited (Edson)
- Weyerhaeuser Company Limited (Grande Prairie)

AUGUST 12, 2010

APPENDIX 2
Residual Chip Suppliers Contact List

**DMI – Peace River Pulp
Residual Chip Suppliers Contact List**

Supplier	Contact	<u>Phone Number</u>
Boucher Bros. Lumber Ltd. Box 488, Nampa, AB T0H 2R0	Jason Boucher	(780) 322-3945
Buchanan Lumber P.O. Box 38, High Prairie, AB T0G 1E0	Wayne Midnight Plant Manager	(780) 523-4544
Canadian Forest Products Ltd. Postal Bag 100 Grande Prairie, AB T8V3A3	Greg Saugsted Residual Fibre Manager	(250) 992-1308
La Crete Sawmills Ltd. Box 1090, La Crete, AB T0H 2H0	John Unger General Manager, President	(780) 928-2292
Ridgeview Mills Ltd. Box 1499, La Crete, AB T0H 2H0	George Unrau General Manager, President	(780) 928-2265
Tolko Industries Ltd. 11401-92 St. High Level, AB T0H 1Z0	Mike Dextrase Mill Manager	(780) 926-8949
Evergreen Lumber Inc. Box 606, La Crete, AB T0H 2H0	Frank Peters General Manager	(780) 928-3616
Zavisha Sawmills Ltd. P.O. Box 60, Hines Creek, AB T0H 2A0	Glen/Ashley Zavisha President, General Manager	(780) 494-3333
Manning Diversified Forest Products c/o:		
Weyerhaeuser Canada Ltd. Grande Prairie Operations Postal Bag 1020 Grande Prairie, AB T8V3A9	Dennis Young Alberta Wood Procurement Manager	(780) 539-8239

APPENDIX 3

Chip Weight Conversion Methodology

Fibre Conversion Methodology

CALCULATION OF NET WEIGHT

- Gross Weight – Tare Weight = Net Weight
- Gross Weight – Actual weight of loaded unit captured on 'IN Bound' scale
- Tare Weight – Actual weight of empty unit captured on 'OUT Bound' scale

CALCULATION OF BONE DRY TONNES

Portable Chippers

A Scale program randomly selects chip loads to be sampled at a predetermined sample frequency. Each load chosen leaves a sample pail, on top of the chips in the pail is a zip lock bag of chips (moisture sample).

Residual Sawmills

Every chip delivery leaves a sample pail, on top of the chips in the pail is a zip lock bag of chips (moisture sample)

Portable Chippers & Residual Sawmills

This moisture sample is weighted as soon as it is removed from the bag, dried for 20.3 hrs @ 105 degrees in an oven and reweighed once completed.

$$\frac{WW - ODW}{WW} \times 100 = MC\%$$

WW = Wet weight of sample
ODW = Oven dry weight of sample
MC% = Moisture content of sample
100 – MC% = OD%
OD% - Oven dry percentage
Net Weight /1000 x OD% = BDT
Net Weight / 1000 – Green metric tonnes
BDT = Bone dry tonnes

Calculation of Bulk Density (to determine m³/BDT conversion) – Portable Chippers Only

Density is determined in the lab using a representative sample from the 6mm tray on the classifier that is placed in a wire mesh cage and submerged under water for 24 hours.

$$WW = B + M - CB$$

WW = Wet weight of sample

B = Weight of submerged basket

M = Weight of moist chips after drying with paper towel

CB = Weight of submerged chips and basket

$$\text{Bulk Density} = \frac{\text{ODW}}{\text{WW}}$$

ODW = Oven dry weight of sample

$$\frac{1}{\text{Bulk Density}} = \text{m}^3/\text{BDT conversion}$$

Current Sampling Methodology

Portable Chippers

- A scale program randomly selects chip loads to be sampled at a predetermined sample frequency. Each load chosen leaves a sample pail that consists of a chip sample and a moisture sample.
- All samples are organized by chipper and then sequentially by the time across the 'IN Bound' scale.
- Here is the sampling that is carried out on a set of 36 sequential loads from each chipper.

Loads/Samples

~~1~~

~~2~~

~~3~~

~~4~~

5

~~6~~

~~7~~

~~8~~

9

~~10~~

Samples randomly selected for loads 5, 9, 14, 24, 27 and 30

~~11~~

~~12~~

Individual bark/moisture measured on the above 6 sample loads

~~13~~

14

Each bark/moisture applies to all loads preceding this load back to the last ~~15~~ measured bark/moisture (e.g. bark/moisture measured for load 24 applies to loads 15 – 24)

~~16~~

~~17~~

~~18~~

Chip classification is done by compositing sequential samples of 2, in this example combine samples 5 & 9, 14 & 24 and 27 & 30 to make 3 composite samples, the chip classification information for samples 14 & 24 applies to samples 10 – 24

~~19~~

~~20~~

~~21~~

~~22~~

~~23~~

One density measurement/chipper/day

24 Bark

~~25~~

26

27 Bark

28

29

30 Bark

31

32

33

34

35

36

Bark/Moisture Sample

Residual Sawmills

- Each chip delivery leaves a sample pail that consists of a chip sample and a moisture sample.
- All samples are organized by sawmill and then sequentially by the time across the 'IN Bound' scale
- No samples are discarded from the sawmills, all sampling is based on composites of either 2, 4, or 6
- Separate quarters of the same composite are used for the bark and chip fraction determination
- The suppliers working with composites of 4 and 6 only have every second moisture sample taken with the actual moisture being applied to the load it came from as well as the next load in sequence

The following tables summarizes DMI’s current sampling program

DMI Chip Lab Sampling Frequency Table for PORTABLE CHIPPERS

Chip Supplier	Residual or Whole Tree Chips	Species SW-softwood HW-hardwood	Random Point Sample Frequency	Previous Chip Class/Bark above Target Random Point Sample Frequency	Previous Chip Class REJECT Random Point Sample Frequency	Random Moisture Sample Frequency	Density Frequency
Pine Ridge 1	Whole Tree	Hw	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	same as bark	1/day
Pine Ridge 2	Whole Tree	Hw	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	same as bark	1/day
Peace Country Ventures 1	Whole Tree	Hw	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	same as bark	1/day
Peace Country Ventures 2	Whole Tree	Hw	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	same as bark	1/day
Peace River Chippers 1	Whole Tree	Hw	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	same as bark	1/day
Peace River Chippers 2	Whole Tree	Hw	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	same as bark	1/day
Garden River 1	Whole Tree	Hw	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	same as bark	1/day
Garden River 2	Whole Tree	Hw	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	1 in 6 bark 2 in 12 class	same as bark	1/day

Chipper samples are point samples (i.e. 2 random samples represent 12 loads, each is sampled separately for bark and then combined for the class)


DMI Chip Lab Sampling Frequency Table for SAWMILLS

Chip Supplier	Residual or Whole Tree Chips	Species SW-softwood HW-hardwood	Composite Ratio	Previous Chip Class/Bark above Target Composite Ratio	Previous Chip Class/Bark REJECT Composite Ratio	Moisture Sample Frequency
Tolko	Residual	Sw	1:6	redo class and/or 1:3 bark, which ever was above target	1:1	1:2
Tolko Pile	Residual	Sw	1:6	1:3 redo bark ONLY if above target	1:1	1:2
Boucher	Residual	Sw	1:4	1:4	1:1	1:2
La Crete	Residual	Sw	1:6	1:6	1:1	1:2
Ridgeview	Residual	Hw	1:4	1:4	1:1	1:2
Evergreen	Residual	Sw	1:2	1:2	1:1	1:1
Buchanan	Residual	Sw	1:6	1:6	1:1	1:2
Zavisha	Residual	Sw	1:2	1:2	1:1	1:1
MDFP	Residual	Sw	1:6	1:6	1:6	1:2

Sawmill barks and classes are complete composites, (i.e. 6 samples mixed for one composite).

As long as REJECT persists stay at above ratios

APPENDIX 4
Controlled Wood Risk Assessments
Alberta & British Columbia

Certificate Holder:	Daishowa-Marubeni International Ltd., Peace River Pulp Division	Certification Body (CB):	KPMG Forest Certification Services Inc.
FSC CW certificate code:	KF- COC/CW-001020	Date of CB Approval:	August 12, 2010
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 Postal Bag 6500, Pulp Mill Site Peace River, Alberta T8S 1V5	Signature of Company Representative:	 <hr/> , RFP (AB), PEA, EMS(LA) Continuous Improvement Coordinator Daishowa Marubeni International Ltd- Peace River Pulp Division

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
1. Illegally Harvested Wood 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	www.illegal-logging.info www.eia-international.org http://www.canlii.org/ab/laws/regu/1973r.60/20080818/whole.html - Timber Management Regulations http://srd.alberta.ca/ManagingPrograms/ForestManagement/ForestManagementDirectives/ComplianceEnforcement.aspx - 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</p>	Low Risk

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
	<p>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.</p>	<p>www.illegal-logging.info www.eia-international.org http://www.srd.alberta.ca/ManagingPrograms/ForestManagement/ForestTenure/ForestManagementAgreements/documents/DMI-OC391-2009.pdf - DMI FMA Agreement – East http://www.srd.alberta.ca/ManagingPrograms/ForestManagement/ForestTenure/ForestManagementAgreements/documents/DMI-OC392-2009.pdf - DMI FMA Agreement – West</p>	<p>Acts and Regulations by forest companies.</p> <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>	
	<p>1.3 There is little or no evidence or reporting of illegal harvesting in the district of origin.</p>	<p>www.illegal-logging.info www.eia-international.org http://srd.alberta.ca/ManagingPrograms/ForestManagement/ForestManagementDirectives/ComplianceEnforcement.aspx - Public disclosure of Enforcement and Compliance in Alberta http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/ems/documents/FibreProcurementPolicyRev1.pdf- DMI Fibre Procurement Principles</p>	<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>	
	<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.</p>	<p>http://www.transparency.org - Transparency International maintains regularly updated information on perceptions of corruption at the national level</p>	<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 10th least corrupt country in the world. Canada ranks lower than</p>	


Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
			Sweden, the least corrupt, but higher than the US, the 18 th least corrupt.	
2. Wood harvested in violation of traditional or civil rights 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;	www.un.org	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 www.globalpolicy.org/security/natres/timbrindex.htm www.usaid.gov - 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	http://laws.justice.gc.ca/en/L-2/ - Canada Labour Code and Regulations http://employment.alberta.ca/SFW/996.html - 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	http://www.treaty8.ca/upload/images/0-0-01b.jpg - Treaty 8 website http://www.aboriginal.alberta.ca/1.cfm - Alberta Consultation process	The District of origin is Treaty 8 Territory, home of several First Nations. 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. Alberta has a First Nation consultation policy	

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
			that must be followed by industry. Approvals are dependant upon adequate First Nation consultation.	
	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.	www.chrc-ccdp.gc.ca/legislation_policies/aboriginal_employment-en.asp -- federal aboriginal employment policy. http://www.unhcr.ch/html/menu3/b/62.htm - the ILO Convention 169 on Indigenous and Tribal Peoples	Federal and provincial laws protect the rights of all workers including aboriginal employees. 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.	
3. Wood harvested from forest in which high conservation values are threatened by management activities 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.	http://www.biodiversityhotspots.org/xp/hotspots/Pages/default.aspx - Those regions identified by Conservation International as a Biodiversity Hotspot http://www.nationalgeographic.com/wildworld/pr/files/g200_index.html - 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." http://www.ec.gc.ca/soer-ree/English/Framework/NarDesc/borpln_e.cfm provides a map of Alberta ecoregions and terrestrial ecozones http://multimedia.wri.org/frontier_forest_maps/nome-nof.html - Those regions identified by the	No Biodiversity hotspots are identified in the District of Origin. No eco-regions in the District of Origin are assessed as being critical or endangered. The district of origin may contain areas determined to be Frontier Forests. However, DMI HCVF work to date (see below) protects these attributes. The district of origin may contain areas determined to be Intact Forest Landscapes. However, DMI HCVF work to date (see below) protects these attributes.	Low Risk

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
		<p>World Resources Institute as a Frontier Forest</p> <p>www.intactforests.org - Intact Forests Landscapes, as identified by Greenpeace</p> <p>http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/detailed_forest_management_plans/documents/DFMPSummaryDocJuly2_08.pdf- 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>http://canadianborealforestagreement.com/media-kit/Boreal-Agreement-Full.pdf - 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>	
	<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>	<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>http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/detailed_forest_management_plans/documents/Ch3.BiotaandEcolCommunities.pdf - link to the Biophysical report</p> <p>http://inform.energy.gov.ab.ca/Documents/Publiced/IL-1997-01.pdf - 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>	
<p>4. Wood harvested from areas being</p>	<p>4.1 There is no net loss AND no significant rate of loss (> 0.5% per</p>	<p>http://www.srd.gov.ab.ca/forests/pdf/Forest-Resource-Ftsht.pdf - Provincial approved annual</p>	<p>SRD Alberta states annual growth rate of Alberta's forest is 44 million cubic meters while</p>	<p>Low Risk</p>

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
converted from forests and other wooded ecosystems 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:	year)8 of natural forests and other naturally wooded ecosystems such as savannahs taking place in the eco-region in question.	cut information 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.	approved annual cut was only 23.2 million cubic meters. 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.	
5. Wood from forests in which genetically modified trees are planted 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:	a) There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned b) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use c) It is forbidden to use genetically modified trees commercially in the country concerned	http://www.fao.org/docrep/008/ae574e/ae574e00.htm - Forestry Department of FAO http://www.inspection.gc.ca/english/plaveg/bio/st/st_06e.shtm -- Federal Food Inspection Agency.	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 Federal Food Inspection Agency confirms that confined field trials of Plants with Novel Traits are limited to scientific research.	Low Risk

Certificate Holder:	Daishowa-Marubeni International Ltd., Peace River Pulp Division	Certification Body (CB):	KPMG Forest Certification Services Inc.
FSC CW certificate code:	KF- COC/CW-001020	Date of CB Approval:	August 12, 2010
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 Postal Bag 6500, Pulp Mill Site Peace River, Alberta T8S 1V5	Signature of Company Representative:	 _____, RFP (AB), PEA, EMS(LA) Continuous Improvement Coordinator Daishowa Marubeni International Ltd- Peace River Pulp Division
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Districts, including countries covered with this risk assessment*:	Mackenzie, Fort St. John and Prince George Forest Districts, British Columbia
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Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
1. Illegally Harvested Wood 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	www.illegal-logging.info www.eia-international.org http://www.for.gov.bc.ca/tasb/legsregs/ http://www.for.gov.bc.ca/hen/ Forest Act Part 5 Timber Marking & Part 6 Timber Scaling Timber Marking and Transportation Regulation	There is 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 these districts. Strong legislation is in place in British Columbia regarding the granting and regulation of harvesting rights and the marking, scaling and transportation of timber. British Columbia has government staff dedicated to the monitoring of compliance with and to enforce forest Acts and Regulations by forest companies. Timber Marking and Transportation Regulation includes provisions to ensure that compliance and enforcement takes place and that each load of timber is accompanied by a load slip.	Low Risk
	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.	www.illegal-logging.info www.eia-international.org	Harvesting without required permit or felling license is not known to be a problem in these districts based on international sources and reports in relation to illegal logging.	

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
	1.3 There is little or no evidence or reporting of illegal harvesting in the district of origin.	www.illegal-logging.info www.eia-international.org http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/ems/documents/FibreProcurementPolicyRev1.pdf - DMI Fibre Procurement Principles	<p>Harvesting without required permit or felling license is not known to be a problem in these districts based on international sources and reports in relation to illegal logging.</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.	http://www.transparency.org - 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 British Columbia.</p> <p>As per the Transparency International's 2008 Transparency International Corruption Perceptions Index (Transparency International, 2009), Canada ranks as the 10th least corrupt country in the world. Canada ranks lower than Sweden, the least corrupt, but higher than the US, the 18th least corrupt.</p>	
2. Wood harvested in violation of traditional or civil rights 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;	www.un.org	There is currently no UN Security Council ban on timber exports from British Columbia.	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 www.globalpolicy.org/security/natres/timbrindex.htm www.usaid.gov - Conflict Timber: Dimensions of the Problem in Asia and Africa Volume I Synthesis Report.	These districts are not designated as sources of conflict timber.	
	2.3 There is no evidence of child labour or violation of ILO	http://www.ilo.org/jpecinfo/product/viewProduct.do?productId=2299 - Global Child labour trends	Forest employment in British Columbia is regulated under federal (s. 179 (Act); s. 10 (Reg.))	

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
	Fundamental Principles and Rights at work taking place in forest areas in the district concerned	2000 to 2004. ILO (International Labour Office http://laws.justice.gc.ca/en/L-2/ - Canada Labour Code and Regulations http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96113_01 - BC Employment Standards Code School Act	- <i>Canada Labour Code and Regulations</i>) and provincial (ss. 65, 66 (Code); s. 13(1), (5) (e) (Act) - <i>Employment Standards Code School Act</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.	www.ainc-inac.gc.ca/ps/clm/index_e.html www.gov.bc.ca/arr/treaty/default.html - BC Consultation Process	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. In BC the Forest and Range Practices Act requires efforts to be made in information sharing between industry and First Nations as a means to identify and where necessary conserve or protect cultural heritage resources.	
	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.	www.chrc-ccdp.gc.ca/legislation_policies/aboriginal_employment-en.asp -- federal aboriginal employment policy. http://www.unhchr.ch/html/menu3/b/62.htm - the ILO Convention 169 on Indigenous and Tribal Peoples	Federal and provincial laws protect the rights of all workers including aboriginal employees. Violation of ILO Convention 169 and the rights of Indigenous and Tribal people is not known to be a problem in these districts based on international sources and reports.	
3. Wood harvested from forest in which high conservation values are threatened by management	3.1 Forest management activities in the relevant level (eco-region, sub-eco-region, local) do not threaten eco-regionally significant high conservation values.	http://www.biodiversityhotspots.org/xp/hotspots/Pages/default.aspx - Those regions identified by Conservation International as a Biodiversity Hotspot	No Biodiversity hotspots are identified in these districts	Low Risk

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
<p>activities 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.</p>		<p>http://www.nationalgeographic.com/wildworld/profiles/g200_index.html - Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 2000 Ecoregions 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."</p>	<p>No eco-regions in these districts are assessed as being critical or endangered.</p>	
	<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>	<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>Fraser Plateau and Basin Ecoregion http://www.worldwildlife.org/wildworld/profiles/terrestrial/na/na0514_full.html</p> <p>Prince George Land & Resource Management Plan http://ilmbwww.gov.bc.ca/slrp/lrmp/princegeorge/pgeorge/plan/toc.htm</p> <p>Prince George Sustainable Forest Management Plan www.canfor.com/resources/sustainability/PGSFM_P_ver2007_7.pdf</p> <p>Mackenzie Land & Resource Management Plan</p>	<p>These districts are in the Fraser Plateau and Basin Ecoregion. These districts have undergone significant land use planning, which has increased the system of protected areas and established objectives to manage for all non-timber and timber forest resources.</p> <p>The Districts have completed Land and Resource Management Plans that identify and protect a number of HCV attributes including water, rare and uncommon species, wildlife, fisheries, and cultural heritage.</p> <p>The Districts are also managed under joint licensee Sustainable Forest Management Plans. Some HCV issues of note in these plans include the maintenance of critical winter range for mountain caribou and the conservation of sites of special biological significance.</p>	

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
		<p>http://ilmbwww.gov.bc.ca/slrp/srmp/north/mackenzie/index.html</p> <p>Mackenzie Sustainable Forest Management Plan http://www.for.gov.bc.ca/hfd/library/FIA/2007/LBI_P_2526001a.pdf</p> <p>Fort St. John Land and Resource Management Plan http://ilmbwww.gov.bc.ca/slrp/lrmp/fortstjohn/fort_stjohn/plan/toc.htm</p> <p>Fort St. John Sustainable Forest Management Plan http://www.canfor.com/_resources/sustainability/FortStJohn_2005_2006_Annual_Report.pdf</p> <p>http://canadianborealforestagreement.com/media-kit/Boreal-Agreement-Full.pdf - Canadian Boreal Forest Agreement</p>	DMI is a signatory to the Canadian Boreal Forest Agreement	
<p>4. Wood harvested from areas being converted from forests and other wooded ecosystems 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:</p>	<p>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 eco-region in question.</p>	<p>The State of British Columbia's Forests 2006 www.for.gov.bc.ca/hfp/sof/2006/pdf/sof.pdf</p>	<p>British Columbia has a forest management regime based on natural forests and the use of native species. The area of forest in BC increased between 1957 and 2000.</p> <p>Within the fibre supply District the minor amount of conversion of Crown tenure forest lands for the purposes of oil and gas and mining and other non forest uses is less than 0.1% per year.</p>	<p>Low Risk</p>

Category	FSC Indicator	Information Sources Used	Brief justification	Risk Designation
<p>5. Wood from forests in which genetically modified trees are planted 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>	<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>http://www.fao.org/docrep/008/ae574e/ae574e00.htm - Forestry Department of FAO</p> <p>http://www.inspection.gc.ca/english/plaveg/bio/st/st_06e.shtm -- Federal Food Inspection Agency.</p> <p>www.for.gov.bc.ca/hti/grm/generesource.htm</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> <p>The Tree Improvement Branch of the Ministry of Forests & Range ensures that no genetically modified tree seed is registered or used in operational forest planting on Crown land in British Columbia.</p>	<p>Low Risk</p>

APPENDIX 5

FMA Land Conversion Data

Land Use Deletions by Year

FMA:FMA8900027

	New Cut Productive Area (Ha)	New Cut Non-productive Area (Ha)	Total New Cut Area (Ha)	Conversion Rate% (Non-Forest Use)
1989	202.4	125.3	327.6	0.01%
1990	470.2	275.4	745.6	0.03%
1991	357.9	216.6	574.5	0.02%
1992	292.9	229.7	522.6	0.02%
1993	905.7	618.7	1,524.4	0.06%
1994	927.4	645.4	1,572.8	0.06%
1995	783.9	470.3	1,254.2	0.05%
1996	1,235.7	847.1	2,082.8	0.08%
1997	1,127.1	971.1	2,098.2	0.09%
1998	1,024.0	671.9	1,695.9	0.07%
1999	563.2	307.2	870.5	0.04%
2000	529.1	335.6	864.8	0.04%
2001	889.1	385.7	1,274.7	0.05%
2002	289.3	162.2	451.6	0.02%
2003	596.0	250.1	846.1	0.03%
2004	609.9	342.2	952.2	0.04%
2005	697.5	227.5	925.0	0.04%
2006	993.6	363.2	1,356.9	0.06%
2007	969.4	477.8	1,447.3	0.06%
2008	254.3	131.2	385.5	0.02%

Average 0.04%

APPENDIX 6

Product Group Schedule



FSC Product Group Schedule

FSC Product Group	Product Type and Code	FSC Claim	Species	Input Material Category(ies)	Control System for FSC Claim	Sites
Bleached Kraft Pulp	32111	FSC Controlled Wood	Coniferous	Controlled material	Transfer	Peace River Pulp Division Postal Bag 6500, Pulp Mill Site Peace River, Alberta T8S 1V5
Bleached Kraft Pulp	32111	FSC Controlled Wood	Deciduous	Controlled material	Transfer	Peace River Pulp Division Postal Bag 6500, Pulp Mill Site Peace River, Alberta T8S 1V5

{Refer to requirements in FSC-STD-40-004 V2:

- 2.1.1 Details required in the publicly available PGS;
- 2.1.2 Details required for auditor verification;
- 2.1.3 Additional requirements for defining product groups with the percentage or credit system.}