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To: ANC FSC® CoC/CW Stakeholders

August 8, 2023

Dear Stakeholder,

## **Stakeholder Consultation**

**KPMG Forest Certification Services Inc. (KPMG FCSI) to conduct an FSC® Chain and Custody/Controlled Wood Re-certification Audit of Alberta Newsprint Company in 2023**

### **Purpose and scope of the audit**

KPMG Forest Certification Services Inc. (KPMG FCSI) will be conducting a certification audit of Alberta Newsprint Company (ANC) against the requirements of the current Forest Stewardship Council® (FSC®) chain of custody (CoC) and controlled wood (CW) standards. A stakeholder consultation process is planned from August 8, 2023 to September 22, 2023 with the certification audit scheduled to begin on September 22, 2023.

ANC holds a single FSC CoC and CW certificate that includes procurement and sales for a mill in Whitecourt Alberta.

The supply area for the pulp mill includes the World Wildlife Fund ecoregions listed below that are located within the province of Alberta:

- Alberta-British Columbia foothills forests (18),
- Canadian Aspen forests and parklands (60),
- Mid-continental Canadian forests (49),
- Muskwa-Slave Lake forests (51),
- Alberta Mountain forests (17), and
- North Central Rockies forests (33).

A map of the WWF Canadian ecoregions containing forest landscapes can be found at on page 144 of the [National Risk Assessment For Canada \(FSC-NRA-CA V2-1\)](#).

The audit will be based on the current FSC CoC ([FSC-STD-40-004 V3-1](#)) and CW ([FSC-STD-40-005 V3-1](#)) standards.

This letter serves as an invitation to interested and affected stakeholders who wish to provide comments that are pertinent to ANC's FSC CoC/CW certification. The comments received will be considered by KPMG FCSI in reaching its conclusions regarding ANC's conformance with the applicable FSC CoC and CW standards.

### **About FSC and the CoC and CW standards**

The FSC is an international non-profit organization founded in 1993 to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests. It supports the development of national and regional standards to be used to evaluate whether a forest is being well-managed.

It is an association of members consisting of a diverse group of representatives from environmental and social organizations, forest and product industries, Indigenous People's organizations, community forestry groups and certification bodies from around the world. Membership is open to all who are involved in forestry or forest products and share its aims and objectives.

FSC, with its head office in the city of Bonn, Germany, is governed by an elected Board which consists of people from industry, environmental, social and labor groups, Indigenous People's representatives and others.

The FSC CoC standard, FSC-STD-40-004 V3-1, provides requirements that organizations can follow to track wood from responsibly managed forests to the end user.

The CW standard, FSC-STD-40-005 V3-1, contains requirements for a verification system to ensure that procured wood has a low risk of coming from the following five categories of unacceptable sources:

1. Illegally harvested wood;
2. Forests harvested in violation of traditional and human rights;
3. Forests in which high conservation values are threatened by management activities;
4. Forests that are being converted to plantations or non-forest use;
5. Forests in which genetically modified trees are planted.

The [National Risk Assessment For Canada \(NRA\)](#) has determined geographic areas where there is a specified risk of wood originating from one of the five categories listed above, and identifies measures that FSC CW certified companies procuring non-FSC-certified wood from Canada shall implement to mitigate these risks.

### **Your role**

We would appreciate your comments on issues that are pertinent to ANC's FSC CoC/CW certification. Comments may include, but are not necessarily limited to, concerns or observation's regarding the Company's Due Diligence System (DDS) to mitigate risk of sourcing wood from unacceptable sources.

The DDS is a system of processes developed by the organization, based on the NRA mandatory or recommended control measures. Implementation of control measures is done to mitigate the risk of sourcing material from the five categories of unacceptable sources. The control measures selected by ANC may be replaced by more effective control measures, if applicable.

A questionnaire is provided with this letter for your comments on issues that are pertinent to ANC's FSC CoC/CW certification. However, additional materials and other methods of

communication will also be accepted. Upon request, arrangements may also be made to allow stakeholders to meet with members of the audit team during the on-site portion of the audit.

### **Access to information**

FSC requires that stakeholders be provided access to certain information as part of the consultation process, including:

- A description of the supply area and respective risk designation: This information is included within the body of this letter and the summary of the ANC Due Diligence System (DDS).
- A written summary of the ANC DDS: A copy of this document is available on KPMG FCSI's website at <https://home.kpmg/ca/en/home/services/environmental-social-and-governance/assurance/certification/fsc-stakeholder-consultations.html>.
- Copies of the applicable FSC CoC and CW standards: These can be obtained from FSC International at <https://fsc.org/en/document-centre>.
- A copy of the latest version of the FSC Canada National Risk Assessment: The NRA can be found at <https://ca.fsc.org/ca-en/controlled-wood/national-risk-assessment>
- The procedure for filing complaints: A copy of KPMG FCSI's dispute resolution procedures are available on KPMG FCSI's website at <https://home.kpmg/ca/en/home/services/environmental-social-and-governance/assurance/certification/kpmg-forest-certification-services.html>
- Contact information of the person or position responsible for addressing complaints: This can be obtained by visiting the KPMG FCSI website noted above.

### **KPMG FCSI Contact information**

All comments and requests for additional information should be directed to Cindy Hutchison at:

KPMG Forest Certification Services Inc.  
PO Box 10426, Pacific Centre  
Vancouver, B.C.  
V7Y 1K3  
Fax: (604) 691-3031  
Email: [cindyhutchison@kpmg.ca](mailto:cindyhutchison@kpmg.ca)

### **Our commitments**

- 1 The source of specific comments received will remain confidential unless the commenting party specifically indicates to the contrary.
- 2 We will respond to all stakeholders who provide comments and provide information on how their comments were taken into account.
- 3 A summary of stakeholder comments and how they were considered by KPMG FCSI will be included in the publicly posted ANC FSC CW certification audit summary report.

Yours very truly,

A handwritten signature in blue ink that reads "Cindy Hutchison". The signature is written in a cursive, flowing style.

Cindy Hutchison, RPF(BC)  
*KPMG FCSI*  
(604) 403-5039

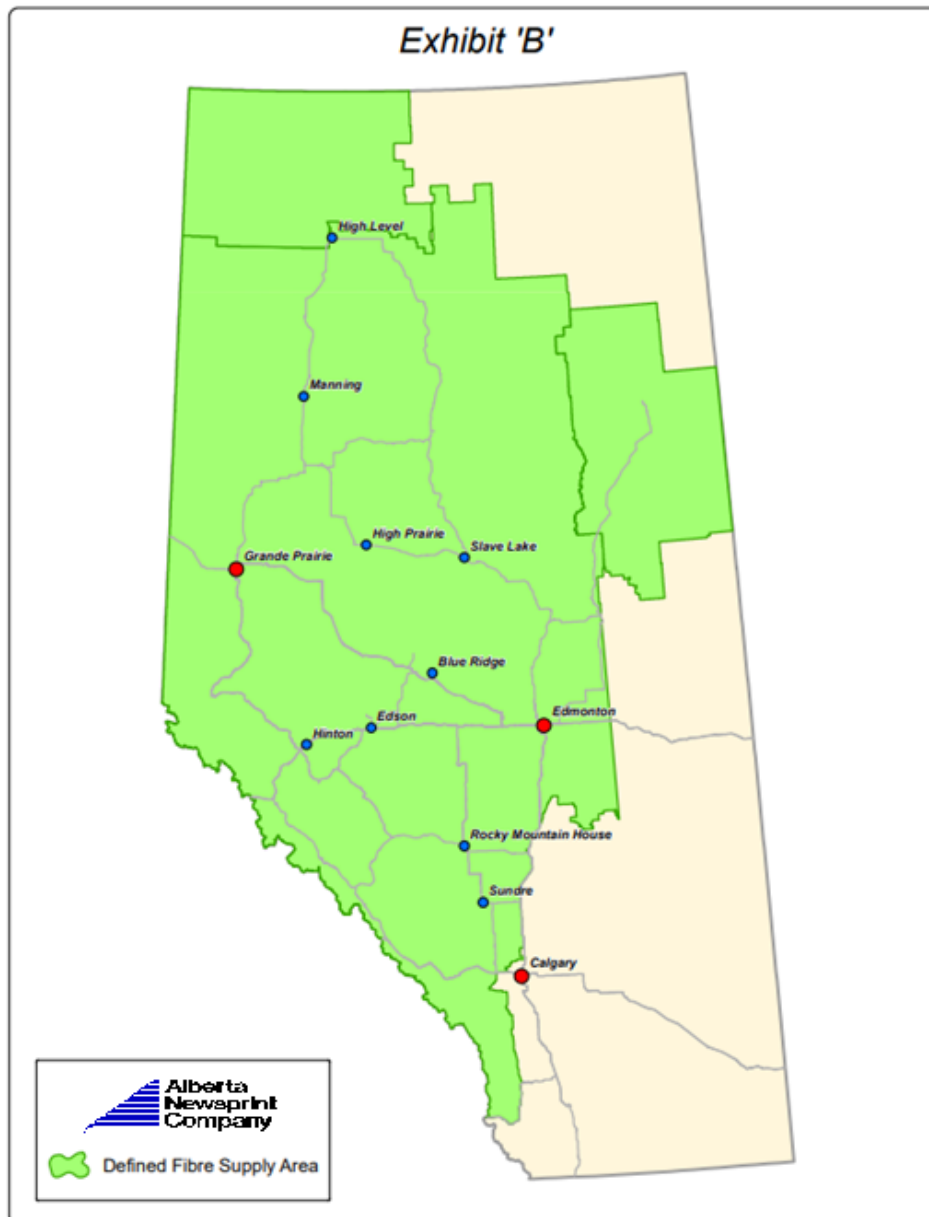
Enclosures

# **Alberta Newsprint Company (ANC) - Due Diligence System Public Summary**

## **1- Description of Supplier Structure and Supply Area**

Number of suppliers	Supplier Type	Number of Sub-suppliers	Average Length of supply chain	Risk of Mixing
1	primary	25	2	No

### **FIBRE SUPPLY AREA WITHIN ALBERTA, CANADA**



## 2. Description of the supply area and respective risk designation(s)

Sourcing Area	CW Category	Risk Designation	Type of Risk Assessment	Reference of risk assessment
Alberta Canada	Category 1	Low	FSC Canada National Risk Assessment	FSC-NRA-CA V2.1
	Category 2	Specified risk		
	Category 3	Specified risk		
	Category 4	Specified risk		
	Category 5	Low		

## 3. The Organisation's assessment of risk for mixing in the supply chain:

Supply Chain/Sourcing Area	Risk of Mixing with non-eligible inputs in the supply chains/during transport, processing and storage	Risk Level
Alberta ,Canada	<p>The organization sources from 1 single supplier, who has approximately 25 sub-suppliers which consist of land-owners and sawmills. The average length of the supply chain is therefore 2.</p> <p>There is one fibre supply chain considered under the DDS: co-product fibre obtained from sawmills under a Fibre Supply Agreement.</p> <p><b>Fibre Sourced Through a Fibre Supply Agreement</b> All co-product fibre purchases are done under a fiber supply agreement which satisfies the information requirements of section 2 in the CW Standard. Most fibre is received as residual fibre from 3<sup>rd</sup> party primary processing facilities, but occasionally is obtained from a 3<sup>rd</sup> party whole log chipping operation.</p> <p>The fibre supply agreement confirms that the fibre is sourced from within the fibre supply area identified in the risk assessment and allows for the FSC-accredited certification body to request additional information as needed to verify the origin. This is facilitated through a graphic illustration of the fibre supply area in the map above which depicts the supplier mills in Alberta.</p> <p>All co-product fibre deliveries are accompanied by load slips bearing a unique load identification number</p>	No risk

	<p>that confirm the load origin and these sources are routinely visited and verified by ANC fibre procurement staff.</p> <p>An added control is that the Fibre Supply Manager will periodically assess the origin information provided by the supplier to confirm that</p> <p>a) The supplied species are commercially harvested in the declared supply area (and accompanied by a CITES certificate, if required);</p> <p>b) The type and quality of the supplied material are commercially available from the declared supply area; and</p> <p>c) The distance and means of transportation to the to the supplier site (when the supplier is purchasing co-product inputs) are consistent with the declared supply area and are economically viable.</p> <p>All fiber received is controlled by the organization thus there is no risk of mixing with ineligible inputs.</p>	
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## 5- Risk Assessment and Control Measures

The FSC Canada National Risk Assessment **FSC-NRA-CA V2.1** has been used.

## 6- Specified Risk and Control Measures

Controlled Wood Indicator	Selected Control Measure
2.3 The rights of Indigenous and Traditional Peoples Upheld	1
<b>Control Measure #1:</b> Indigenous Peoples with legal and/or customary rights within the Forest Management Unit do not oppose the Forest Management Plan.	
3.1 HCV 1: Species Diversity	8
<b>Control Measure #8:</b> 2. Evidence demonstrates that forests in the sourcing area have a management plan that contributes to the recovery of woodland caribou critical habitat, as identified in the Federal Recovery Strategy. The management plan identifies and implements: a) Best Management Practices (BMPs) that reduce disturbance to and restore critical habitat including, but not limited to: <ul style="list-style-type: none"> <li>• access management (e.g. road decommissioning, integrated access plans, restoration of linear features);</li> </ul> OR • aggregate harvesting (i.e. harvest scheduling to minimize disturbance footprint). OR	

b) Harvest deferrals, set asides, and/or protection areas within areas of critical habitat*, where forest operations are not permitted. Rationale is provided as to how such actions will contribute to reducing the level of disturbance over time in critical habitat, in support of meeting the threshold requirements in the Federal Recovery Strategy.	
3.2 HCV 2: Landscape-level ecosystems and mosaics.	2 and 5
<b>Control Measure #2:</b> Evidence demonstrates that a minimum of 80% of the IFL is not threatened* by forest management operations in the long-term*. AND The cumulative impacts of forest harvesting will not reduce the IFL to below 50,000 ha. <b>Control Measure #5:</b> Forest operations do not reduce IFLs below 50,000ha, AND all meet applicable options below: <ul style="list-style-type: none"> <li>a) For an IFL between 50,000ha and 62,500, cumulative impacts forest operations do not affect more than 10% of the IFL. b) For an IFL between 62,501 and 75,000 ha, cumulative impacts forest operations do not affect more than 20% of the IFL.</li> <li>b) For an IFL between 75,001 and 200,000 ha, cumulative impacts forest operations do not affect more than 30% of the IFL.</li> <li>c) For an IFL between 200,001 and 500,000 ha, cumulative impacts forest operations do not affect more than 35% of the IFL.</li> <li>d) For an IFL larger than 500,001 ha, cumulative impacts forest operations do not affect more than 45% of the IFL.</li> </ul>	
4.1 Conversion of natural forests to plantations or non-forest use in the area under assessment is less than 0.02%, or 5000 hectares average net annual loss for the past 5 years (whichever is less). [Specified risk applies to the Boreal Plains ecozone only]	1, 2 and 3
<b>Control Measure #1:</b> Evidence demonstrates that supplied material does not originate from areas converted to non-forest. <b>Control Measure #2:</b> Evidence demonstrates that supplied material originates from acceptable sources of conversion, including: <ul style="list-style-type: none"> <li>▪ Conversion that results in conservation benefits (e.g. ecological restoration, species at risk protection), and</li> <li>• Publicly approved changes in zoning within urban areas</li> </ul> <b>Control Measure #3:</b> The Organization demonstrates support for existing integrated land management processes designed to reduce the cumulative impact of changes to non-forest landscapes. <ul style="list-style-type: none"> <li>▪ Documented support promoting integrated land management processes that aim to reduce the cumulative impact of conversion of forests to non-forest uses;</li> </ul>	



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| <ul style="list-style-type: none"><li>▪ Participation in integrated land management discussions; and</li><li>▪ Working within their sphere of influence to enact mitigation strategies designed to reduce the impact of conversion to non-forest uses.</li></ul> |
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## 7- Complaints Process

Complaints regarding the Alberta Newsprint Company controlled wood certification can be addressed to:

James Norman  
Fibre Supply Superintendent  
Phone: T (780) 706-8242  
Email: [jamesn@albertanewsprint.com](mailto:jamesn@albertanewsprint.com)

Alberta Newsprint Company will:

- Within two (2) weeks of receiving the complaint provide an initial response that notifies the complainant that the complaint has been received and informs the stakeholder of the complaints procedure;
- Conduct a preliminary assessment to determine whether evidence provided in the complaint is or is not substantial, by assessing the evidence provide against the risk of using material from unacceptable sources;
- Engage in dialogue with the complainant(s) that aims to solve complaints assessed as being substantial before further action is taken;
- ANC will forward substantial complaints to the certification body and FSC Canada within two (2) weeks of receipt of the complaint along with information on the steps to be taken to resolve the complaint, as well as how a precautionary approach will be used;
- Employ a precautionary approach towards the continued sourcing of the relevant material while a complaint is pending;
- Investigate a complaint assessed as substantial within two (2) months of its receipt. and
- determine corrective actions to be taken by suppliers and the means to enforce its implementation by a supplier. If a corrective action cannot be determined and/ or enforced the relevant material and/ or suppliers shall be excluded from the ANC controlled wood supply chain;
- Conduct follow up to verify that corrective action has been taken by suppliers and it is effective;
- Exclude the relevant material and suppliers from the ANC controlled wood supply chain if no corrective action is taken;
- Notify the complainant, the certification body and FSC Canada of the results of the complaint and any actions taken towards its resolution, and for maintaining copies of relevant correspondence; and
- Record and file all complaints and actions taken.

## **8 - Development of this DDS and supporting documentation**

The Company employed the services of a consultant to assist it in building a DDS that includes detailed documentation on the rationale and control measures implemented to mitigate the risks associated with the specified risk indicators identified in the Canadian FSC NRA which are applicable to the Company's fiber supply area. The detailed documentation on the rationale and control measures have been built into province-specific support documents to the DDS Summary (refer to [Alberta - Supporting Document, Generic February 2022](#)) which have been developed and will be periodically updated as new information becomes available.

## **9- Review of DDS**

The Company shall review this DDS for relevance, effectiveness and adequacy at least annually.

## Stakeholder Questionnaire – 2023 Albert Newsprint Company

### FSC® Chain of Custody/Controlled Wood Certification Audit

To: Cindy Hutchison, KPMG FCSI

Email: cindyhutchison@kpmg.ca

Fax #: 604-691-3031

From

Phone #

Organization (if applicable)

KPMG Forest Certification Services Inc. (KPMG FCSI) will be conducting a certification audit of Alberta Newsprint Company (ANC) against the requirements of the current Forest Stewardship Council® (FSC®) chain of custody (CoC) and controlled wood (CW) standards.

A stakeholder consultation process is planned from August 8, 2023 to September 22, 2023 with the re-certification audit scheduled to begin on September 22, 2023.

This questionnaire is intended to obtain information from interested and affected stakeholders regarding issues that are pertinent to ANC's FSC CoC and CW certification. Comments may include, but are not necessarily limited to, concerns or observations regarding the Company's Due Diligence System (DDS) to mitigate risk of sourcing wood from unacceptable sources.

The risk of sourcing wood from unacceptable sources is assessed by FSC in the FSC Canada National Risk Assessment (the NRA). The DDS is a system of processes developed by the organization, based on the NRA mandatory or recommended control measures. Implementation of control measures is done to mitigate the risk of sourcing material from unacceptable sources. The control measures selected by ANC may be replaced by more effective control measures, if applicable.

Comments received will be considered by KPMG FCSI in assessing ANC's performance against the requirements of the applicable FSC CoC and CW standards. A summary of stakeholder comments will also be included in the ANC FSC public controlled wood summary report. However, the identity of individuals/organizations providing comments will be kept confidential by KPMG FCSI unless the party providing comments specifically indicates in writing to the contrary.

In order to be considered during the 2023 audit, comments must be received no later than September 22, 2023

Question 1: Do you have any specific concerns regarding the ANC due diligence system (DDS), including the control measures adopted and implemented by the Company to mitigate the specified risk determined by the Canada NRA?	<u>Comments:</u>	<u>Y/N/NA</u>
Question 2: If you answered yes to Question 1 above, have you communicated your concerns to ANC?	<u>Comments:</u>	<u>Y/N/NA</u>

## Stakeholder Questionnaire – 2023 Albert Newsprint Company

### FSC® Chain of Custody/Controlled Wood Certification Audit

To: Cindy Hutchison, KPMG FCSI

Email: cindyhutchison@kpmg.ca

Fax #: 604-691-3031

From

Phone #

Organization (if applicable)

Question 3: If you answered yes to Question 2 above, in your opinion has ANC made a reasonable attempt to address your specific concerns?	<u>Comments:</u>	<u>Y/N/NA</u>
Question 4: Do you have any other concerns regarding ANC's FSC CoC/CW certification that have not been addressed in the above questions?	<u>Comments:</u>	<u>Y/N/NA</u>
Question 5: Are there any specific issues or requirements of the FSC CoC or CW standards (FSC-STD-40-004 V3-1 and FSC-STD-40-005 V3-1) that you believe merit special attention during the 2023 ANC FSC CoC/CW audit?	<u>Comments:</u>	<u>Y/N/NA</u>