

17 July 2018

Notice to Stakeholders

In the week commencing August 27 Norske Skog are to be audited to the Forest Stewardship Council (FSC) Forest Management, Chain of Custody and Controlled Wood standards. Following changes to the Controlled Wood standard (FSC-STD-40-005 V3.1) there is a requirement to carry out more extensive stakeholder consultation, specifically in relation to sourcing plantation inputs from non-certified suppliers.

Norske Skog currently source approximately 500,000 tonnes of plantation grown *Pinus radiata* wood (in log form) per annum from within Tasmania. Two-thirds of this volume is sourced from Norske Skog's defined forest area with the balance largely from Timberlands Pacific. Norske Skog and Timberlands Pacific are FSC forest management certified. Norske Skog also source FSC certified kraft pulp as an input from Oji Fibre Solutions in New Zealand. A small percentage of wood, typically <5% of total volume, is supplied to Norske Skog from non-certified FSC suppliers. This wood is typically sourced from independent private landowners that have small woodlots and windbreaks on their farms and cannot carry the financial costs associated with forest certification. In most instances these operations have oversight by a third party forest management company that has sourced the wood, prepared a forest practices plan (FPP), and monitors and reports on the operation.

In order for Norske Skog to ensure this non-certified wood (defined as controlled material) is responsibly sourced and can subsequently be accepted and mixed with the certified wood to produce paper products we implement a Due Diligence System (DDS). This system involves a review of the National Risk Assessment, Company Risk Assessment, field verification and stakeholder consultation.

Due Diligence System

FSC have determined that there are five categories of unacceptable sources of wood (referred to as controlled wood categories).

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

The Australian National Risk Assessment identifies Tasmania as low risk for categories 1, 2 and 5. Categories 3 and 4 are identified as 'unspecified risk' and as such require further assessment via a Company Risk Assessment.

The Norske Skog Company Risk Assessment identifies category 4 as non-applicable as the suppliers are only harvesting plantation *P. radiata* and Norske Skog only accepts *P. radiata* as an input. There is no conversion of forest to plantation or non-forest associated with any wood Norske Skog accepts. The control measure for category 3 is primarily a forest practices plan (FPP). The preparation of a FPP includes the assessment of natural and cultural values and where necessary prescribes management prescriptions to eliminate and/or mitigate impact, and is in accordance with the Forest Practices Code. The FPP is certified by a forest practices officer (FPO) and there is a requirement under Tasmanian legislation *Forest Practices Act 1985* for compliance

reporting, on all FPPs, and annual auditing by the Forest Practices Authority (FPA) of a sample of FPPs.

As part of its DDS Norske Skog will also undertake field inspections where it is considered beneficial. These field inspections are targeted at the operations where a third party forest management company may not be directly involved in the monitoring of operations and/or where the wood is sourced from an operation that does not require an FPP. An example of the latter is removing *P. radiata* that is near roads, powerlines or buildings.

Stakeholder feedback

Norske Skog invite stakeholders to provide feedback regarding the adequacy of the DDS. Specifically do stakeholders consider that there are sufficient control measures in place to ensure that non-certified wood is responsibly sourced? Please provide comment by 13 August.

Thankyou for taking the time to consider this notice. Norske Skog will respond in writing within 60 days to all stakeholders that have provided comment, including documenting any changes to our approach.

Forest management

Norske Skog see stakeholder consultation as a fundamental part of forest management.

Please feel free to contact me if you have any enquiries regarding forest management activities undertaken by Norske Skog. Norske Skog staff can take interested stakeholders on field inspections of operations, should the need arise. These have proven beneficial in providing an opportunity for stakeholders to see how forest operations are conducted, and for Norske Skog to refine the way it presents information regarding forest management.

Yours sincerely

Norske Skog Paper Mills (Australia) Ltd
Boyer Mill - Fibre



Michael Schofield
Forester
0447612192