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1.0 Scope

The Mondi Hinton Inc. (MHI) due diligence system (DDS) supports the single-site chain of custody (CoC) certification currently registered under FSC chain of custody code KF-COC-001065 and FSC controlled wood code KF-CW-001065.

The scope of MHI's CoC includes raw material sourcing through transport to the Hinton Pulp mill, UKP production, UKP storage and UKP sales

2.0 Fibre Supply Area

The defined fibre supply area for the MHI DDS is located within the province of Alberta.

MHI receives residuals from companies active in forest management/sawmilling in West Central Alberta. Additionally, MHI may purchase other chips or pulp logs for chipping in a broader area in Alberta. MHI has defined the fibre supply area using the map below.



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3.0 Risk Assessment and Control Measures

Sourcing Area	Controlled Wood Category	Risk Designation	Type of Risk Assessment	Reference
Alberta Canada	1 – Illegally Harvested Wood	Low	FSC National Risk Assessment for Canada	FSC-NRA-CA V2-1
	2 – Wood Harvested in violation of traditional and human rights	Specified Risk		
	3 – Wood from forests where high conservation values are threatened by management activities	Specified Risk		
	4 – Wood from forests being converted to plantations or non-forest use	Specified Risk		
	5 – Wood from forests in which genetically modified trees are planted	Low		

The table below lists the controlled wood indicators for which the NRA determines specified risk within the defined fibre supply area and indicates the selected control measures implemented by MHI.

Controlled Wood Indicator	Selected Control Measure(s)
2.3 The rights of Indigenous and Traditional Peoples Upheld	<u>1</u>
Control Measure #1: 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
Control Measure #8: 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: • access management (e.g. road decommissioning, integrated access plans, restoration of linear features); 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.	

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3.2 HCV 2: Landscape-level ecosystems and mosaics		2 and 5
Control Measure #2: 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. Control Measure #5: Forest operations do not reduce IFLs below 50,000ha, AND all meet applicable options below: 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. b) For an IFL between 75,001 and 200,000 ha, cumulative impacts forest operations do not affect more than 30% of the IFL. c) For an IFL between 200,001 and 500,000 ha, cumulative impacts forest operations do not affect more than 35% of the IFL. d) For an IFL larger than 500,001 ha, cumulative impacts forest operations do not affect more than 45% of the IFL.		
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
Control Measure #1: Evidence demonstrates that supplied material does not originate from areas converted to non-forest. Control Measure #2: Evidence demonstrates that supplied material originates from acceptable sources of conversion, including: ▪ Conversion that results in conservation benefits (e.g. ecological restoration, species at risk protection), and • Publicly approved changes in zoning within urban areas Control Measure #3: The Organization demonstrates support for existing integrated land management processes designed to reduce the cumulative impact of changes to non-forest landscapes. ▪ Documented support promoting integrated land management processes that aim to reduce the cumulative impact of conversion of forests to non-forest uses; ▪ Participation in integrated land management discussions; and ▪ Working within their sphere of influence to enact mitigation strategies designed to reduce the impact of conversion to non-forest uses.		

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4.0 Complaints Process

Complaints regarding the MHI controlled wood certification can be addressed to:

Frazer Butt

Fibre Sourcing Manager

Phone: (780) 865-6616

Email: frazer.butt@mondigroup.com

MHI 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 the evidence provided in the complaint is or is not substantial, by assessing the evidence provided 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;
- MHI 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 MHI 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 MHI 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.

5.0 Development of this DDS and supporting documentation

MHI employed the services of a consultant to assist 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.

6.0 Review of DDS

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