

Norske Skog Due Diligence System

Public Summary October 2023

Background:

The Boyer Mill at New Norfolk produces newsprint, improved newsprint, book paper and light weight coated paper. Norske Skog currently source approximately 500,000 tonne of plantation grown *Pinus radiata* wood (in log form) per annum from within Tasmania. The majority of this volume is sourced from the Lenah Estate managed by SFM in Southern Tasmania and from Timberlands Pacific, operating in State Forest areas in Northern Tasmania. Both these suppliers are certified to FSC® and Responsible Wood certification schemes. Kraft pulp is supplied from Oji Fibre Solutions in New Zealand, which is FSC® controlled wood.

Supply Area:

During the past 12 months Norske Skog sourced *Pinus radiata* wood only from Tasmania and Kraft pulp from New Zealand. Controlled material has been supplied from the following non-FSC® suppliers:

- AKS Forest Solutions;
- Midway Tasmania; Reliance Forest Fibre;
- Independent private growers (small, low intensity managed forests).

Small independent private growers generally have woodlots and windbreaks or small plantations on their farms and cannot carry the financial costs associated with forest certification.

In order for Norske Skog to ensure this FSC® 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, audit verification and stakeholder consultation.

Controlled Wood Risk Assessment:

FSC® Australia has conducted a risk assessment to determine where high risks (or specified risk) occur (FSC® National Risk Assessment "FSC-NRA-AU V2-0"). These risks applicable to Boyer's wood supply are:

Specified Risk:

- Controlled Wood category 3.4 HCV4 – Critical Ecosystem Services (soil erosion, water catchments)
- Controlled Wood category 3.6 HCV6 – Cultural Values (indigenous and non-indigenous)
- Controlled Wood category 4 Conversion – Forests being converted to plantations for non-forest use.

Low Risk:

- Controlled Wood category 1- Illegally harvested wood
- Controlled Wood category 2- Areas where traditional and civil rights are being violated
- Controlled Wood category 3.1, 3.2, 3.3 and 3.5 (HCV1, HCV2, HCV3 and HCV5)
- Controlled Wood category 5 – genetically modified material.

For New Zealand there is a Controlled Wood National Risk Assessment in place (FSC® Centralised National Risk assessment FSC-CNRA-NZV1.0). All categories have been assessed as Low Risk as the Kraft material is supplied by Oji Fibre Solutions as FSC Controlled Wood (SAI-CW-002173).

The specified risk noted above for Tasmania (categories 3.4, 3.6 and 4) require risk control measures to be implemented. These are described in the table below:

Table 1. Control measures in place for Category 3 – Wood from forests in which high conservation values are threatened by management activities and Category 4 – Wood from forests being converted to plantations or non-forest use.

Indicator	Control Measures
Forest management activities in the relevant level, do not threaten eco-regionally significant high conservation values	HCVs are identified and assessed through the Forest Practices Plan. Where no FPP is in place for small volumes, the DDS places particular emphasis on those HCVs relating to critical ecosystem services and cultural values.
A strong system of protection is in place that ensures protection of HCVs in the ecoregion	HCVs are identified and assessed through the Forest Practices Plan and DDS, with the FPP describing how HCVs are protected and managed during operations. If HCVs are discovered during the operation they are protected.
There is no net loss or no significant rate of loss of natural forests	Only plantation <i>P.radiata</i> is used at Boyer. The Forest Practices Plan and DDS outlines the species and ensures no conversion is occurring.

Supply Chain Risk Assessment:

Norske Skog is required to assess the risk of non-eligible inputs entering the supply chain, during transport, storage or processing. Wood is delivered from the forest straight to Boyer. All processing takes place on site and all storage of chips and pulp occurs on site. Table 2 describes the risk assessed and mitigation measures to control the risk.

Table 2. The risk of mixing non-eligible material during supply, transport, processing and storage.

Part of Supply Chain	Measures to reduce risk	Assessed Risk	Additional Measures	Residual Risk
Supply	Company risk assessment for each operation for non certified suppliers. Weighbridge dockets & FPP confirm area of supply.	Low	Audits at weighbridge to confirm docket information. Dockets reconciled with suppliers documentation daily.	Low
Transport	Loads delivered directly to Boyer, unique operation number for each harvest operation. Each truck has a unique silkey and each load a separate docket. Drivers are inducted annually to ensure they understand their responsibilities and site procedures.	Low	Audits confirm direct cart. Daily checks of log yard. Dockets checked daily.	Low
Processing	All processing on Boyer site. Only processing <i>P.radiata</i> plantation material.	Low	Daily checks of log yard Internal audits of processing.	Low
Storage	Storage of logs – access restricted. Storage of chips on site post processing- access to chip pile restricted.	Low	Daily checks of log yard Regular chip sampling	Low

FSC Core Labour Requirements:

Norske Skog abides by the FSC Core Labour Requirements via a number of procedures and documents. These documents are available on request by emailing certification.boyer@norskeskog.com.

Stakeholder Consultation:

Norske Skog received no feedback during the 2022 Stakeholder consultation process on the presence of HCVs within the supply area or concerns relating to management activities of any of our suppliers or the adequacy of our DDS.

Norske Skog's Stakeholder list has been significantly amended to include all known interested parties across a wide range of criteria. New stakeholders continue to be added in 2023 to reflect a greater range of interests.

Norske Skog encourages stakeholders who have suggestions for improvements, comments or complaints related to our controlled wood due diligence system to contact certification.boyer@norskeskog.com or by phoning 0362 610 221 by 22 November 2023. These suggestions, comments or complaints may be in relation to origin of supply, aspects of the supply chain, controls for mitigating risks, or the due diligence system itself. Please indicate if you consent to your comments being reported publicly (anonymously). A list of stakeholders contacted as part of this stakeholder consultation process is included in Appendix 1.

Feedback will be provided to any participating stakeholders within 60 days of the end of the consultation period.

Complaints:

Stakeholders should include sufficient information regarding the complaint so that Norske Skog can assess and respond. Where complaints are received or issues identified, these will be investigated and actioned as required. Norske Skog has a complaints resolution procedure which is available on request from sandra.hetherington@norskeskog.com.au.

Expert Engagement:

Norske Skog uses recommended or mandatory control measures as outlined in the national risk assessments, which have been developed by a panel of experts. A number of stakeholders contacted as part of this process are experts in their field.

Summary of Stakeholder comments received:

No stakeholder feedback was received during the consultation period in October- November 2023. As such, Norske Skog has concluded that there are no stakeholder concerns associated with sourcing controlled wood from the supply area.

Conclusion:

In response to the controlled wood risk assessment by FSC[®] Australia, Norske Skog had a number of criteria to address. Based on the measures put in place directly by Norske Skog to mitigate the potential risks, and stakeholder consultation process, Norske Skog has concluded that the material sourced from controlled sources can be sold with the FSC[®] controlled wood claim.

Appendix 1. Stakeholder List

Derwent Valley Council	Parks and Wildlife	Derwent Estuary Program
Forest Practices Authority	Rail Track Riders	New Norfolk and Derwent Valley News
Dept of Primary Industries, Parks Water and the Environment	Tasmanian Forest Products Association	Tasmanian Forest & Forest Products Network
Australian Forest products Association	Construction, Forestry, Mining and Energy Union	Cultural Heritage Management Australia
Aboriginal Heritage Tasmania	Forico	Sustainable Timbers Tasmania
SFM Forest Products Pty Ltd	Timberlands Pacific	Lenah Estate New Forests
AKS Forest Solutions	BIS Industries	Private Forests Tasmania
MSD	BR & KM Muskett & Sons	Perotti Brothers
Tasmanian Greens	Liberal Party	Labor Party
CSIRO	University of Tasmania	Neighbours of Norske Skog
Responsible Wood	Forest Stewardship Council	