



Domtar Due Care Program Under the Lacey Act

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1 Executive Summary

At Domtar, our business is founded upon the principles of sustainable growth. We know that as a customer, you want assurance that the paper you are using comes from legal, sustainable sources and reflects your social and environmental values.

It is Domtar's position that the Lacey Act is one of several components of a transparent, legal and sustainable supply chain. While Domtar supports the intent of the Lacey Act, which focuses on the compliance of sourcing of plants and plant products with laws of their originating jurisdictions, we believe it is our obligation and the obligation of all forest products companies to provide not only legal, but also environmentally and socially appropriate practices that yield forest products.

1.1 Objective of Due Care Program

The objective of Domtar's Due Care Program is to enable and support our customers in the exercise of their "due care" obligation under the Lacey Act and to provide them with the tools to verify our existing processes in respect of the pulp and paper products they purchase from us.

1.2 Approach Taken

Our values, commitments and policies to combat illegal logging existed prior to the introduction and coming into force of the due care obligation for wood and wood products (including pulp and paper products) now required by the Lacey Act (as amended in 2008). In response to this amendment, we have combined our existing policies, processes and procedures into one document, the *Domtar Due Care Program*, to enable and support our customers in the exercise of their own "due care" obligation under the Lacey Act with respect to Domtar pulp and paper products.

This document sets out and explains Domtar's policies, processes and procedures in respect of responsible forest management, environment conservation, sustainable growth, responsible fiber procurement, and risk management. It also provides our customers with access to evidence of Domtar's due care processes and practices.

In the absence of explicit guidelines in the Lacey Act, the *Domtar Due Care Program* has been developed based on principles emanating from U.S. Customs & Border Protection (CBP), U.S. case law, recently adopted amendments by the European Parliament regarding the ban of illegally harvested timber and timber products and various associations with similar interests.

2 Lacey Act

The Lacey Act's objective is to combat trafficking in illegal wildlife, fish, and **plants**. The 2008 Farm Bill (the Food, Conservation, and Energy Act of 2008), effective May 22, 2008, amended the Lacey Act by expanding its protection to a broader range of **plants** and **plant products** to include wood and wood products (which include pulp and paper products). The Lacey Act provides that, among other things:

- It is unlawful to trade in any plant that is taken, possessed, transported, or sold in violation of the laws of the United States, a State, Indian Tribe, or any foreign law that protects plants.
- That it applies to interstate and foreign commerce.
- It is unlawful to falsify documents, accounts or records of any plant covered by the Act.
- It is unlawful to import certain plants and plant products without an import declaration.

Link to legal text: ([Section 8204](#), Prevention of Illegal Logging Practices).

2.1 Impact of the 2008 Farm Bill

As stated above, the 2008 Farm Bill introduced a broader version of the definition of "Plant" to include wood and wood products, and therefore, introduced a new legal regime with respect to such products.

Generally, the Lacey Act provides that;

- a) One must not deal in illegal wood.
- b) One must employ due care in the import process and file the mandatory import declaration with every shipment of plant and plant products imported to the U.S. (*We note that while the requirement to file an import declaration is in force for certain products, it is being phased in for pulp and paper products and such requirements are not yet in force*).
- c) One must employ due care in the buying process.
- d) One must not knowingly mislabel products or make false statements on the import declaration.

3 Exercising Due Care

Section §3373 and §3374 of the Lacey Act states in part that “any person who engages in conduct prohibited by any provision of [Chapter 53](#) and in the exercise of due care should know that plants were taken, possessed, transported, or sold in violation of, or in a manner unlawful under, any underlying law, treaty, or regulation, and any person who knowingly violates Section 3372, may be assessed a civil penalty”.

The U.S. Department of Justice (DOJ) defines due care as “that degree of care which a reasonably prudent person would exercise under the same or similar circumstances.” Due care requires that a person facing a particular set of circumstances undertake certain steps which a reasonable man would take to do his best to insure that he is not violating the law and may be applied differently depending upon one's knowledge and responsibility.

4 Lacey Act Amendments (Plant Declaration Requirement)

It is unlawful for any person to import any plant unless the person files upon importation a declaration.

4.1 Plant Declaration Requirements for Importing into the United States

Under the amended Act [§3372\(f\)](#), an import declaration must accompany or otherwise be filed by the importer and/or importer of record for every shipment of plants and plant products, setting out the species used in the production, country of origin, quantity used and unit of measure, and value.

The declaration requirement is being phased in and is **not yet in force for pulp and paper products**. The U.S. Department of Agriculture's Animal and Plant Health Inspections Service (APHIS), is the lead regulatory agency for the declaration requirements and administered by U.S. Customs Border and Protection (CBP).

When the requirement will be in force, a declaration will be required to obtain Customs release of pulp and paper products. Customs and Border Protection (CBP) has automated the process for collecting the plant and plant product declaration form data elements ([PPQ 505](#)). Data will be transmitted to CBP's Automated Commercial System (ACS) through the Automated Broker Interface (ABI) in the cargo release module.

4.2 Plant Declaration Requirements for Pulp & Paper

The importer and/or the importer of record will be responsible to submit the plant declaration for pulp and paper products to U.S. Customs and Border Protection. In most cases, **Domtar acts as the importer and/or importer of record into the United States and therefore, bears the responsibility** to ensure the goods are properly declared and records are true and accurate. If you are not the importer and/or the importer of record, you will not be subject to this requirement nor are you subject to maintain a list of species that went into production of our pulp and paper.

As stated above, the import declaration obligation for pulp and paper products is not yet in force. Domtar is following developments closely and is participating in consultations with Federal Authorities regarding the import declaration obligations for pulp and paper products (including discussions as to the extent of information that will be required to be disclosed on such declaration forms). These import declaration obligations will only be required by the importer and/or importer of record into the United-States and as described throughout this document, Domtar is in most cases the importer and/or importer of record in the United States and bears the responsibility to complete the plant & plant products declaration.

5 Domtar's Policies

We strongly believe that illegal logging is a serious global problem with detrimental environmental and economic consequences and we support the efforts of Governments worldwide to address this problem. We constantly review and implement measures in response to the threat of illegal logging and, in the process, protect our endangered forests and the biodiversity, ecosystems, and climate mitigation therein.

5.1 Sustainable Growth

Sustainability at Domtar has as much to do with performance as with accountability. We have made sustainability our policy and we stand by it. Consider our priorities:

- We are committed to ensuring that our forest management practices meet the standards of internationally recognized, third-party verified forest certification programs. Where appropriate, we favor certification according to the standards of the Forest Stewardship Council (FSC).
- We conduct our activities in a manner that conserves resources. We strive to continually reduce the environmental footprint of our operations by consuming less, emitting less and generating less waste per unit of product output.
- We strive to acquire fiber which originates only from forests that are managed in a sustainable manner. We favor suppliers who meet the standards of the FSC.
- We identify, evaluate and control potential environmental risks and ensure that all of our facilities have effective contingency plans. Finally, we subscribe to internationally recognized environmental management systems with which independent third parties verify compliance.

Please refer to the documents below for greater information regarding our commitments to sustainability.

Link: [Statement on Sustainable Growth](#)

5.2 Responsible Forest Management

Because we manufacture pulp and paper, access to abundant, affordable and secure sources of fiber is critical to our future. We strive for leadership in forest management by adhering to sustainable forest principles on all lands owned by or licensed to us and by preferring suppliers with like principles. We are committed to seeking third-party certifications of all operations where feasible.

Link: [Forest Policy](#)

5.3 Environmentally-Sound Operations

We conduct our activities in a manner that conserves resources. We strive to continually reduce the environmental footprint of our operations. We identify and evaluate potential environmental risks and implement appropriate measures to eliminate or control those risks. Finally, we conduct independent third-party environmental audits to confirm that our management practices meet policy objectives, legislation and the principles of sound management.

Link: [Environmental Policy](#)

5.4 Responsible Fiber Procurement

Not all of the fiber we consume originates from lands we own or manage. We extend our forest management commitment to our supply chain, because the decisions we make when purchasing wood from third parties may also impact forest sustainability.

Link: [Fiber Use and Sourcing Policy](#)

We conduct systematic reviews to verify that our purchased fiber originates from sustainably managed and legally harvested forests. We will not knowingly purchase wood that is illegally logged or improperly harvested. If we discover that a supplier has engaged in illegal or improper conduct, we will immediately cease purchasing such wood from the supplier.

We also recognize the importance of independent forest certification for validating sustainable forest management practices. We strongly encourage our suppliers to certify their forest management practices to internationally-recognized certification standards that require third-party validation. We give preference to FSC certified suppliers and, where FSC is not available, we encourage that our suppliers meet FSC's Controlled Wood Standard. The Controlled Wood Standard prohibits the use of fiber sourced from the following areas:

- Illegally harvested forests
- Wood harvested in violation of traditional and civil rights
- Wood harvested in forests in which High Conservation Values are threatened through management activities
- Wood harvested from conversion of natural forests
- Wood harvested from areas where genetically modified trees are planted

Link: [FSC Chain-of-Custody](#)

6 World-Wide Acceptable Standards & Certifications

Domtar is committed to meeting the highest standards for forest, environmental and quality management.

We believe the best way to assure that our operations are managed in a responsible and transparent manner, and in conformance with applicable laws, is through certification by independent third-party organizations. All Domtar owned forests that supply our mills, all our direct-managed forests, and all of our fiber procurement organizations operate under certification from one or more of these internationally-recognized third-party organizations.

- Forest Stewardship Council (FSC). You may learn more about FSC and its standard at <http://www.fsc.org/>.
- Sustainable Forestry Initiative® (SFI®). You may learn more about SFI and its standard at <http://www.sfiprogram.org/>.
- Programme for the Endorsement of Forest Certification™ (PEFC™). You may learn more about PEFC and its standard at <http://www.pefc.org/>.

These certifications provide independent assurances that our forest management activities and our fiber sourcing practices are responsibly managed according to the highest standards, and that these standards are adhered to throughout our supply chain from the forest floor to the customer's door. They also speak to our willingness to be transparent about our forestry and fiber procurement practices while meeting customer expectations for traceability and accountability. Domtar's current certificates are available at the following link: [Domtar Certificates](#)

7 Risks Evaluation

Domtar has conducted a comprehensive Risk Assessment of the fiber sourcing practices for our pulp and paper mills. On a broad level, the regions from which we source virgin fiber are evaluated for legality of harvesting, high conservation forests, and the risk of illegally harvested material entering the supply chain. This Risk Assessment is reviewed and updated annually. As part of our FSC, SFI, and PEFC certifications, each mill is required to properly vet all of their fiber sources including pulp logs, chips, and purchased pulps. Externally produced pulps containing both virgin fiber and recycled content are subject to the same scrutiny to ensure and verify compliance by our suppliers. We annually review our policies and fiber sources to verify the low risk designation for our fiber. This due diligence ensures compliance with the FSC Controlled Wood Standard and the SFI/PEFC non-controversial sources policy. Domtar's compliance with these protocols is externally audited annually by two independent third-party auditing firms. Collectively, these practices aim to ensure to the highest degree possible that no illegally harvested fiber or CITES (Convention on International Trade Endangered Species) species are used in the manufacture of our pulps or papers. A public summary of this Risk Assessment is available at the following link: [Domtar Risk Analysis](#)

8 Training and Awareness

Domtar's outreach efforts and training and awareness program have focused on ensuring a broad understanding of the Lacey Act by relevant Domtar personnel and raising awareness within our company and customers.

Domtar believes that training and awareness is an important part of any due care process and aims to educate employees on what is required in order to ensure compliance.

9 Domtar Due Care Contributors

Our due care program is built on a collective management structure involving various key personnel. This promotes the expertise of various administrative segments to provide proper feedback ensuring transparency to the program capable of providing guidance on policy, and direction.

- Wood Procurement
- Third Party Certification
- Corporate Policies
- Sales & Marketing
- Government Relations
- Legal
- Domtar Customs
- Mills

10 Conclusion

Domtar strongly believes that illegal logging is a serious global problem with detrimental environmental and economic consequences and supports the efforts of governments to continue working on this very important issue. As a result, Domtar is committed to the responsible management of its forests and to the use of legally and sustainably harvested wood (whatever the source may be) by regularly submitting our forestry and manufacturing operations to review and certification by third-party organizations established to promote the responsible management of the world's forests. We have a definite and unquestionable commitment compliance with the Lacey Act or any other law or regulation pertaining or related to illegal logging.

We believe our due care program is the most effective means toward providing our customers with the assurance that our forests and operations are managed in a responsible and sustainable manner. Domtar's goal is to provide our customers with the highest level of confidence that the products they are purchasing are manufactured from legal and sustainably grown and harvested fiber.

To contact Domtar with any questions about this document, please send an email to sustainability@domtar.com.

Terminology

Term	Definitions
ABI	Automated Broker Interface
ACS	Automated Commercial System
APHIS	Animal and Plant Health Inspections Service
CBP	U.S. Customs and Border Protection
CITES	Convention on International Trade in Endangered Species
COC	Chain of Custody
DOJ	U.S. Department of Justice
FSC	Forest Stewardship Council
HTS	Harmonized Tariff Schedule
PEFC	Programme for the Endorsement of Forest Certification
PPQ505	Plant and Plant Product Declaration Form
SFI	Sustainable Forestry Initiative Inc.