



Terms of Reference

ANC Timber Ltd.'s Terms of Reference for the 2021-2031 Detailed Forest Management
Plan: FMA 8900026

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1. Content

This Terms of Reference for ANC Timber Ltd.'s (ANC Timber or ANC) Detailed Forest Management Plan (DFMP) for FMA 8900026 is intended to provide direction to assist in the development of ANC's 2021 DFMP. The Terms of Reference does not address specific details of the DFMP but rather focuses on guiding principles, the process for the development, approval, and monitoring.

The Alberta Forest Management Planning Standard V4.1 developed by Alberta Sustainable Resource Development, its annexes as well as interpretive bulletins comprise the broad standard for preparing and implementing DFMP's in Alberta. The implementation date of the standard was May 1, 2006.

Alberta has adopted the CAN/CSA-Z809-2002 Sustainable Forest Management: Requirements and Guidance Document (referred to as CSA Z809-02) as the forest management planning system. All standards in CSA Z809-02 apply to forest management planning in Alberta except where specifically excluded in the Alberta standard.

It is ANC Timber's intent to follow the direction of both the Alberta Planning Standard and the CSA Z809-02 system except where mutually agreed to by ANC and Alberta or where Alberta regulation does not align with the CSA standard.

Currently ANC Timber is operating under the direction of a DFMP approved on July 15, 2013 which focused on the reduction of contiguous areas of old pine to reduce the likelihood for devastating impacts from Mountain Pine Beetle infestation. This strategy is known as the Healthy Pine Strategy and is in accordance with the Interpretative Bulletin – Planning Mountain Pine Beetle Response Operations Version 2.6 (2007). It is the intent of this plan to stay the course with respect focusing on ways and means to minimize catastrophic MPB encroachments and to complete the Healthy Pine Strategy first undertaken in the 2007 DFMP Amendment. The plan is intended to cover the period starting in 2021 until the next DFMP which is anticipated to be in 2031.

To ensure that the DFMP is being implemented in the manner that it was intended annual reporting and a 5-year Stewardship Plan will be completed. The content of the Annual and 5-year Stewardship Report will be outlined within the DFMP and reflect the Interpretative Bulletin: Stewardship Reporting Requirements (2017) or as amended.

2. Background Information

ANC was issued a Forest Management Agreement (FMA) through an Order in Council on June 9, 1989 as a twenty-year renewable tenure. As part of the FMA ANC built a chemithermomechanical pulp and paper mill in the vicinity of Whitecourt Alberta. This is the province's only paper mill. The FMA was renewed on May 12, 2009.

ANC has rights to 64.48% of the coniferous cut from the FMA. Blue Ridge Lumber Inc. has rights to 19.96% of the coniferous cut under quota CTQW150001 and Millar Western Forest Products Ltd. has rights to 15.56% of the coniferous cut under quota CTQW150002. ANC has rights to 100% of the deciduous harvest.

ANC requires approximately 250,000 Bone Dry Tonnes of wood fibre annually. The vast majority of that wood fibre is obtained through saw log for wood chip trade agreements with various Alberta sawmills. Saw logs harvested from Company tenure allocations are provided to sawmills and in return ANC gets wood chips from these logs and some of the sawmill's other logs. Wood chips are derived as a secondary product from the sawmill's lumber making process ensuring full utilization of harvested timber. The logs that come from the ANC FMA are important to the region's sawmills that make lumber from them while ANC is an important outlet for chips that would otherwise be a waste product. With approximately 1 job per 1,000m³ harvested the ANC FMA plays a critical role in the region's economy which benefits from direct and indirect jobs that result from forestry activities.

3. Area Description

The Defined Forest Area (DFA) of FMA 8900026 is comprised entirely of Forest Management Unit (FMU) W15. FMU W15 spans two Government of Alberta forest areas, the Edson Forest Area and the Whitecourt Forest Area. The irregularly shaped DFA is spread across parts of approximately 62 townships from Range 17 west of the 5th meridian in the east to Range 5, west of the 6th meridian in the west and from Township 55 in the south to Township 63 in the north.

FMU W15 has a gross area of 378,397ha and contains parts of four different natural subregions within its boundaries including Subalpine, Upper Foothills, Lower Foothills and Central Mixedwood. FMU W15 is home to several species at risk including Canadian Toad, Peregrine Falcon, Trumpeter Swan, Grizzly Bear, Olive-sided Fly Catcher, Common Night Hawk, Canada Warbler, Wolverine and Woodland Caribou.

Forty-six percent of FMU W15 overlaps caribou range including the Little Smoky caribou range which is part of the boreal population and the A la Peche caribou range which is part of the southern-mountain population. FMU W15 covers 21.6% of the Little Smoky range and 9.5% of the A la Peche range.

4. Goals and Strategies

The purpose of the Terms of Reference is to describe a clear, time efficient and cost effective process for the development of the DFMP which will provide direction to guide the Plan Development Team (PDT) for forest management on the DFA.

The following broad strategies will be reflected in the Detailed Forest Management Plan:

- Continue the Healthy Pine Strategy as per *Interpretative Bulletin Planning Mountain Pine Beetle Response Operations Version 2.6 (2007)*.
- Develop and implement strategies to mitigate mid-term timber supply fall down
- Maximize conifer Annual Allowable Cut (AAC) from the contributing landbase while accounting for non-timber values
- Account for harvest levels and harvest locations of FMA holder and Quota holder operations in the 2011–2021 period to create equitable harvest levels and locations going forward.

5. Timelines

The DFMP is expected to be completed by April 30, 2021 however the development of a DFMP is complex and additional complexity is introduced from other values on the landbase; future regional or sub-regional plans or other unanticipated events may necessitate timeline changes. The following lists the anticipated timelines for the development of the DFMP:

Task	Expected Start	Target Completion Date
Aboriginal Consultation Plan	June 2019	August 31, 2019
Terms of Reference	May 2019	October 31, 2019
Public Involvement Plan	July 2019	October 31, 2019
New AVI	May 2018	October 31, 2019
Volume Sampling Plan	September 2019	October 31, 2019
VOIT's Determination	July 2019	November 30, 2019
Silviculture Matrix	February 2020	April 30, 2020
Net Landbase Determination	February 2020	April 30, 2020
Yield Curve Development	February 2020	April 30, 2020
Preliminary Spatial Harvest Sequence	March 2020	June 30, 2020
Timber Supply Analysis	June 2020	February 28, 2021
SHS Completion	N/A	February 28, 2021
VOIT Validation	N/A	April 1, 2021
Aboriginal Consultation	N/A	May 1, 2021
Growth and Yield Plan	January 2021	May 1, 2021
OGR Completion	October 2020	May 1, 2021
DFMP Submission	N/A	May 1, 2021
Stewardship Report	N/A	November 1, 2026

6. Internal and External Communications

A PDT will be formed to reach agreement in principle on technical matters and to facilitate communication with those directly involved in the development of the DFMP. The purpose of the PDT is to review and provide guidance through the DFMP development process. Members of the PDT are responsible to ensure that members of their respective organizations who are not part of the PDT are kept informed. The PDT will be made up of representatives from each of the three timber disposition holders (ANC – Ian Daisley and James Norman, BRL – Shane Sadoway, MWFP – Ken Anderson with Bob Mason as alternate), an Alberta Agriculture and Forestry (AAF) Planning lead (Seena Handel) and the AAF area forester responsible for ANC (Justin Amyot). Subject matter experts on mountain pine beetle or Natural Range of Variation may be invited to PDT meetings on an as need basis. To ensure an orderly process decisions reached at the PDT will be tracked through a “issues and decision document.”

Public involvement in reviewing and providing input into the DFMP will be completed formally through the Whitecourt Regional Forest Advisory Committee (RFAC) and open houses. Annual open houses are planned in Whitecourt, Fox Creek, Edson and Grande Cache. Informal public inquiries will be dealt with through an open door policy. Any member of the public who comes forward with a question or concern regarding how the DFA is being managed will be dealt with professionally and courteously. First and foremost, in dealing with public inquiries is ensuring a complete and accurate understanding exists of what the concern is. Once the issue is understood attempts will be made to address the concern or question. Issues and ideas raised in these forums will be captured and where possible utilized in the development of the DFMP. Further information on the public consultation process is covered in a stand-alone Public Consultation Plan that forms part of the DFMP.

ANC will complete First Nations Consultation in accordance with Alberta’s First Nations Consultation Guidelines on Land and Natural Resource Management – July 28, 2014. ANC will follow the direction of Alberta Agriculture and Forestry with respect to which First Nations to consult.

ANC will complete Metis Settlements Consultation in accordance with The Government of Alberta’s Guidelines on Consultation with Metis Settlement on Land and Natural Resource Management 2016. ANC will follow the direction of Alberta Agriculture and Forestry with respect to which Metis Settlements to consult.

Further information on First Nations and Metis Settlements Consultation is covered in a stand-alone First Nations Consultation and Metis Settlements Consultation Plan that forms part of the DFMP.

7. Submission Requirements

Unless otherwise agreed to at time of submission ANC will provide AAF with the following at the date of submission:

- i. Two paper copies of the DFMP
- ii. One digital pdf copy of the DFMP
- iii. One digital copy of the technical files
- iv. An RPF validated checklist describing the extent of compliance with the applicable standards with each submission

8. Conflict of Interest

Members of the PDT and RFAC are required to declare any known or perceived conflicts of interest. Where other members of the PDT or RFAC group feel there is an undeclared or unresolved conflict of interest and the situation cannot be resolved within that group the issue will be referred to the dispute mechanism process.

9. Decision Making Methods

Decisions on items of a technical nature will be made by ANC in a consultative approach guided by the Planning Standard. Through consultation ANC will attempt to reach consensus through mutual understanding but this may not always be possible and in those cases ANC will have the final determination on the matter. ANC will track where consensus is not reached in the "Issues and Decisions" document. Where the disagreement is severe, PDT members may request in writing to go to the Dispute Resolution Mechanism outlined in Section 14.

The RFAC will have no decision making authority over the actual DFMP content. They will use a consensus based approach if required or requested to bring forward a unified opinion on a particular topic.

As plan components are developed and agreement is reached by the PDT, the PDT shall communicate those agreements to the appropriate approval authority for review and comment or agreement in principle. It is expected that agreement in principle will be sought for the Net Landbase, Yield Curves, Silviculture Matrix and any items that deviate from the Planning Standard while review and comments will be sought on the Volume Sampling Plan, VOIT's, Spatial Harvest Sequence, Timber Supply Analysis and Growth and Yield Plan. Agreement in principle is not final approval, but rather Alberta's notice to ANC Timber that what has been prepared is acceptable to that point. Final approval of all components shall

be granted when the DFMP receives final approval.

Before submitting the final DFMP both the PDT and the RFAC will be given opportunity to review it in its entirety. It is recognized that reviewing the complete plan allows individual components to be put in context and is an important part of the process. It is also expected that the amount of time required to review and comment on the complete plan should be greatly reduced due to the fact that all parties will have seen many of the components through the development process. Any comments received from either the PDT or the RFAC along with a list of outstanding issues will be submitted as part of the DFMP submission.

Final approval of the DFMP will be through an Approval Decision issued by the Executive Director of Forest Management Branch that presents the rationale for approving the plan or not, the approved Annual Allowable Cuts (AAC's) and any conditions on the approval.

10. Authority for Decisions

All participants of the PDT shall operate in full authority of their roles within their respective organizations. In order for the process to move along in a timely manner the individuals must have the authority to make decisions that are binding with the goal of reaching agreement in principle on plan components as they are developed and completed.

Approval authorities are described in the interpretive bulletin "Forest Management Planning Roles and Responsibilities and Approval Authorities" in the current version of the planning standard.

11. Mechanisms to Adjust the Process

Although significant changes to the DFMP development process are not expected, they may occur. The PDT will discuss the items and agree to a resolution. If resolution cannot occur, the dispute resolution mechanism will be enacted.

12. Access to Information

A significant amount of information and data is required in the development of any DFMP. Participants in the process in both the PDT and the RFAC must provide information others require in order to meet their responsibilities so long as the information is not proprietary or business sensitive. All parties being asked to provide information will be given opportunity to either provide the requested information or debate its necessity. Any information provided to any party within the context of DFMP development will be used solely for the purposes for which it was intended.

13. Participation of Experts and Government

The PDT may at times find it useful to invite experts to discuss technical issues. The PDT will agree on experts to invite to advise on technical issues.

Alberta government representatives on the PDT are considered active in the process as opposed to observers and will be included in consensus decisions

Both Alberta and ANC reserve the right to seek independent third party expert review of any component of the DFMP as well as the DFMP in its entirety.

14. Dispute Resolution Mechanism

The intent when developing the DFMP collaboratively is to gain consensus. Consensus is defined as, “general agreement between all parties with no strong dissenting opinion”. Consensus is sought from those affected by decision within the confines of existing rights, authorities, and responsibilities.

In the event consensus cannot be achieved on matters pertaining to the development of the DFMP, a member of the PDT may request that the matter be referred to a higher authority for final determination. This higher authority will consist of Director – Forest Resource Management Section, a senior manager from Blue Ridge Lumber, a senior manager at Millar Western and the Woodlands Manager at ANC Timber Ltd. A written description of the matter, along with each disputing party’s recommended course of action will be developed by the PDT and provided to the above people.

If these parties are unable to reach agreement the matter will be forwarded to the Executive Director, Forest Management Branch and the Woodlands Manager at ANC Timber who will agree on a course of action. In the event agreement cannot be reached the Government of Alberta maintains the right to provide regulatory direction.

A goal throughout the process is to allow for the quick resolution of issues. Time is of the essence throughout the process and all those involved are expected to meet deadlines and provide timely responses.

15. Resources

ANC, Quota Holders and AAF will be responsible for internal resources that their organizations may require to participate in the development of the plan. If additional scenario development is required beyond what ANC thinks is reasonable there will be an expectation that the requestor of the scenario development will contribute financial resources for said scenario. Additional scenarios should not delay submission timelines unless agreed to by all parties. Where agreement on scenario development or payment cannot be reached the issue may be referred to the Dispute Resolution Process.

AAF will provide models, parameters, technical guides and some technical assistance necessary for completing the following non-timber assessments as provided for in “Non-Timber Assessments in Forest Management Planning; Process for Forest Management Plan Development”:

- Landscape Assessment
- Landscape Fire Assessment
- Models for any non-timber values such as wildlife or watersheds

16. Operating Ground Rules

ANC will utilize the existing the existing OGR’s – September 30, 2016 as the default set of OGR’s but will undertake to modify new OGR’s where necessary to reflect the DFMP. The goal is to have the simultaneous approval of the DFMP and OGR’s. The quota holders will be involved with the new OGR development.