

Forest Certification Re-registration Audit Report

Prepared by:

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Canadian Kraft Paper Industries Ltd.

c/o Mr. Paul Chapman

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for the following certified forest area(s):

Forest Management Licence Area No. 2 - Manitoba

File Number: 014205-14**Date of Evaluation: 05/28/2018****Date of Report: 06/05/2018****Certificate Registration Date: 01/04/2017****Certificate Expiry Date: 09/17/2018**

SECTION 1 – ORGANIZATION

Certification type

Group certificate	
Single certificate	X

Canadian Kraft Paper Industries Inc.

Located in The Pas, Man., Canadian Kraft Paper Industries (CKPI) manufactures high quality unbleached kraft extensible papers sold globally for various packaging applications. Forest Management License Area No. 2 is located in northern Manitoba and is managed by CKPI under Forest Management License (FML) Agreement No. 2, the defined forest area (DFA), with the Province of Manitoba. The administration of this DFA is undertaken by Manitoba Sustainable Development (SD) through the Northwest, Northeast and Western Region offices.

List of co-applicants

There are no co-applicants on this certificate

SECTION 2 - DESCRIPTION OF THE DEFINED FOREST AREA

Legal Tenure / Licence Description

The FML Area No. 2 DFA is, as described in the FML Agreement with the Province of Manitoba as "Area I" (FML Agreement Clause 8 (A) (i)). FMU 57 of the Saskatchewan River Forest Section is excluded from the DFA, although it is contained within the outside perimeter boundary of FML Area No. 2. In addition FMU 60 of the Highrock Forest Section was removed from the FMLA in 2009 through a legislation change.

Geographic Locations

The FML Area No. 2 DFA is comprised of approximately 8,777,724 hectares of Manitoba Provincial Open Crown land. In an ecological context, the DFA is situated on the boundary of the Boreal Plain Ecozone to the south and the Boreal Shield Ecozone to the north. Areas corresponding generally to the Highrock Forest Section and the FMUs of the Nelson River Forest Section fall within the Boreal Shield Ecozone with the Churchill River Upland Ecoregion to the west and the Hayes River Upland Ecoregion to the east. The areas generally corresponding to FMUs 50, 53, 58, and 59 fall within the Mid-boreal Lowland Ecoregion of the Boreal Plain Ecozone.

DFA description – Area and Forest types

Topography ranges from generally flat terrain in the southern areas of the Mid-boreal Ecoregion to more rolling in the Hayes River Uplands. The area comprised of the Highrock Forest Section, which is most of the western portion of the Churchill River Uplands is typically Canadian Shield country with interspersed rock outcrops and

lowland areas occurring frequently. Boreal forests dominated for the most part by the softwood species of black and white spruce and jack pine with smaller components of balsam fir and tamarack, provide the forest cover on the DFA. The smaller hardwood component is primarily trembling aspen, with lesser portions of balsam poplar and white birch.

SECTION 3 – AUDIT PROCESS

Process

All audit activities are planned with the Lead Auditor prior to the audit. An audit plan is provided detailing the scope and objectives of the audit, the audit team members, the processes to be audited and the timelines. While onsite the audit team work to verify that the management system meets the requirements of the standard and the system documentation by assessing objective evidence. The verification is done through interviews, documentation review and observation. This verification occurs in the office as well as in the field. For the field portion a sample of active and closed operations are selected. Auditors use a detailed checklist to document evidence of compliance.

As the audit is based on sampling of the available information there is always a level of uncertainty that exists; non-conformity can go undetected as well as good practices.

Audit Objective

To verify the company's documentation and the suitability, adequacy and effectiveness of the organization management system in meeting the requirements of the CSA Z809-16 National Standard of Canada Standards for the declared scope of registration and

- To confirm that the organization complies with its own policies and procedures;
- To confirm that the management system is suitable for the organization;

Audit Criteria

CAN/CSA-Z809-16 National Standard of Canada (Approved September 2016)
Sustainable forest management

Scope of the audit

Facilities/organizational units/functional units to be audited are

- Highway 10 North Box 1590 The Pas, Manitoba Canada, R9A 1L4
- The Defined Forest Area (DFA) for the Company is Forest Management License (FML) Area No. 2.

Certificate scope

Forest management activities - planning, harvesting, transportation and silviculture on the Manitoba defined forest area, Forest Management License Area No. 2.

Combined, joined or integrated audit (see the definition in annex 1)

This audit is not a combined, joined or integrated audit

Description of SAI Global and the SAI Global Audit Team

SAI Global is a third party management system certification Registrar. Established in 1984, SAI Global has worked with thousands of organizations in North America and around the world, issuing registration certificates to those that meet international and national management system standards.

The SAI Global Sustainable Forest Management audit team members bring with them considerable experience in the area of sustainable forest management and environmental management systems auditing. Audit teams are comprised of certified auditors and registered professional foresters. All audit team members are subject to strict confidentiality and conflict of interest agreements.

Audit Team

Lead auditor: Rod Seabrook CEA(EMSLA)
Auditor: Dave Barker - R.P.F
Auditor: Jeff Koch – R.P.F.

Audit time and dates

Evaluation dates:	
Tasks	Person days (excluding travel)
Pre and Post-audit work (audit plan and report writing)	0.75
Audit time (Documents, Records, Fieldwork)	6.5
Stakeholders Consultation	0.5
TOTAL	7.75

Review of Changes since last audit

No significant changes have occurred since the previous audit held November 20 – 22, 2017.

Significant issues impacting on the audit programme

Due to salvage harvesting in jack pine budworm damage stands off of the DFA there were no active logging operations occurring on the DFA during the audit. As a result, the audit team focused on review of completed harvest areas, access development and renewal and maintenance activities during the field audit.

Noted deviations from the audit plan and their reasons

None

Description of operations (Day shift, Night shift)

There were no active operations on the DFA during the audit. All operations were located in jack pine budworm salvage harvest and renewal operations off of the DFA.

Operations visited during the field audit include

Site identification	Type of Operation Observed
PF-7, PF-8, (2015-16 harvest) HY-42, HY-43 (2017-18 harvest)	Completed harvest and roads
PF-7, PF 8, HY-42, Halfway Road, Little Atik road and railway crossing	Decommissioned roads
PF-7, PF-8	Completed planting
OF-5	Aerial herbicide spray
PF 1	Manual brushing
AF-200, AF 202, NA 33	Free to grow surveys
AB 3-2009	100 m buffer along Barbe Lake
Highway 10 Gravel Pit near Sturgeon Road	Protection of killdeer bird nest
Davidson Road	Road Rehabilitation
Ochre Road	Road Inspection
Sugar Road	Road Inspection
Block OL-102	Previously harvested block (SFM indicator #14 field review)
Block OL-44	Previously harvested block (SFM indicator #14 field review)

Interviews

Personnel (i.e. Staff/contractors)	
Position	Number
Woodlands Manager Forestry	1
Area Superintendent	1
Area Forester	1
Operations Forester, Silviculture	1
Operations Forester	1
Woodlands Assistant	1

Members of the public participation process	
Position	Number
Sustainable Forest Management Committee, Chairperson	1
Sustainable Forest Management Committee - members	3

Provincial Government	
Position	Number
Regional Forester, Manitoba Sustainable Development	1

Aboriginal People	
Community and position	Number
Note: Invitations for comment were sent to nine First Nation communities, the Manitoba Metis Federation and Aboriginal representatives sitting on the public advisor committee. No input to the audit was received.	

Concerns relevant to the Standard and SAI Global's response

In this section - discussion of any significant concerns relevant to the Standard, made during the audit by public participation members, Aboriginal communities, government officials, DFA workers or other interested parties and the conclusions reached by the audit team in relation to them;
<u>Concerns received:</u> None
<u>SAI Global's response:</u> N/A

Overview of elements audited off-site and on-site

See annex 1

SECTION 4 - AUDIT FINDINGS

Status of non-conformances from the previous audit

NC#	2017-01	Grade :	Minor NC
Requirement:			
Core Indicator 6.3.3 Evidence that a worker safety program has been implemented and is periodically reviewed and improved			
Non-conformance:			
Worker safety manuals have not been reviewed and updated/validated as required.			
Justification for Major or Minor:			
Minor: Does not result in fundamental failure to meet the requirement			
Evidence provided to close the non-conformity:			
Contractor safety plans maintained on the Shared drive indicate all have been reviewed and/or updated, as required.			
Status:		Closed	

Non-conformances identified during this audit

NC#	2018-01	Grade :	Minor NC
Requirement:			
CAN/CSA Z809-16 (7.4.2 – Competence, Training & Knowledge)			
Non-conformance:			
CKPI Woodlands EMS Manual Section 7.0 Support states that the company has developed a matrix summarizing job categories regarding environmental training needs of woodlands staff and for relevant contractors. The matrix is in place for CKPI staff but not relevant contractors at this point.			
Justification for Major or Minor:			
Minor: Does not result in fundamental failure to meet the requirement			
Evidence provided to close the non-conformity:			
To be reviewed during the 12 month surveillance audit			
Status:	Choose an item.		

Opportunities for Improvement (OFI):

- Consider reviewing the usefulness of the variance statement for Indicator 14- “forest renewal treatment within 3 years of harvest.”
- Consider adding the ILO Convention and the PEFC Standard to the list of Legislation and Regulation Master List as “Other Commitments”
- Consider preparing incident or test reports more thoroughly. e.g. truck fire test report.
- Consider reviewing Guides and Standard Operating Procedures for consistency with field practices. E.g. FMPOP Operators Guide- is it still useful? Being used, not a controlled document.
- Consider further clarifying in the CKPI Woodlands Manual that contractor principals/supervisors are responsible for delivering required environmental/SFM training to their employees based on requirements stated in the CKPI contract agreements.
- Consider establishing a quantitative measure as a target (e.g. # of training opportunities to be met by staff annually) and a formal variance for this target.
- Consider further reconciling the EMS Training Matrix with the Corepoint Training database to ensure that “Company Guidelines” and “Standard Operating Procedures” as per the EMS Matrix have standardized training content to ensure that all employees requiring this training are actually reviewing the same information.

Positive Aspects of the Management System & Best Practices

- Guide 980: Nesting Bird Protection Operational Guideline, updated April 2018 is comprehensive regarding bird protection and management.
- Excellent retention of standing trees both in-block and at the edge of the block. Retained trees included single trees, clumps including merchantable trees, stubs, and advanced regeneration
- Comprehensive documentation package for these indicator (e.g. Indicator 26 - 2017 Contractor meeting package with detailed agenda, minutes, meeting attendee list / Indicator #27 – Aboriginal Issues and Concerns Table, Public Concerns Table, Training Session Tracking)

Key focus areas/topics to be assessed during next audit

- Active operations

Any unresolved issues, if any identified

None

SECTION 5 - GENERAL ASSESSMENT AND RECOMMENDATION

Based on the review of the company's SFM program, and the audit results, the following recommendation is made:

Re-assessment audit

Below are the results of the NCRs identified during the previous cycle:

Audit Type (I/RR/S)	NC #	Grade Major - Ma Minor - Mi	Standard clause	NCR Description
S	2017-01	Minor	6.3.3	Worker safety manuals have not been reviewed and updated/validated as required.
In preparation for the audit the lead auditor has reviewed the above listed NC. This review allowed focusing the present audit on the weakness previously identified. The reregistration audit did not find reoccurring NCs identified in the previous cycle.				

The company conducted an internal audit on May 15 – 17, 2018. No non-conformances were identified.

A management review was conducted on May 10, 2018 where the following agenda items were reviewed and discussed with the management team.

Topics covered during the management review were:

- public and Aboriginal participation process;
- values, objectives, indicators, targets, strategies, and forecasts;
- performance in relation to targets;
- changes in the forest in relation to forecasts;
- findings of monitoring and audits (internal and external);
- corrective actions;
- SFM policy and the need for changes;
- changing legislation or other relevant requirements;
- changing expectations, requirements, or responsibilities of interested parties;
- changes in types of forest operations or forest activities;
- changes in the organization or in resource requirements and availability;
- advances in science and technology;
- lessons learned from experience; and
- changes in the DFA.

The results of the Re-assessment including the review of the performance of the Management System over the past cycle indicate the capability of the management system to meet applicable requirements and expected outcomes, that the scope remains appropriate and that the audit objectives have been fulfilled with the exception of the non-conformance identified during this audit.

As discussed during the closing meeting, a root cause analysis with an action plan must be submitted within 30 days for the minor non-conformance for approval by the Lead Auditor.

A recommendation for the reregistration to the standard requirements and to the scope of registration identified in this report is on hold pending the receipt, review, and acceptance of the above.

The certification decision is confirmed with the reissuance of the certificate.

Next Scheduled Audit:

Date(s): June 17 – June 21, 2019

Type of Audit: S1

SAI Global
Team Leader

Date: June 6, 2018

ANNEXE 1

A joint audit is when two or more auditing organizations cooperate to audit a single client.

A combined audit is when a client is being audited against the requirements of two or more management systems standards together.

An integrated audit is when a client has integrated the application of requirements of two or more management systems standards into a single management system and is being audited against more than one standard.

ANNEXE 2

Standard requirement	Audited on-site	Audited off-site
4.1 General requirements	X	
4.2 Required activities	X	
5.1 General requirements	X	
5.2 Interested parties	X	
5.3 Process: Basic operating rules for advisory groups	X	
5.4 Work of the advisory group	X	
5.5 Public communication	X	
6.1 DFA-specific performance requirements	X	
6.2 SFM criteria — General	X	
6.3.1.2 Discussion items for Criterion 1- Biological diversity	X	
6.3.1.3 Element 1.1 — Ecosystem diversity (VOITS)	X	
6.3.1.4 Element 1.2 — Species diversity (VOITS)	X	
6.3.1.5 Element 1.3 — Genetic diversity (VOITS)	X	
6.3.1.6 Element 1.4 — Protected areas and sites of special biological, geological, heritage, or cultural significance (VOITS)	X	
6.3.2.2 Discussion items for Criterion 2 - Ecosystem condition and productivity	X	
6.3.2.3 Element 2.1 — Forest ecosystem condition and productivity (VOITS)	X	
6.3.3.2 Discussion items for Criterion 3 - Soil and water	X	
6.3.3.3 Element 3.1 — Soil quality and quantity (VOITS)	X	
6.3.3.4 Element 3.2 — Water quality and quantity (VOITS)	X	
6.3.4.2 Discussion items for Criterion 4 - Role in global ecological cycles	X	
6.3.4.3 Element 4.1 — Carbon uptake and storage (VOITS)	X	
6.3.4.4 Element 4.2 — Forest land conversion (VOITS)	X	
6.3.5.2 Discussion items for Criterion 5 - Economic and social benefits	X	
6.3.5.3 Element 5.1 — Timber and non-timber benefits (VOITS)	X	
6.3.5.4 Element 5.2 — Communities and sustainability	X	

Standard requirement	Audited on-site	Audited off-site
(VOITS)		
6.3.6 Criterion 6 — Society's responsibility	X	
6.3.6.2 Element 6.1 — Fair and effective decision-making (VOITS)	X	
6.3.6.3 Element 6.2 — Safety (VOITS)	X	
6.3.7 Criterion 7 — Aboriginal relations	X	
6.3.7.2 Element 7.1 — Aboriginal and treaty rights (VOITS)	X	
6.3.7.3 Element 7.2 — Respect for Aboriginal forest values, knowledge, and uses (VOITS)	X	
7.1 General	X	
7.2 SFM policy	X	
7.3.1 Defined forest area	X	
7.3.2 Defined responsibilities	X	
7.3.3 Rights and regulations	X	
7.3.4 Incorporation of public participation requirements	X	
7.3.5 SFM plan	X	
7.4.1 Structure, responsibility, and resources	X	
7.4.2 Competence, training, and knowledge	X	
7.4.3 Communication	X	
7.4.4 SFM documentation	X	
7.4.5 Document control	X	
7.4.6 Operational procedures and control	X	
7.4.7 Emergency preparedness and response	X	
7.5.1 Monitoring and measurement	X	
7.5.2 Corrective action	X	
7.5.3 Records	X	
7.6 Management review	X	