

Forest Certification Surveillance #1 Audit Report

Prepared by:

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for:

Canadian Kraft Paper and
Nisokapawino Forestry Management Company
c/o Andrew Forward
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for the following certified forest area:

Forest Management Licence Area No. 2

File Number: 014205-14

Date of Evaluation: June 17-21, 2019

Date of Report: July 12, 2019 (Revised July 22, 2019)

Certificate Registration Date: September 17, 2018

Certificate Expiry Date: September 16, 2023

SECTION 1 – ORGANIZATION

Certification type

Group certificate	
Single certificate	X

Canadian Kraft Paper Industries Limited

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 and Nisokapawino Forestry Management Corporation (NFMC) under Forest Management License (FML) Agreement No. 2, the defined forest area (DFA). Administration of the DFA is undertaken by Manitoba Sustainable Development (SD) through the Northwest, Northeast and Western Region offices.

List of co-applicants

Name	Active on the DFA Yes or NO
Canadian Kraft Paper Industries Limited	Yes
Nisokapawino Forestry Management Corporation	Yes

SECTION 2 - DESCRIPTION OF THE DEFINED FOREST AREA

Legal Tenure / Licence Description

The softwood resources of the FML Area No. 2 DFA are managed by tCKPI, under an FML Agreement with the Province of Manitoba. The FML Agreement specifies the responsibilities of CKPI for management of the forest resource within the FML Area No. 2 DFA. CKPI is the sole licence holder for the DFA. CKPI entered into an Assignment and Assumption Agreement on August 13, 2018 with Nisopkapawino Forestry Management Corporation (NFMC) and the Crown, represented by Manitoba Sustainable Development to assign certain licence responsibilities to NFMC; specifically forest management planning, silviculture, and monitoring of regeneration success. NFMC is a 50/50 partnership between CKPI and Nekote Tribal Council which represents seven Swampy Cree First Nation communities.

Administration of the forest and other natural resources within the DFA comes under the responsibilities of Manitoba Sustainable Development.

The FML Area No. 2 DFA is, as described in the FML Agreement with the Province of Manitoba "Area I" (FML Agreement Clause 8 (A) (i)). Forest Management Unit (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 completed 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 organization's documentation and the suitability, adequacy and effectiveness of the management system in meeting the requirements of the CSA Z809-16 National Standard of Canada 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. CAN/CSA-Z809-16 meets the principles and/or requirements of CAN/CAS-Z809-08, which is endorsed by PEFC.

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

This is an integrated audit with ISO 14001:2015

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 – SAI Global
Auditor:
Jeff Koch – SAI Global
Observer:
Robert Volkman – Standards Council of Canada

Audit time and dates

Evaluation dates:	June 17 – June 21, 2019
Tasks	Person days (excluding travel)
Pre and Post-audit work (audit plan and report writing)	0.75
Audit time (Documents, Records, Fieldwork)	5.0
Stakeholders Consultation	Included in the above
TOTAL	5.75

Review of Changes since last audit

CKPI entered into an Assignment and Assumption Agreement on August 13, 2018 with Nisokapawino Forestry Management Corporation and the Crown, represented by Manitoba Sustainable Development, to assign certain licence responsibilities to NFMC; specifically forest management planning, silviculture, and monitoring of regeneration success.

Significant issues impacting on the audit programme

None

Noted deviations from the audit plan and their reasons

None

Description of operations (Day shift, Night shift)

A tree planting operation was present but not active on the day of the field audit. There were no active harvesting or road construction/maintenance operations on the DFA during the audit. All harvesting 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
Block RT-10	Recent harvest, mechanical site preparation and tree planting
Block RT-2	Past harvest, regeneration, vegetation management and assessment of free to grow status
Half-way Road	Temporary road closure – ditch, berm and signage
Block HY-43	Recent harvest and tree planting

Block MH-12	Past harvest, regeneration, vegetation management and assessment of free to grow status
Tree plant camp	Camp set up, operation and maintenance

Interviews

Personnel (i.e. Staff/contractors)	
Position	Number
General Manager, NFMC	1
Operations Forester – Planning, NFMC	2
Superintendent - NFMC	1
Operations Forester – Silviculture, NFMC	1
Woodlands Manager, CKPI	1
Harvesting Superintendent, CKPI	1
Woodlands Assistant, CKPI	1
Outland Reforestation - Supervisor	1

Members of the public participation process	
Position	Number
SFM Committee member (acted as an observer during field audit)	1

Provincial Government	
Position	Number
Acting Regional Forester	1

Aboriginal People	
Community and position	Number
Opaskwayak Cree Nation – comments are appended to this report	1

Concerns relevant to the Standard and SAI Global's response

<p>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;</p> <p><u>Concerns received:</u></p> <p>1. There was one non-compliance issue of note in 2018: an Enforcement Notice was issued by Manitoba Sustainable Development (MSD) for un-utilized wood on Block ET-6 RoW wood (issued Nov 23, 2018 - 1354m3 with approx. \$10,500 paid in triple stumpage as a penalty). Wood was isolated as a result of a fire in the area with equipment being removed by the contractor from the area to prevent loss. The fire was controlled and roads were decommissioned. Wood was discovered by MSD two years after the fire occurred and CKPI chose to pay the fine rather than acquire the wood which had been attacked by pests and was rotting (i.e. valueless).</p>

SAI Global's response

The audit team reviewed the non-compliance and considered the actions taken to be appropriate

2. Comments from Opaskwayak Cree Nation were received four weeks after the closing meeting for the audit was held – see Addendum to this report.

SAI Global's response

Follow-up will occur during the next surveillance audit scheduled for the week of June 8, 2020.

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#	2018-01	Grade :	Minor NC
Requirement:			
CAN CSA Z809-16 (7.4.2 – Competence, Training & Knowledge) ; CKPI Woodlands EMS Manual Section 7.0			
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:			
Contractor training matrix prepared			
Status:	Closed		

Non-conformances identified during this audit

No instances of non-conformity were encountered during the course of this audit.

Opportunities for Improvement (OFI):

- Consider adding a Nekote representative to the Sustainable Forest Management Committee in light of the limited partnership. (Z809 5.2(a))
- Consider evaluating the value in including Indicator 10 a) in the SFM process as it relates to a legally required item that would likely rarely be encountered. (Z809 6.3.5.3 Element 5.1 — Timber and non-timber benefits)
- Consider alternative methods to managing chipper debris to reduce loss of productive land (e.g. grapple skidders carry clam loads of debris back to cutblock)
- Consider verifying the need to buffer permanent sample plots prior to commencing operations
- Consider reviewing the role of the Mill Manager in the Sustainable Forest Management System and Environmental Management System
- Consider reviewing the draft indicator report to ensure that progress on achievement of targets is based on factual information only

Positive Aspects of the Management System & Best Practices

Formation of the partnership between Canadian Kraft Paper and Nekote to create Nisokapawino to co-manage FML Area No. 2

Key focus areas/topics to be assessed during next audit

Aboriginal relations

Any unresolved issues, if any identified

See Addendum

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:

Surveillance Audit

The company conducted an internal audit on February 26 – 28, 2019 – No non-conformances and two opportunities for improvement were identified,

A management review was conducted on June 6, 2019 where the following agenda items were reviewed and discussed with the management team.

- 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 this surveillance audit indicate that the scope is appropriate and that the audit objectives have been fulfilled. The implementation of the current Management System meets the standard requirements and the expected outcomes. Therefore, a recommendation for the maintenance of registration to the CSA Z809:2016 standard will be made to the SAI Global.

Next Scheduled Audit:

Date(s): June 8 – 10, 2020

Type of Audit: Surveillance

Rod Seabrook
SAI Global
Team Leader

Date: July 12, 2019 (revised July 22, 2019)

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		
4.2 Required activities		
5.1 General requirements		
5.2 Interested parties	X	
5.3 Process: Basic operating rules for advisory groups		
5.4 Work of the advisory group		
5.5 Public communication		
6.1 DFA-specific performance requirements		
6.2 SFM criteria — General		
6.3.1.2 Discussion items for Criterion 1- Biological diversity		
6.3.1.3 Element 1.1 — Ecosystem diversity (VOITS)		
6.3.1.4 Element 1.2 — Species diversity (VOITS)		
6.3.1.5 Element 1.3 — Genetic diversity (VOITS)		
6.3.1.6 Element 1.4 — Protected areas and sites of special biological, geological, heritage, or cultural significance (VOITS)		
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		
6.3.4.3 Element 4.1 — Carbon uptake and storage (VOITS)		
6.3.4.4 Element 4.2 — Forest land conversion (VOITS)		
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 (VOITS)	X	
6.3.6 Criterion 6 — Society's responsibility		

6.3.6.2 Element 6.1 — Fair and effective decision-making (VOITS)		
6.3.6.3 Element 6.2 — Safety (VOITS)		
6.3.7 Criterion 7 — Aboriginal relations		
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		
7.2 SFM policy	X	
7.3.1 Defined forest area		
7.3.2 Defined responsibilities		
7.3.3 Rights and regulations	X	
7.3.4 Incorporation of public participation requirements		
7.3.5 SFM plan		
7.4.1 Structure, responsibility, and resources		
7.4.2 Competence, training, and knowledge	X	
7.4.3 Communication		
7.4.4 SFM documentation		
7.4.5 Document control		
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		
7.6 Management review	X	

ADDENDUM

July 22, 2019

As part of the audit process, a request was sent to First Nations and Metis communities that have expressed an interest in forest management activities on the Defined Forest Area, FML Area No. 2. The request consisted of a list of five questions derived from requirements of the sustainable forest management standard CAN/CSA-Z809-16. Opaskwayak Cree Nation responded and the content of the response is presented in full below.

Question 1. Do you consider that the company has a good understanding of the nature aboriginal of aboriginal title and rights?

Answer 1. Canadian Kraft does not understand that OCN peoples prior occupation (before Canada and Manitoba existed) of the land is the source of their title to all OCN territory. The company needs to recognize and promote prior occupation in continuity to the present day (OCN people were here before European people began occupying and using OCN lands). OCN community knows the importance of the continuity of the relationship to its land over time (OCN people know many things come from the land such as food, medicine, material and their spiritually). The connection that OCN people have with their territory is of central significance to their distinctive culture (without a land base OCN is not legally recognizable).

Question 2. Do you consider that there are ongoing open and respectful communications with OCN to foster meaningful engagement, and consideration of the information gained about OCN's title and rights?

Answer 2. On the whole, the engagement coming back from the company is not responsive, considered and meaningful dialogue in response to the concerns expressed by OCN. While there are some examples of responsiveness to concerns, these limited examples are not sufficient to overcome the overall lack of response (they gave OCN people a few tree planting jobs but nothing else). OCN is always emphasizing that dialogue must take place and must be a two-way exchange (The Bignell project could be the foundation for OCN people and the company to achieve partnership objectives). The Company must do more through the partnership to allow OCN to be part of the decision making, the employment opportunities, and business opportunities. OCN concerns cannot be left unconsidered and undiscussed. This falls short of the conduct necessary to meet the duty to consult.

Question 3. Do you consider that the company is making efforts to promote capacity development and meaningful participation for OCN.

Answer 3. OCN is not satisfied or convinced that the company is making efforts to promote capacity development and meaningful participation. OCN has asked the company for information on the opportunities available through the up coming Bignell project but the company has provided nothing so far. OCN has requested a contractors list for the purpose of engaging contractors to partner with them. OCN feels that the company is not doing enough to achieve the partnership objectives.

Question 4. Do you consider that the company understands and uses OCN knowledge through engagement if your community is willing to do so?

Answer 4. The company does not understand and use OCN traditional knowledge in their engagement sessions as there is no record of them doing that. The company has no idea what “uses” the OCN people put the land too. The company has no idea what areas OCN people “occupy”. Without this knowledge the partnership objectives will take longer to achieve.

Question 5. To OCN’s knowledge, does the company apply a level of management and/or protection of areas where culturally important practices and activities occur?

Answer 5. OCN has no record of any information that shows they apply a level of management and protection of areas where culturally important practices and activities occur. For the company to achieve this they would have to involve OCN. The company has to do more to build trust with OCN people as the partnership matures. Without OCN involvement in the management of the partnership it has a small chance of succeeding.