

Audit Report

12 Month Surveillance Audit for

Canadian Kraft Paper Industries Limited
Client Representative: Andrew Forward

014205-12

Audited Address: Highway 10 North, The Pas, Manitoba, CAN, R9A
1L4

Start Date: Jun 19, 2019 End Date: Jun 21, 2019

Type of audit - Integrated

Issue Date: June 14, 2019

Revision: 2

BACKGROUND INFORMATION

SAI Global conducted an audit of Canadian Kraft Paper Industries Limited beginning on Jun 19, 2019 and ending on Jun 21, 2019 to ISO 14001:2015.

The purpose of this audit report is to summarise the degree of compliance with relevant criteria, as defined on the cover page of this report, based on the evidence obtained during the audit of your organization. This audit report considers your organization's policies, objectives, and continual improvement processes. Comments may include how suitable the objectives selected by your organization appear to be in regard to maintaining customer satisfaction levels and providing other benefits with respect to policy and other external and internal needs. We may also comment regarding the measurable progress you have made in reaching these targets for improvement.

SAI Global audits are carried out within the requirements of SAI Global procedures that also reflect the requirements and guidance provided in the international standards relating to audit practice such as ISO/IEC 17021-1, ISO 19011 and other normative criteria. SAI Global Auditors are assigned to audits according to industry, standard or technical competencies appropriate to the organization being audited. Details of such experience and competency are maintained in our records.

In addition to the information contained in this audit report, SAI Global maintains files for each client. These files contain details of organization size and personnel as well as evidence collected during preliminary and subsequent audit activities (Documentation Review and Scope) relevant to the application for initial and continuing certification of your organization.

Please take care to advise us of any change that may affect the application/certification or may assist us to keep your contact information up to date, as required by SAI Global Terms and Conditions.

This report has been prepared by SAI Global Limited (SAI Global) in respect of a Client's application for assessment by SAI Global. The purpose of the report is to comment upon evidence of the Client's compliance with the standards or other criteria specified. The content of this report applies only to matters, which were evident to SAI Global at the time of the audit, based on sampling of evidence provided and within the audit scope. SAI Global does not warrant or otherwise comment upon the suitability of the contents of the report or the certificate for any particular purpose or use. SAI Global accepts no liability whatsoever for consequences to, or actions taken by, third parties as a result of or in reliance upon information contained in this report or certificate.

Please note that this report is subject to independent review and approval. Should changes to the outcomes of this report be necessary as a result of the review, a revised report will be issued and will supersede this report.

Standard:	ISO 14001:2015
Applicable codes:	0811 0851 2611 / A02.0 A02.0 DE21.1
Scope of Certification:	The registration covers the environmental management system for forest management activities controlled by the woodlands department.
Dependency:	Not Applicable
Permissible exclusions:	None
Number of Staff:	150
Number of Shifts:	1
Total audit duration:	Person(s): 2 Day(s): 3.50
Audit Team Member(s):	Team Leader Rod Seabrook
Audit Team Member(s):	Team Member Jeff Koch

Other Participants: John Como – SFM Committee member

Audit Report

Definitions and action required with respect to audit findings for Surveillance Audits

Major Non-conformance:

Based on objective evidence, the absence of, or a significant failure to implement and/or maintain conformance to requirements of the applicable standard. Such issues may raise significant doubt as to the capability of the management system to achieve its intended outputs (i.e. the absence of or failure to implement a complete Management System clause of the standard); or

A situation which would on the basis of available objective evidence, raise significant doubt as to the capability of the Management System to achieve the stated policy and objectives of the customer.

NOTE: The "applicable Standard" is the Standard which SAI Global are issuing certification against, and may be a Product Standard, a management system Standard, a food safety Standard or another set of documented criteria.

Action required: This category of findings requires SAI Global to issue a formal NCR; to receive and approve client's proposed correction and corrective action plans; and formally verify the effective implementation of planned activities within 60 days. Correction and corrective action plan should be submitted to SAI Global prior to commencement of follow-up activities as required. Follow-up action by SAI Global must 'close out' the NCR or reduce it to a lesser category within 60 days from the last day of the audit.

If significant risk issues (e.g. safety, environmental, food safety, product legality/quality, etc.) are detected during an audit these shall be reported immediately to the Client and more immediate or instant correction shall be requested. If this is not agreed and cannot be resolved to the satisfaction of SAI Global, immediate suspension shall be recommended.

In the case of an already certified client, failure to close out NCR within the time limits means that suspension proceedings may be instituted by SAI Global.

Follow-up activities incur additional charges.

Minor Non-conformance:

Represents either a management system weakness or minor issue that could lead to a major nonconformance if not addressed. Each minor NC should be considered for potential improvement and to further investigate any system weaknesses for possible inclusion in the corrective action program

Action required: This category of findings requires SAI Global to issue a formal NCR; to receive and approve client's root cause analysis, proposed correction and corrective action taken or planned to be taken; and formally verify the effective implementation of planned activities at the next scheduled audit.

Opportunity for Improvement:

A documented statement, which may identify areas for improvement however shall not make specific recommendation(s).

Action required: Client may develop and implement solutions in order to add value to operations and management systems. SAI Global is not required to follow-up on this category of audit finding.

EXECUTIVE OVERVIEW

The objective of this audit was to determine continuing compliance of your organization's management system with the audit criteria; and it's effectiveness in achieving continual improvement and system objectives.

Changes to the audit plan and the reasons for the change

None

Significant issues impacting on the Audit Programme

None

Site(s) description: activities/processes at each site

- Highway 10 North Box 1590 The Pas, Manitoba Canada, R9A 1L4 – planning and administration
- The Defined Forest Area (DFA) for the Company is Forest Management License (FML) Area No. 2.– timber harvesting, access construction/maintenance, renewal and tending
- Interlakes - timber harvesting, access construction/maintenance

The objectives of the audit were achieved

Overall Recommendation

The capability of the management system to meet expected outcomes

Expected Outcomes:

- Prevention of pollution – no evidence of spills was observed during the field audit
- Compliance to legal and other requirements – compliance is being evaluated through inspections and audits – no evidence of non-compliance was observed during the audit – one instance of non-compliance was raised by Manitoba Sustainable Development in 2018 related to merchantable wood left in an operating area following completion of operations. A fine was levied and paid by CKP.
- Continual enhancement of the EMS to achieve performance improvements – the company continues to refine its environmental aspects, objectives, targets and programs in response to issues identified during internal and external audits

Audit recommendations are always subject to ratification by SAI Global certification authority.

For the following standard(s): ISO 14001:2015

Based on the evidence verified and findings of this audit, the management system is in need of immediate attention and rectification. Non-conformance has been identified suggesting a lack of effective system implementation in accordance with minimum requirements of the standard. Refer to Non Conformance report No. 2019-01

Non-Conformances (NCRs):

All of the applicable requirements of the ISO 14001:2015 were audited and considered to be adequately implemented with the exception of the non-conformance identified below.

NCR No.	Level	Clause	Description	Final CAR Due Date:
2019-01	Minor	10.2	Planned actions to address NCR-2018-02 and NCR-2018-04 were not fully implemented	August 20, 2019

Opportunities for Improvement:

The following opportunities for improvement have been identified.

- Consider reviewing the Project Tailgate Master Form to include date of tailgate and company representative completing fields – they appear to have disappeared off the master.
- Consider restricting the use of PIFs to suggested system/performance improvements rather than as a potential vehicle for reporting subjectively determined potential non-compliances (“near misses” and “minor environmental incidents)
- Consider removing Management Review action items from the Corrective Action Log if these items will not be tracked in the log
- 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) – re: objective: debris management
- Consider developing more focused objectives and SMART targets
- Consider reviewing the role of the Mill Manager in the SFM and EMS management systems

- Consider reducing the amount of CKPI SFM/EMS documentation (SOPS, Guidelines, etc.) distributed to contract operators in the field who are not supervisors

It is suggested that the opportunities for improvement be considered by management to further enhance the company's Management System and performance of the business.

Audit Trail Summary Management System

Review of any changes including documentation

Changes to the company since last audit include: A partnership between Canadian Kraft Paper I (CKPI) and Nekote (representing seven area First Nations) has resulted in secondment of several CKPI staff to a new company, Nisokapawino Forestry Management Corporation (NISO). No changes to EMS documentation has yet occurred as a result of the partnership arrangement. Maintenance and implementation of the EMS is conducted by both CKPI and NISO staff.

The management system manual revision was reviewed and found to be in conformance with the requirements of the standard.

Use of marks and/or any other reference to certification

There was no evidence of use of the StandardsMark logo or claims of certification. The organization may wish to consider promoting their certification achievement through using the relevant certification StandardsMark, as per the guidelines available via the SAI Global website.

Actions taken on previous audit issues

During the previous audit, five minor non-conformances were raised against ISO 14001:2004 and six minor non-conformances were raised against ISO 14001:2015 (four of which overlapped with the 14002:2014 NCs). The client's responses to the non-conformances were previously reviewed and the action plans accepted. The current audit found that actions for NCR-2018-02 and 2018-04 (NCR-2018-02 and -03 for ISO 14001:2015) were found not to be fully implemented. As a result, NCR-2019-01 was raised.

Management Responsibilities, Commitment and Performance Monitoring

There continues to be a satisfactory level of input and support from top management to ensure the management system provides the intended controls, customer satisfaction and improvement opportunities. An opportunity for improvement with respect to the role of the CKP mill manager in the management system was identified. The health and performance of the system continues to be monitored and the stated objectives are being met. An opportunity for improvement with respect to setting of objectives and targets was raised.

Management Review

Meeting verified dated: June 6, 2019

Records of the most recent management review meetings were verified and found to meet the requirements of the standard. All inputs were reflected in the records, and appear suitably managed as reflected by resulting actions and decisions.

Internal Audits

Internal audits are being conducted at planned intervals to ensure conformance to planned arrangements, the requirements of the standard and the established management system.

Examples verified included: Internal audit conducted February 26 – 28, 2019 – Two non-conformances and five opportunities for improvement were identified.

Corrective and Preventive Action & Continual Improvement Processes

The company is not implementing an effective corrective and preventive action process for the continual improvement of the management system. Details are provided in NCR No. 2019-01.

Audit Trail Summary EMS/RC/e-S/RIOS/R2

Site Inspection

The audit team toured the site and concluded that the conditions of the site reflect an effectively implemented management system.

Risks (including Aspects and Footprint)

Based on the results of this audit, the Canadian Kraft Paper Industries Limited management system has established, implemented and maintained procedures for the identification, evaluation, upkeep, control and monitoring of risks.

Examples of Risks Audited: Use of fuels, lubricants and chemicals in field; Harvesting timber within authorized areas; Field operations during the fire season

Compliance Evaluation

Canadian Kraft Paper Industries Limited has implemented processes for periodically evaluating its fulfilment of compliance obligations. Compliance evaluations are conducted: Annually over a three year cycle that covers all legal obligations.

Audit Trail Summary Processes

Process: Environmental Policy Commitments
Auditees: NPMC General Manager
Records/Objective Evidence: CKPI/NPMC Environmental Policy dated Feb 22, 2019 EMS Policy posted at office and available to public on CKP website – see https://canadiankraftpaper.com/wp-content/uploads/2019/06/CKP-NPMC-Environmental-Policy-signed-Feb-2019.pdf EMS Policy signed by General Manager, NPMC and, Mill Manager CKP; – all commitments required by the Standard are stated in the Policy <i>Canadian Kraft Paper and Nisokapawino Forestry Management Corporation is committed at all levels of the Organization to the protection of the environment for the benefit of present and future generations. We will ensure this through the following activities:</i> <ul style="list-style-type: none">• <i>Through internal monitoring and external audits to assess our environmental performance and taking corrective actions through a continual improvement process on an ongoing basis;</i>• <i>Adhering to compliance standards including regulations, legislation and any voluntary commitments that we undertake;</i>• <i>Managing operations to minimize pollution and waste;</i>• <i>Practicing sustainable forest management through our Sustainable Forest Management (SFM) Policy;</i>• <i>Communicating environmental performance with our employees, the public and other stakeholders; and</i>• <i>Encouraging and recognizing employees for their contribution towards improving our environmental performance.</i> It was unclear as to the role of the CKP Mill Manager in the woodlands EMS as they are not directly involved other than the NPMC General Manager reports to the Mill Manager
Summary and Conclusions: Activities associated with the processes were assessed in relation to specific standard requirements and

relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is consistently applied and effective in meeting the established process objectives.

OFI - Consider reviewing the role of the Mill Manager in the SFM and EMS management systems

Process: Identification and management of risks, opportunities and objectives

Auditees: NFMC General Manager, NFMC Superintendent; CKP Harvesting Superintendent; NFMC Operations Forester, CKP Harvesting Supervisor

Records/Objective Evidence:

- EMS Manual Section 6.2 and process model
- EMS Significant Aspects Operational Control Matrix – Nov 20, 2019
- EMS Significant Aspects Operational Control Matrix – draft (not yet reviewed by EMS Committee)
- Environmental Aspects/Objectives/Targets revised Jun 3, 2019
- Public and Aboriginal Concerns Table
- EMS Committee meeting minutes
- Management review minutes
- Field observations

Compliance obligations

- SOP 100 Legislation and Regulation – May 1, 2018
- Subscribe to Ecolog – verified email updates
- Updates to legs/regs tracked via Ecolog
- Master list of legislation used for sampling compliance to legal requirements – posted on wall on first floor

Process model illustrates connectivity of main components of EMS; CKP staff continuing to refine process of identifying risks, opportunities, aspects and impacts; changes in internal/external issues reviewed; six SEAs; 15 objectives with associated targets established (see OFI) - progress monitored through inspections and audits; compliance obligations evaluated as per schedule; field observations found controls for significant aspects are in place and effective

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is consistently applied and effective in meeting the established process objectives.

OFI - Consider developing more focused objectives and SMART targets

OFI - 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) – re: objective: debris management

Process: EMS Support

Auditees: CKPI Woodlands Admin, NFMC General Manager, see list of contractor personnel interviewed, below

Records/Objective Evidence:

NFMC Environmental Management System Manual (dated 14/06/2019) - describes the basic components of the training, competence and awareness program at CKPI/NFMC.

NFMC training matrix defines training requirements for staff: 86-PROC-0111 Training Matrix Woodlands Staff (dated 14/06/2019)

Sampled staff training records for: Andrew Forward (NFMC GM), Shayne Elliott (CKPI Harvesting Supt), Mike Paddock (NFMC Operations Forester – Planning), Kevin Dudka (NFMC Forestry Supt), Jeanne Besaw (NFMC Operations Forester – Planning) & Bev Schlachetka (NFMC Admin).

Contractor EMS Training Req's contained within elements reviewed on Contractor Orientation Form (e.g. EMS Responsibilities, Environmental & SFM Policies, Environmental Certifications Reviewed, EIR (if applicable), Env Objectives and Risks Reviewed (EPPs, SOPs, etc), Other Relevant Legal Obligations, WCB Standing, Safety Responsibilities, CKP Safety Policies, Contractor Safety Program, Safety Incidents Reviewed (if applicable), Training Requirements Discussed).

Reviewed CORs for: Intermountain Contracting (May 15, 2019, expires May 15, 2020) – adequate, Nelson River Logging (11/22/2018, expires 11/22/2019) – adequate & Moose Lake Logging (11/20/2018, expires 11/20/2019) – adequate.

Supervisors responsible for passing on COR information to employees.

Sampled contractor training records: Nelson River Logging (NRL) (Oct 2, 2018 & May 28, 2019), Moose Lake Logging (MLL) (Aug 28, 2018) and InterMountain (IMC) (in Camp at JB-83 - May 27, 2019 and Shop on Ditch Road –May 30, 2019). Employees trained in required items as per CORs presented to NRL, MLL and IMC – adequate.

For comments re: field interviews for awareness – see 8.1

Documented Information e.g. EMS manual, procedures, forms and records are adequate to support the EMS

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is consistently applied and effective in meeting the established process objectives.

BMP – Excellent knowledge of potential environmental impacts by all contractors interviewed during Interlakes field audit

OFI – Consider reducing the amount of CKPI SFM/EMS documentation distributed to contract operators in the field.

OFI Consider reviewing the Project Tailgate Master Form to include date of tailgate and company representative completing fields – they appear to have disappeared off the master.

Process: Operations

Auditees:

- Inter Mountain Contracting: Block JB-83 (Camp) – (Supervisor), Block JB-83 (Harvesting) – (Feller Buncher operator) & (Skidder operator) & Devil's Lake Road (Road Construction) – (Hoe operator), (Gravel truck driver) & (Dozer operator)
- Klym & Son Contracting: Block JB-11 (Site Preparation – Drag Chain) – (Supervisor/Skidder operator) & (Skidder operator)
- Nelson River Logging: Block JB-11 (Delimiting) – (Safety Supervisor) & (Delimber operator)
- Seer Logging: Block JB-12 (Mobile Chipping) – (Chipper operator)
- Spruce Products Ltd: Block JB-81 (Mobile Chipping & Skidding) – (Chipper operator) & (Skidder operator), (Company President) & (Chipper Supervisor)
- Under Pressure Trucking: Block JB-81 (Chip Hauling) – (Chip truck driver)
- (CKPI Harvest Superintendent) & (CKPI Harvest Supervisor)
- Outland Reforestation – Tree plant Supervisor

Records/Objective Evidence:

Operational control

NFMC (Nisokapawino Forest Mgt Corporation) Environmental Management System Manual (14/06/2019) – Section 8.1 “Operational Planning and Control” - describes Op Control for NFMC at a high level.

CKPI/NFMC EMS Significant Aspects Operational Control Matrix cross references SEAs (Using equipment near water, using heavy equipment on slopes, use of heavy equipment on forest soils, Use of fuels, lubricants and chemicals in field, Harvesting timber in authorized areas and Field operations during fire season) with Operational controls for Legal (Regulatory Requirements, Monitoring and Measuring, and Operational Procedural Controls.

Standard Operating Procedures for operational facets required to manage NFMC significant environmental aspects.

SOPS include: SOP 030 Field Marking, SOP 032 Road Mgt Planning, SOP 033 Road Construction, SOP 040 Work Permit, SOP 050 Working Near Water Bodies, SOP 051 Water Crossings, SOP 070 Aerial Herbicide Near Waterbodies, SOP 090 Delegation of Authority, SOP 100 Legislation and Regulations & SOP 110 Public Consultation

SOPs adequate based on risk profile of NFMC

Contractors interviewed in field aware of SOPs which affected their work (see below). Contractor Orientation Record (COR) completed annually for all contractors whose activities have a potential impact on the environment

Reviewed CORS for:

- Arthur Fenner (completed by Harvest Supt. – expiry date Nov 29, 2019),
- Intermountain Contracting (completed by Harvesting Super. – expiry May 30, 2020),
- Klym and Son Trucking (completed by Ops Forester – Silv, – expiry May 10, 2020)
- Nelson River Logging (completed by Harvest Super. – expiry Nov 22, 2019)
- All adequate.

By signing COR, contractors indicate they are aware of the EMS, NFMC company expectations and they agreed to conform to NFMC/CKPI SFM and EMS requirements.

Project Tailgate Checklists utilized (pre-works) by CKPI Supervisors to start up projects (harvesting , road construction, herbicide spraying, etc) which carry significant environmental risk

Reviewed Project Tailgate Checklists for:

- Nelson River Logging (Block JB 101, 111 – 114),

- Intermountain (Devils Lake Road, dated 5/01/2019)
- Moose Lake Logging (dated June 15, 2019)
- all adequate.

Interlakes area:

- All interviewees were knowledgeable of:

- their primary potential environmental impacts (eg. Soil disturbance, spills and causing a fire) and mitigation of these (eg. Spill kit use, fire tool use and fire reporting, moving out of wet areas in the case of rutting).
- the CKPI rutting definition (12" by 40' for 90 meters) though all would be pulling out of areas before creating ruts that big
- spill reporting requirements (50L or greater of any product spilled to ground reported to MB SD as well as spills within 150m of watercourse) – spills reported to contract supervisor then supervisors would push to CKPI if reportable to MSD.
- contractors familiar with how to deal with wildlife (T&E, etc) if encountered (stop and notify supervisor).
- CKPI's commitment to environmental and sustainable forest management stewardship delivered via Annual contractor training session in 2018 - further provision of on-site training/guidance from CKPI supervisors – all contract supervisors interviewed had attended the training which has an environmental component and discussions around both EMS and SFM certification. Contractors that missed annual training session were trained via separate individual sessions by Fiona Donald (EMS Consultant).

All interviewees had appropriate MSD Work Permits, spill kits, fire tools and CKPI EMS documentation in their possession with exception of one missing backpack pump on an IMC skidder in Block J-83.

FML Area No. 2

- No active operations during audit

Viewed the following areas during the field audit

- Bk RT 10 – harvested winter 2018, mechanical SIP spring 2019, block partially planted spring 2019 – verified pre-harvest report, WP 2018-02-26-027 (harvest), WP 2019-02-26-004 (scarification); WP amendment NWL-344 (tree planting) – no utilization issues observed, boundaries respected (SEA), no excessive site disturbance, no evidence of spills (SEA) or industrial waste – an opportunity for improvement was raised related to the management of chipper debris
- Bk HY 43 – harvested 2017; planted without SIP spring 2019, verified pre-harvest report, WP 2017-02-26-044 (harvest); WP 2019-02-26-003 (tree planting) - no utilization issues observed, boundaries respected (SEA), no excessive site disturbance, no evidence of spills (SEA) – a lid to a metal barrel (likely chain flail) was found behind a debris pile and removed from the site
- Visited Outland Reforestation tree plant camp – WP 2019-02-22-010 - reviewed and verified the following items as meeting EMS requirements: fuel storage & management, documentation (work permit, policies, training records, SOPs, Emergency Response Plan, EMS Help Card), domestic waste management (including grey water and sewage), waste management

Emergency preparedness & response

NFMC Environmental Management System Manual (dated 14/06/2019) describes components at a high level.

NFMC has series of Emergency Preparedness Procedures to cover potential emergencies (prevention or minimization and response if an emergency does occur)

- EPP-001 Forest Fire (Feb 14, 2017),
- EPP-010 Fuel, Oil and Antifreeze Spill (Feb 14, 2017)
- EPP-020 Herbicide Spill (Dec 20, 2016)

Procedures adequate in the mgt of potential emergencies

Periodic tests conducted to test capabilities (unless actual emergencies that have tested response capabilities).

Periodic tests in 2018 were conducted for:

- Spill Drill (parking lot drill - April 23, 2018)
- ATV Fire (actual event April 26, 2018) – woody debris ignited around the exhaust manifold on a dry day – used fire extinguisher on quad to put it out – slight damage to quad only) - adequate testing in place.

Outland Reforestation tree plant camp

- Verified the following equipment was present and serviceable – spill containment (SEA), portable radio, fire extinguishers, pack pumps, fire cache (SEA), first aid kits

See 8.1 for info related to field day comments around fire tools, etc. for contractors sampled.

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is consistently applied and effective in meeting the established process objectives.

Process: Performance Evaluation

Auditees: NFMC General Manager, Harvest Supt, Harvest Supervisor, Operation Forester – Planning, Acting Regional Forester (MSD – The Pas)

Records/Objective Evidence:

Monitoring, measurement, analysis and evaluation- General

NFMC (Nisokapawino Forest Mgt Corporation) Environmental Management System Manual (14/06/2019) – Section 9.1 “Monitoring, Measurement, Analysis and Evaluation” describes processes for NFMC at a high level.

Operation Inspection Forms (OIFs) are primary means to review progress in operations - may be completed for harvesting, road construction or silv. activities - no set frequency for inspections

Two inspection types: Interim and Final - Supervisor tends to complete inspections wherever onsite.

Reviewed OIFs for:

- Blackhawk Helicopters – North Jonas Herbicide Staging Area (Aug 26, 2018 – see also related EIR below Aug 26, 2018 – Jet A spill approx. 2.0L)
- OIF Devil’s Lake Road (Harvesting – May 23, 2019) – adequate no issues,
- Pile Burning (Nov 18, 2018) – burning contractor portion of PTC was shown as N/A but was actually discussed in field – completed by CKPI Harvest Supt – more care to be taken in future to ensure appropriate portions filled out on OIF forms

Environmental incidents tracked either on Process Improvement Form (PIF – potential non-compliances and suggested improvements (see OFI below) or Environmental Incident Form (EIR) - significant environmental incidents and actual non-compliances.

Reviewed following PIFs:

- 1) PIF (April 1, 2018) – Ops Forester Silv.- Addition of Heritage Resource Action Plan review to EMS training for contractors -in progress.

- 2) PIF (5/11/2018) – Ops Forester Planning – updates to Operation Control Matrix wording (Risks to Aspects) – wording changes completed May 18, 2018
- 3) PIF (06/06/2018) – Block JB-30 – fire in block (woody debris in mud on ATV spark arrestor ignited) – completed June 24, 2018 (ATV must have fire extinguisher and 10 minute watch must be maintained before leaving ATVs that are hot in the field) – see OFI below.
- 4) PIF (June 13, 2018) – Ops Forester Planning – Develop online resource for EMS training for contractor training - in progress.

Reviewed the following EIRs:

- 1) ET-6 RoW (Nov 23, 2018 – Harvesting Supt.) - wood left in block due to fire – see discussion under evaluation of compliance, below

Reviewed EMS Committee Review for related actions - action item to update inspection protocols related to reviewing areas for isolated wood prior to demobilizing now in place

- 2) EIR North Joey Stockpile (see Blackhawk Helicopters OIF above) – Jet B Spill 2.0L. Cleaned up and managed as required – leaking cap in drum of Jet A – soil dug up and disposed of – adequate.

Internal audit also used to monitor performance – conducted March 3, 2019 by a consultant (No NCs, 2 OFIs) –OFIs from audit added to CKPI / NFMCSA PEFC Corrective Action Log.

No equipment related to environmental monitoring requiring calibration is used by CKPI

Evaluation of Compliance

CKPI 3 Year Environmental Legislation Sampling Program related to SOP – 100 Legislation & Regulation - schedule covers 2017 – 2019 - all scheduled legislative requirements to be reviewed completed

2019 sample included:

- Manitoba TDG, Manitoba Off Road Vehicle Act, Manitoba Water Protection Act and Manitoba Aquatic Invasive Species Regulation

Schedule being updated to include Federal legislation inadvertently lost from the Legislation list due to an administrative issue - applicable provincial legislation already accounted for

Phone Interview with Acting Regional Forester (Manitoba Sustainable Development – The Pas)

- One non-compliance issue of note in 2018: Enforcement Notice issued by MSD for un-utilized wood on Block ET-6 RoW wood (issued Nov 23, 2018 – 1,354m³). Wood isolated due to fire in the area – logging equipment removed by contractor to prevent loss. Fire controlled and roads decommissioned – wood discovered by MSD two years after fire occurred - CKPI paid penalty (triple stumpage) as wood was no longer marketable

Internal audit

Internal audit conducted Feb 26 - 28, 2019 by John Dunford, RPF (BC) - Lead Auditor

- Audit conducted concurrently with CSA Z809 audit
- Audit included document review, staff and contractor interviews as well as field observations.
- All elements of ISO 14001:2015 covered
- Report dated March 3, 2019

Audit Report

Internal Audit Findings

- 2 non-conformances (EMS manual, environmental aspects)
- 5 opportunities for improvement
- 1 topic for discussion

Audit Conclusion

- Based on the sample of the audit findings, and subject to resolution of the non-conformances noted: CKPI / NFMC is in conformance with the requirements of their EMS commitments and fulfils the requirements of the ISO 14001:2015 standard.

Management review

- Doc 86PROC-0100 Rev 02
- Annual management review
- CSA / ISO / Management Review held Jun 6, 2019 – NFMC General Manager, CKP Manager Harvesting, CKP Harvesting Supt, NFMC Supt. in attendance – NOTE – CKP mill manager not in attendance although has co-signed the SFM Policy – see associated OFI
- Agenda prepared covering all topics required by Standard
- Minutes documented
- Discussion topics required by standards covered
- Conclusions documented for each topic reviewed

Quarterly EMS Committee Meetings held throughout year in support of annual management review

- Reviewed meeting agendas/minutes for Jun 12, 2018, Nov 20, 2018, Feb 9, 2019, May 6, 2019, Jun 3, 2019
- Participants included NFMC General Manager, CKP Manager Harvesting, NFMC Superintendent, CKP Harvesting Supt., NFMC Operations Forester - Planning
- Topics covered included CAR log, PIFs, EIRs, legal changes, training, EMS/CSA issues an progress, potential accidents/emergency situations and EMS manual revisions

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is consistently applied and effective in meeting the established process objectives.

OFI – Consider removing Mgt Review action items from the CA Log if these items will not be tracked in the log

Process: Improvement

Auditees: NFMC General Manager, CKP Harvest Supt, CKP Harvest Supervisor, NFMC Operations Forester – Planning

Records/Objective Evidence:

Nonconformity and corrective action

Environmental Management System Manual (14/06/2019) – Section 10.2 “Nonconformity and Corrective Action” describes processes for NFMC at a high level.

EMS-CSA-PEFC Corrective Action Log of corrective actions generated from internal and external audit

findings (NCs and OFIs), PIFs, EIRs and Mgt Review action items - log tracks findings from 2016 to present - CA Log is adequate.

CA Log Action Items

- NCs – 10 action items – all closed and all good from internal and external audits
- OFIs – 67 action items – all closed – either actions were accepted and completed or OFIs rejected and closed
- PIFs – 5 action items – all closed
- EIRs – 3 action items – all closed
- Mgt Review – 0 action items

See monitoring and measurement discussion for info related to specific EIR corrective actions – all corrective actions related to EIRs are contained in the NFMC ESM-CSA-PEFC Corrective Action Log described above.

The current audit found that planned actions for NCR-2018-02 and NCR-2018-04 for ISO 14001:2004 (NCR-2018-02 and 2018-03 for ISO 14001:2015) were not fully implemented. Specifically, the following planned actions were not implemented:

- NCR-2018-02 - identifying actions to achieve environmental objectives (i.e. resources, timelines for completion, processes for evaluation of results and monitoring of progress toward achievement)
- NCR-2018-04 - failure to implement planned corrective actions 3 and 4 (creation of improved material for training that addresses the root cause of the non-conformance and the associated training for staff)

As a result, NCR-2019-01 was raised under the continual improvement process of the Standard

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process not consistently applied and effective in meeting the established process objectives.

Minor Non-conformance - Planned actions to address NCR-2018-02 and NCR-2018-04 were not fully implemented

OFI – Consider restricting the use of PIFs to suggested system/performance improvements rather than as a potential vehicle for reporting subjectively determined potential non-compliances (“near misses” and “minor environmental incidents”)

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END OF REPORT