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SmartWood

Practical conservation through certified forestry

Forest Management
2007 Annual audit
Report for:

**The Pineland Forest,
Managed by Domtar
Inc
in
Ontario, Canada
(in the vicinity of Foleyet and
Gogama)**

Certificate code: SW-FM/CoC-1509

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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of the Pineland Forest, sometimes referred to as Forest Management Enterprise (FME). The report presents the findings of SmartWood auditors who have evaluated company systems and performance against FSC forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through corrective action requests.

SmartWood audit reports include information which will become public information. Sections 1-3 will be posted on SmartWood's website according to FSC requirements. All appendices will remain confidential.

Dispute resolution: If SmartWood clients encounter organizations or individuals having concerns or comments about Rainforest Alliance / SmartWood and our services, these parties are strongly encouraged to contact SmartWood regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company's conformance with FSC and SmartWood requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>, certificate maintenance recommended Upon acceptance of CAR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>: Conformance with Major CAR(s) required
Additional comments:	Two CARs are extended for reasons beyond the control of the company.
Issues identified as controversial or hard to evaluate.	

2.2. Changes in the forest management of the FME

Domtar was in the process of divesting itself from management of this SFL, and transferring that responsibility to Conifex, a new business focused on sawmills. Legal issues in Quebec have delayed this transfer. The day to day business did not appear to be effected in any way, although it would be a major change in business arrangement for the Ontario operations of Domtar. At the conclusion of this process, the deal appeared to be cancelled.

The Canadian Forest sector continues to suffer from low markets and this has had local impacts on jobs in this forest. As in the adjacent Spanish Forest, the OSB mill which used the

Pineland as a supply of hardwood fibre indefinitely closed in 2006 and has not reopened. Some poplar goes to Norbord which requires veneer quality. This situation means that there are stands left partially harvested. The company stated that the intent is to return to harvest these in the future. Spruce Pine Fir markets are still being supplied, although prices are low.

Operationally, there have not been any major staffing changes, and the main contractors are still the same.

The plan for the forest was approved. There were some Ontario Environmental Assessment bump-up requests (the dispute resolution mechanism), that were assessed but denied by the Ministry of the Environment.

There have been no direct complaints to SmartWood about issues in the forest.

The HCVF report has been updated with some status changes for a few species.

2.3. Stakeholder issues

There have been no direct complaints to SmartWood about issues in the forest. Enquiries during the audit did not derive any specific comments on overall management. Some specific comments were made about individual indicators or questions that were asked.

2.4. Conformance with applicable corrective action requests

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the SmartWood certificate if Major CARs are not met. The following classification is used to indicate the status of the CAR:

CAR Status Categories	Explanation
Closed	Certified operation has successfully met the CAR and addressed the underlying non-conformance.
Open	Certified operation has <u>not met</u> the CAR; underlying non-conformance is still present. CAR becomes a Major CAR with a 3 month deadline for conformance

Condition 3.1a		Reference to Standard: # 3.1
Nonconformance		
Major	Minor X	
Corrective Action Request:		

<p>Domtar shall have undertaken substantive discussion with any of the six First Nations who indicate interest in a formal agreement, and sought to conclude agreements covering aspects of a working relationship as agreed between Domtar and the First Nations, and the logistical, technical and financial resources needed to implement the agreement.</p>	
<p>Timeline for conformance:</p>	<p>By the end of Year 2 of certification</p>
<p>Evidence to close CAR:</p>	<p>In the last year, MNR has done work to more clearly identify the First Nations with an interest in the Pineland Forest. Previously six First Nations were identified as having an interest on the old Pineland-Martel Forest: Brunswick House, Mattagami, Chapleau Cree, Missinabie Cree, Michipicoten and Chapleau Ojibway. At the time of the original assessment interviews were conducted with First Nations based on the premise of the Pineland-Martel Forest. After the assessment was almost complete the audit team was told about the future separation of the Pineland and Martel Forests. In preparing the report for just the Pineland the audit team did not feel it had enough evidence as to exclude any of the First Nations and their interests from the Pineland landbase even though there were questions as to whether there was a real interest and connection to the Pineland Forest through some of those First Nations.</p> <p>MNR has recently tried to rationalize the landbase interests of these First Nations so communities that have never expressed an interest in the Pineland landbase are not included in forest management planning (unless they have clearly identified that they have an interest and want to participate).</p> <p>Three of the six First Nations will now no longer be involved in forest management planning for the forest. These are Michipicoten, Chapleau Ojibway and the Missinabie Cree. The Michipicoten First Nation is located near Wawa several hundred kilometres from the Pineland Forest and are signatories to Robinson-Superior Treaty and not Treaty 9, which encompasses the Pineland Forest. They were previously included in Pineland-Martel because they have one uninhabited reserve near the western boundary of the Martel Forest. Michipicoten does have some off-reserve members in Chapleau, however to date they have not identified any specific values interest in the Pineland landbase. At this point they will not be invited to participate in the Native Consultation process for the Pineland for the next Plan but they do have the opportunity to participate if they indicate an interest. The audit team concurs with the perspective of MNR on Michipicoten.</p> <p>Chapleau Ojibway First Nation is not included as there has</p>

	<p>been no evidence (values, historic use) to connect the First Nation to the Pineland landbase. They do appear to have some traditional use interests around the height of land that straddles the Spanish and Superior Forests. The audit team has previously consulted with the Chapleau Ojibway about where their values occur and concurs with the perspective of MNR.</p> <p>Missinabie Cree First Nation is not included as there has been no evidence (values, historic use) to connect the First Nation to the Pineland landbase. They have traditional use in the northwest of the Superior Forest. The audit team has previously consulted with the Missinabie Cree about where their values occur and concurs with the perspective of MNR.</p> <p>The First Nations with at least some interest in the Pineland include: Brunswick House, Mattagami, Chapleau Cree and Flying Post. Mattagami has a well documented interest in the Pineland Forest. The Chapleau Cree have less of a well documented interest but at least a couple trappers from the community have traplines in the Pineland and clearly then have a connection to it. The connection of Brunswick House to Pineland is less clear because their historic interest is much further north to Missinabie Lake however there would appear to be some connection. Lastly, Flying Post is a recent addition to the forest albeit the community is located in Nipigon about 600 kilometres to the west. Flying Post has an uninhabited reserve just outside the Pineland and while they have declined previous offers to participate in forest management planning they have stated that they do not want that to be judged as precluding a future interest.</p> <p>Despite what is indicated above, Domtar did send out letters to all six First Nations offering to enter into agreements. Domtar followed up on these letters by re-stating its offers at First Nations Task Team meetings. The audit team reviewed the minutes for evidence of this. To date none of the six came forward to request formal agreements, although it should be noted that Domtar and Mattagami have previously had an agreement. The relationship with Mattagami is strong and has covered many facets; however the formal agreement was primarily an economic agreement around logging.</p> <p>The Audit Team believes that Domtar has been sincere in its efforts to offer agreements to the communities. It is likely the lack of interest around the formal agreements is very much a direct result of Domtar's withdrawal from the Martel landbase and the less than strong relationship some of the First Nations</p>
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	<p>have to the Pineland landbase. The stronger relationship with Mattagami is at least partially attributable to geography. Mattagami has strong interests in the Pineland and Spanish Forests managed by Domtar and strong interest in the Shining Tree where Domtar is a significant shareholder.</p> <p>The Audit team believes the intent of the condition has been fulfilled and is therefore closed. It should be noted however that First Nations interests can grow and wane and new leadership, interest or knowledge may reconnect a First Nation to the Pineland Forest and the demand or need for an agreement may occur at a future date. Domtar has indicated that they are very willing to discuss that, should be their interest. Based on the evidence the audit team has closed this condition.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	

Condition 6.3a	Reference to Standard: # 6.3
Nonconformance	
Major	Minor X
Corrective Action Request:	
<p>Domtar shall develop and implement a methodology to verify site and stand conditions on mixed-wood and hardwood-dominated sites and shall better delineate treatment areas prior to the implementation of silvicultural prescriptions.</p>	
Timeline for conformance:	By the end of Year 2 of certification
Evidence to close CAR:	<p>This Condition requires three actions: To develop, to implement and to delineate.</p> <p><u>Development of a methodology:</u> Domtar has developed a methodology to verify site and stand conditions on mixedwood and hardwood dominated sites. It is consistent with direction outlined in Appendix AG, Pineland Forest Boreal Mixedwood Strategy contained within the 2006-2026 PLF FMP and may be implemented through the use of specific Silvicultural Ground Rules, as per Table FMP-10.</p> <p>Efforts have been made to provide an ecosite context for managing mixedwood forest types in a manner consistent with the <i>Silviculture Guide to Managing Spruce, Fir, Birch and Aspen Mixedwoods in Ontario's Boreal Forest</i> (BMW Guide). As a result, 191,620 ha of productive forest area have been</p>

	<p>identified within the PLF as boreal mixedwood sites.</p> <p>Table FMP-10 contains specific Silvicultural Ground Rules designed to create a “Softwood Leading BMW” stand condition within the suite of treatments available for the Bw1, Lc1, Mw2, Po1, Sb1, Sf1 and Sp1 forest units. The strategy proposes the development of an assessment inspection protocol to confirm forest unit, ecosite, and species composition, with the focus of effort on the Mw2 forest unit due to it’s diversity of stand compositions and potential treatment options. Following implementation of this inspection protocol, priorities for management would be set on the basis of whether a stand was determined to be aspen, white birch, or softwood leading.</p> <p><u>Implementation and delineation:</u> Although tables have been provided that classify boreal mixedwood sites as aspen, white birch, or softwood leading on the basis of % species composition by volume, this does not necessarily demonstrate “<i>implementation</i>” of an assessment inspection protocol to “<i>verify site and stand conditions on mixedwood and hardwood dominated sites</i>” as required by the condition.</p> <p>Nor does it indicate whether Priority #1 or Priority #2 treatment options were selected for harvested stands. Thus, it is not possible to demonstrate conformance with the second part of the condition requiring that Domtar “<i>better delineate treatment areas prior to the implementation of silvicultural prescriptions</i>”.</p> <p>Implementation of the inspection protocol and delineation of harvested mixedwood treatment areas is not possible at this time because of a low utilisation of hardwoods due to recent mill shut downs. Stands MW2 and BW1 were not harvested. Therefore the Condition is closed but a new Observation is issued to verify implementation and delineation is undertaken once activities resume.</p>
CAR Status:	Closed
Follow-up Actions (if app.):	Observation 04/07: Domtar should implement its methodology to verify site and stand conditions on mixed-wood and hardwood-dominated sites and should better delineate treatment areas prior to the implementation of silvicultural prescriptions when hardwood utilization recommences.

Condition 6.3d		Reference to Standard: # 6.3
Nonconformance		Implement residual retention levels
Major	Minor X	
<p>Corrective Action Request: Domtar shall implement residual retention levels in their cutting areas which include consideration of peninsular retention and which achieve 10-50% retention by area, approximating levels expected in natural post-disturbance conditions.</p>		
Timeline for conformance:		By the end of Year 2 of certification, or by April 2007 (the end of the first year of the 2006-2026 FMP), whichever comes first
Evidence to close CAR:		<p>This is the second year of the implementation of the new plan, so there were stands that had the NDPEG requirements applied. We focused on a field visit to these stands.</p> <p>Evidence:</p> <ul style="list-style-type: none"> - Visited two mixedwood blocks (one random, blk201) harvested 2006 - Plan documentation for residual structure FMP 2006 App AB Table 6 (electronic copy not provided). - Structural Legacy Analysis - Current Actual mapped residual; - Variations from planned, corroborated by MNR biologist and forester. <p>Planned residual met the standard and this has been measured in Table 6. On file with the auditor. The record of residual can be used for compliance monitoring by the government.</p> <p>Subsequent stands showed that the cut to length harvest system is effective at producing residual, likely over and above planned residual.</p>
CAR Status:		CLOSED
Follow-up Actions (if app.):		none

Condition 6.3g		Reference to Standard: # 6.3.16
Nonconformance		
Major	Minor X	
<p>Corrective Action Request: Domtar shall (in consultation with MNR) develop a comprehensive access management plan that describes abandonment and maintenance strategies for all roads in the Pineland Forest and assigns responsibility for their management.</p>		

Timeline for conformance:	By the end of Year 2 of certification
Evidence to close CAR:	<p>Domtar describes their approach to the access plan as an early start on the 2011 FMP which has more requirements for planning.</p> <p>Highlights of the plan:</p> <ul style="list-style-type: none"> • FMP Section 2.4.5.4 • 2 gates established to protect remote tourism values. • 9 Designated Tourism Lakes (DTLs) protect 11 outpost operations, 2 lodges and several private • Pineland Forest –Forest Roads and Water Crossing Initiative – Liability assessment Final meeting notes. May 23 2007 • FMP Table II Existing Roads • Crown Land Policy Atlas (MNR website) <p>Domtar has provided a complete listing of the road networks used by their operations in the forest as well as the responsibility division between MNR and the company. There are no other entities that have any responsibility according to Appendix 2 provided (one is being resolved).</p> <p>The minutes of the Forest Roads and Water Crossing Initiative includes 9 Action Items. These are specific requirements for the completion of the initiative listed in the spring of 2007. We regard these items as normal implementation requirements including updating of inventory, some unresolved assignments, and final mapping and transfer requirements for MNR. These Action items do not imply the plan is incomplete, just that implementation is occurring. A note is left to the next audit team to ensure that these are addressed. Otherwise the company has developed an access plan which is appropriate given the time of the FMP planning cycle. The CAR is closed.</p> <p>An unusual clause in the monitoring agreement states “The frequency and extent of inspections and degree of maintenance will be at the prerogative of the party responsible <i>and will be governed by the level of risk that the party is willing to assume.</i>” This is a poor phrasing that implies the managers can simply opt out of responsibility. In interviews it was made clear that was not the intent. An observation is made regarding the wording of this clause. This should be clarified in the next FMP.</p> <p>Independent experts did not review this plan. The standard</p>

	<p>requires that the plan be ...”based on independent expert input between the ecological, social and economic importance of remoteness and the recreational and operational desire for motorized access.”</p> <p>The audit team explored several options with MNR regional and main office staff to determine if an “independent” review was made. Expert opinion is not in doubt. However, none of the sources could qualify as independent. As a result CAR 01/07 is issued.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	<p>CAR 01/07: By the next annual audit the company shall have obtained “independent expert” opinion on the access plan as provided.</p> <p>Note 01/07: Auditors should verify that the 9 outstanding action items from the “Forest Roads and Water Crossing Initiative” have been satisfactorily addressed by 2008, coinciding with the commencement of the next planning cycle.</p> <p>Observation 01/07: The company should clarify the wording in the 2006 FMP roads monitoring agreement (“<i>governed by the level of risk that the party is willing to assume</i>”) which implies the company can opt out of responsibility.</p>

Condition 6.4	Reference to Standard: # 6.4	
Nonconformance		
Major	Minor X	
Corrective Action Request:		
Domtar shall have continued working with ENGO’s, other stakeholders and First Nations to identify gaps in protected area representation, and, in concert with those groups, shall have approached the provincial government with proposals or options to complete the network of protected areas.		
Timeline for conformance:	By the end of Year 2 of certification	
Evidence to close CAR:	<p>In the evidence provided the company reports on:</p> <ul style="list-style-type: none"> • Agenda for GAP analysis workshop June 2007 • Minutes for GAP analysis workshop June 28 29 2007 • Report of workshop (not available during audit) • GAP datasets list for workshop • Draft Gap map with mapped candidates. 	

	<p>Domtar facilitated a meeting WWF, MNR region and Ontario Parks...etc. All report relationship is good and progress is occurring, although there has been a lengthy delay in getting to the next step, which would be a presentation to government.</p> <p>In the landbase area (Crown Land Atlas C1564) MNR found patent mining tenure. To address this MNR took two years to go through the replacement process. A 10,000 ha area was added.</p> <p>As part of the review of this CAR the audit team reviewed all of criterion 6.4 for compliance. There is good progress on the main issues and stakeholders are supportive. There is limited FN participation at this time, however it is appropriate for that to occur after government participation is enlisted, given the nation to nation policy and the sensitivity of land use decisions. The CAR is closed. A note is placed regarding the need to revisit the FN role at a later date.</p> <p>The narrow scope for interpretation for 6.4.1 means that at this time there should be a gap analysis in place and it should be “peer” reviewed (independent by definition of the standard). The auditors feel that the intent of this peer review is to successfully get all of the groups together. We also note that this is not about forest management, as much as it is about land use planning. A new minor CAR is issued to complete the peer review of the gap analysis. A similar CAR is issued for the Spanish Forest.</p> <p>There are a number of aspects of the standard that should be borne in mind as the company sets about addressing the new CAR:</p> <ol style="list-style-type: none"> 1. In the event that there are significant changes to the gap analysis after the review is done, there should be a new review once there is a new picture of the gaps. 2. A review of the larger regional conservation landscape especially incorporating Spanish SFL, would meet the requirement, as long as protected area gaps at the ecodistrict level are addressed, as the standard directs. 3. There are many possible reviewers as long as they are not involved with any of the parties in discussion,
CAR Status:	CLOSED
Follow-up Actions (if app.):	<p>New CAR issued: CAR 02/07: By the next annual audit Domtar shall complete the peer review of the protected areas gap analysis, and shall</p>

	approach the government to discuss completion of the protected areas network.
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Condition 7.1b	Reference to Standard: # 7.1
Nonconformance	
Major	Minor X
Corrective Action Request: Domtar shall incorporate consideration of the management of all surrounding forest lands into its management of the Pineland Forest with emphasis on establishment of core areas and High Conservation Value Forests.	
Timeline for conformance:	By the end of Year 2 of certification, and as part of preparing the 2006-2026 FMP
Evidence to close CAR:	<p>As evidence of compliance the company discussed</p> <ul style="list-style-type: none"> • General landscape • Parks • Application of “guidelines” and manuals • Treatment of HCVs • Core area and Intact patches • Evolving landscape approach <p>The discussion is an overview of generic approaches that are taken to planning and implementation of the plan on the SFL, and consideration of land use direction (such as Living Legacy) as required by the planning system. They also review the approach to HCV management including moose habitat, general AOCs, and the coordination of core areas with the Spanish. The involvement in the development of the landscape guide is also provided as support for the concept. The managers correctly point out that given the timing in the planning cycle, the second year of the current plan; it is very difficult to address a planning issue fully.</p> <p>This CAR is closed. An observation is placed to ensure that in the next round of planning, which commences in a year, and which is a ten year plan, the auditors will review this.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	Observation (02/07): In the next round of planning, Domtar should more fully consider surrounding forest lands (Gordon Cosens, and Romeo Malette), into management of the Pineland Forest with emphasis on establishment of core areas and High Conservation Value Forests.

Condition 9.4	Reference to Standard: # 9.4	
Nonconformance		
Major	Minor X	
Corrective Action Request:		
<p>Domtar shall, in collaboration with the MNR and other interested parties, implement a monitoring program for all of the HCVs affected by or likely affected by Domtar's management activities on the Pineland Forest. The monitoring program may encompass monitoring already in existence.</p>		
Timeline for conformance:	By the end of Year 2 of certification	
Evidence to close CAR:	<p>In response to this CAR the company prepared a comprehensive review of the monitoring that is done for values in general (document called "Monitoring report for the Pineland Spanish and White River Forests: A summary for FSC requirements of the CNBS, Domtar Inc. version 11 Sept 19 2007") and HCVs in particular (Doc entitled: " Monitoring Program for HCVs in the Pineland forest")</p> <p>The HCV report which is most relevant for this CAR is a value by value review of the monitoring performed broken down as: HCV, Inventory and Monitoring responsibility, Prescription or Approach, Current Monitoring for Status. The latter category lists in detail the activities.</p> <p>In our review of the values, monitoring activity was in place for each of the identified values. In some cases this monitoring is minimal and involves only compliance through Forest Operations Inspections for active operations. For example, it is not appropriate for forest managers to assess or "monitor" FN values directly. They do not have the expertise or permission to do so. In the event of a problem, it is the responsibility of the forest manager to address concerns brought to their attention by the FN. It is the responsibility, through the standard, to be aware of the monitoring efforts undertaken, as much as possible. The current report on HCV monitoring does that.</p> <p>The CAR is closed.</p>	
CAR Status:	CLOSED	
Follow-up Actions (if app.):		

CAR 01/06	Reference to Standard: # 3.3
Nonconformance	While there is a system in place to ensure the protection of identified

Major	Minor X	First Nations values, for a number of reasons there has been only partial success at identifying FN values on the forest. Domtar has recognized that value of the current First Nations Task Team and has continued to support it. Domtar should support the Task Team in trying to improve FN values collection on the Forest.
<p>Corrective Action Request: Domtar support a First Nations Task Team meeting that is to present and discuss the opportunity for a collaborative approach to values collection whereby resources could be pooled to areas or types of values that seem to be particularly difficult to identify. It is possible that experiences should be drawn from First Nations that do have large sets of values already identified (e.g., Mattagami, Matachewan).</p>		
Timeline for conformance:		Before the next annual audit
Evidence to close CAR:		<p>A First Nations Task Team meeting dedicated to discuss a collective approach to values has not occurred. This didn't happen for a few reasons. First, the FN Task Team was unable to secure funding through an outside source for meetings outside the FMP planning process period. Second, being outside of the FMP process the Task Team has no immediate driver to meeting. Third, the First Nations and MNR weren't co-ordinated to the extent to organize the meeting. In the last year, MNR has done work to more clearly identify the First Nations with an interest in the Pineland Forest. Previously six First Nations were identified as having an interest on the Pineland: Brunswick House, Mattagami, Chapleau Cree, Flying Post, Missinabie Cree, Michipicoten and Chapleau Ojibway. These six First Nations were the First Nations who were previously included in forest management planning for the old Pineland-Martel Forest. Fourth, MNR has recently tried to rationalize the landbase interests of these First Nations. As such, the First Nations with at least some interest in the Pineland include: Brunswick House, Mattagami, Chapleau Cree and Flying Post. The other three First Nations had landbase interests in the Superior Forest and the audit team concurs with MNR conclusions.</p> <p>The intent of the CAR is to clearly work with those First Nations where there might still be an interest with respect to values collection. It is the perspective of the audit team that the Mattagami values collection process is complete and that Flying Post hasn't participated and cannot identify values on the Pineland landbase for protection at this point. It is less clear whether the values of Brunswick House and Chapleau Cree have been fully identified. The intent of the CAR was to provide another opportunity to ensure any values are identified and protected. As well, it is possible that the communities have identified to the maximum extent possible any historic values, however efforts should be made to ensure</p>

	<p>any modern day values (e.g., special areas for harvesting plants or spiritual sites) are identified and protected.</p> <p>It is the perspective of the audit team that were too many extenuating circumstances beyond Domtar's control to ensure compliance with the condition and that too strong a push on Domtar's part on this most sensitive issue could have easily been counterproductive to the exercise and the positive relationships developed through the Chapleau Area Task Team.</p> <p>As such the CAR remains open and is extended to the next annual audit.</p>
CAR Status:	OPEN
Follow-up Actions (if app.):	

CAR 02/06	Reference to Standard: # 6.3
Nonconformance	This CAR arises from the need for the company to examine and rationalize its approach to attempt to re-establish white and red pine forest units, related to Indicator 6.3.4, and Condition 6.3b
Major Minor X	
Corrective Action Request: The company shall present evidence which: <ul style="list-style-type: none"> Assesses the practicality of returning white and red pine forest units to their historic levels as identified in the PIC report and as consistent with the 2006 FMP. The evidence should take into account both practical aspects (e.g. availability of seed stock), economic aspects of competing interests (i.e. hardwood values) and ecological aspects of the value of these species on the Forest. Identifies the manner in which restoration objectives for red and white pine should be incorporated into the 2011 FMP. 	
Timeline for conformance:	Before the next annual audit
Evidence to close CAR:	In the 2006 Annual Audit, the audit team noted that although an ambitious target had been established for the restoration of white and red pine in the 2006 FMP (<i>increasing the area of the white and red pine forest units to historical levels, 3.1% in 95 years and increasing the area in these forest units by 371 ha during the 5-year term</i>), it was not supported by the SFMM analysis for the selected management alternative (SMA). Company staff explained that the target in the FMP (derived from the PIC report) was intended to reflect the desired level for these species, but competing objectives (primarily for hardwood production) made it difficult to achieve conifer restoration targets. In comparison the SMA projected a 0.18% increase in area for these forest units from their present level of 0.36% to 0.54%.

	<p>In closing the original condition and identifying a minor CAR in its place, the audit team clearly intended that the company should assess the practicality of working towards the white and red pine restoration objectives identified in the FMP. However, the team also re-stated the intent of Indicator 6.3.4 <i>“that efforts be made to bring the area of this forest type to a level that is close to or equals its representation in the pre-industrial forest”</i>.</p> <p>The evidence provided largely meets the requirements of the first part of the CAR by exploring the operational and economic considerations that must be incorporated into any assessment of the practicality of returning white and red pine forest units to their historic levels. However, the evidence does not address “the ecological aspects of the value of these species on the Forest” as required by the CAR and thus lacks the required balance.</p> <p>Nor does the evidence robustly address the second requirement of the CAR to identify <i>“the manner in which restoration objectives for red and white pine should be incorporated into the 2011 FMP”</i>. Rather, the evidence merely references the broad consultative context of the forest management planning process without discussion of the company’s intent for meeting the requirements of the indicator.</p> <p>The planning team agreed on the importance of maintaining historical forest unit levels or at least show an increasing trend for the 2006 FMP, therefore, it is fair to expect that this will be re-affirmed for the 2011 FMP. The current CAR requires the company to make an effort to propose targets and strategies for meeting the requirements of the indicator as required by the CAR. The company has committed to doing this in the evidence provided, but has also stated that the timeframe for providing “objectives” is not appropriate given that the planning cycle does not start until mid 2008. Thus, explicit objectives will not be available until mid 2009 with modeling output shortly before that.</p> <p>Although the evidence provided is weak, there is justification given the timeframe for closing the CAR. The note to future audit teams will ensure that there is continuing monitoring of progress towards this long term project, and note that for several reasons there has not been progress to date.</p>
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	The note will also request Silvicultural Effectiveness Monitoring reports to verify success with white pine regeneration in MW2 and Bw1 forest units.
CAR Status:	Closed
Follow-up Actions (if app.):	<p>Observation (02/07): Domtar should identify the manner in which restoration objectives for red and white pine should be incorporated into the 2011 FMP, including measurable short and long term restoration targets (e.g., forest unit area and growing stock), base model inputs and outputs, and the long-term management direction to achieve the desired forest and benefits.</p> <p>Note (02/07): Domtar's ongoing white pine restoration efforts are challenging to audit given the timeframe required to achieve long-term restoration targets and the economic & operational considerations affecting restoration activities within the five-year term of the plan. Future audit teams need to specifically assess Domtar's progress towards the achievement of stated short-term maintenance and restoration targets in the 2006 FMP through the review of future annual reports and SEM data for red and white pine.</p>

2.5. New and extended corrective actions issued as a result of this audit

CAR 01/06 (extended)	Reference to Standard: # 3.3	
Nonconformance		While there is a system in place to ensure the protection of identified First Nations values, for a number of reasons there has been only partial success at identifying FN values on the forest. Domtar has recognized that value of the current First Nations Task Team and has continued to support it. Domtar should support the Task Team in trying to improve FN values collection on the Forest.
Major	Minor X	
Corrective Action Request: Domtar support a First Nations Task Team meeting that is to present and discuss the opportunity for a collaborative approach to values collection whereby resources could be pooled to areas or types of values that seem to be particularly difficult to identify. It is possible that experiences should be drawn from First Nations that do have large sets of values already identified (e.g., Mattagami, Matachewan).		
Timeline for conformance:		By the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 01/07		Reference to Standard: 6.3
Non-conformance		The wording of the standard requires that an expert on access planning be consulted when preparing the plan. There is no definition of the credentials of such an expert, so the company can determine.
Major	Minor X	
Corrective Action Request:		
The company shall have obtained "independent expert" opinion on the access plan as provided.		
Timeline for conformance:		By the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 02/07		Reference to Standard: 6.4.1
Non-conformance		Completion of peer review of GAP analysis for protected areas. Progress is being made, and parties are satisfied, but the standard is specific about the need for a peer review. The parties are at the point where a review is possible.
Major	Minor X	
Corrective Action Request:		
Domtar shall complete the peer review of the protected areas gap analysis, and shall approach the government to discuss completion of the protected areas network.		
Timeline for conformance:		By the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

2.6. Audit observations and notes

Observations are very minor problems or the early stages of a problem which does not of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a CAR in the future (or a pre-condition or condition during a 5 year re-assessment).

OBS 01/07	Reference Standard & Requirement: 7.1
Assumption that the region is leading the connection between units. But this does not always happen when the planning horizons are different.	
Observation: Observation: In the next round of planning, Domtar should more fully consider surrounding forest lands (Gordon Cosens, and Romeo Malette), into management of the Pineland Forest with emphasis on establishment of core areas and High Conservation Value	

Forests.

OBS 02/07	Reference Standard & Requirement: 6.3
Stems from a timing issue with the next planning exercise. A CAR could not be written for the time frame, so an observation was made to address this when the time comes. There have been no specific projects aimed at restoration of white pine or red pine.	
Observation: Domtar should identify the manner in which restoration objectives for red and white pine should be incorporated into the 2011 FMP, including measurable short and long term restoration targets (e.g., forest unit area and growing stock), base model inputs and outputs, and the long-term management direction to achieve the desired forest and benefits.	

OBS 03/07	Reference Standard & Requirement: 6.3
Wording was included in the FMP, the document which compliance is based upon, which appears to leave monitoring requirements up to the company.	
Observation: The company should clarify the wording in the 2006 FMP roads monitoring agreement (" governed by the level of risk that the party is willing to assume ") which implies the company can opt out of responsibility.	

OBS 04/07	Reference Standard & Requirement: 6.3
Markets for birch and poplar have virtually collapsed this year with the shut down of the Grant Forest Products OSB facility in Timmins. Poor hardwood utilization and the resultant inability to harvest candidate MW2 and BW1 stands will make it even more difficult to demonstrate implementation. Upon recommencement of significant activities in this forest type, this company will be expected to implement the methodology.	
Observation: Domtar should implement its methodology to verify site and stand conditions on mixed-wood and hardwood-dominated sites and should better delineate treatment areas prior to the implementation of silvicultural prescriptions when hardwood utilization recommences.	

Note 01/07	Reference Standard & Requirement: 6.3.16
Note: Domtar's ongoing white pine restoration efforts are challenging to audit given the timeframe required to achieve long-term restoration targets and the economic & operational considerations affecting restoration activities within the five-year term of the plan. Future audit teams need to specifically assess Domtar's progress towards the achievement of stated short-term maintenance and restoration targets in the 2006 FMP through the review of future annual reports and SEM data for red and white pine.	

Note 02/07	Reference Standard & Requirement: 6.3
<p>Note: Auditors should verify that the 9 outstanding action items from the “Forest Roads and Water Crossing Initiative” have been satisfactorily addressed by 2008, coinciding with the commencement of the next planning cycle.</p>	

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Tom Clark, B.Sc., M.Sc. Zool. Tom has spent twenty-five years as a consulting ecologist focused on wildlife ecology and forest management. He has completed over 40 FSC assessments and audits across Canada. His work on High Conservation Value Forest has led the evolution of that concept in Canada. Achievements include: assessment team member for the first FSC certification in Canada; consultant to the first public License (SFL) certified in Canada (Westwind) and author of the first HCVF report in Canada. Other responsibilities include working as a consultant to environmental groups, government and forest management companies.

Phil Shantz – Phil Shantz is registered professional planner, auditor and socio-economist who has specialized in resource management projects across Northern Ontario. Since 2000, Phil has led or participated in approximately 25 forestry audits in Canada and the US. This included being part of the team that field tested the Draft FSC Ontario Boreal Standard and the assessment of the wood supply, biodiversity and community socio-economic effects of the National Boreal Standard. Phil has also led some of the largest resource economic studies in Northern Ontario and is currently managing a variety of environmental assessments of hydro-electric projects throughout the North. Phil is a shareholder and member of the environmental assessment and auditing groups at SENES Consultants Limited. Phil was part of the team that conducted the original FSC assessment of the “Pineland-Martel” Forest when it was a Domtar licence

Nick Baggs, R.P.F. - Nick Baggs is a registered professional forester specializing in policy review, audit and prescription services. He has worked in forest management and operations since 1982. He is also experienced in the development of certification and various assessment standards in Ontario and British Columbia. Audit-related projects include two reviews of the Independent Forest Audit (IFA) Process in Ontario (2001 & 2006), IFA assignments on twenty Ontario forests, ISO 14001 internal EMS audits, integration of Sustainable Forestry Initiative (SFI) program components in an existing EMS, and update of the Ontario Forest Industries Association Code of Forest Practices. Nick completed the SmartWood Lead Assessor training course in 2001 and has since participated in several SmartWood FSC certification assessments (one as lead auditor) and more than a dozen annual audits in Ontario.

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
Oct 1, 2007	Domtar Timmins Office	Office review of CARs; develop field visit.
Oct 2, 2007	Pineland site visits	Stop 1 Rd 1001 AKA Oswald Rd
	Stop # in field notes	Stop 2 Block random stop Mixedwood
		Stop 3 Block 201 see map Mixedwood
		Stop 4 Block 65 Pj and poplar on sand
		Stop 5 Block 9 Active op and interviews J Breton
Oct 4, 2007	Domtar Timmins Office	Collect evidence/ interviews Closing meetings
October 16, 2007	Domtar Office, Timmins	Interviews and Review of Documentation
October 17, 2007	Mattagami First Nation	Interview
January 21, 2007		Draft Report sent to SmartWood
February 6, 2008		Draft Report sent to Domtar
February 8, 2008		Comments received by Domtar and report finalized by SmartWood

Total number of person days used for the audit: 4 days of preparation and field works for 2 auditors and 7 days of report writing and review.

3.3. Sampling methodology

Field sites were selected after a review of CARs after the opening meeting. Five stops were planned and several random stops were made on the route.

3.4. Stakeholder consultation process

Stakeholder/ FN type (i.e. NGO, government, local inhabitant etc.)	Stakeholders notified (#)	Stakeholders consulted or providing input (#)
ENGO	4	1
First Nation	4	2
Government	1	1

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	National Boreal Standard, Canada August 2004 version
Revisions to the standard since the last audit:	<input checked="" type="checkbox"/> No changes to standard. <input type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	

Implications for FME:	Conformance to new requirements verified
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