

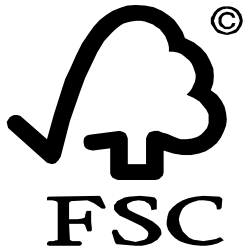
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FM-06 April 2007



Forest Management **2008 Annual Audit** Report for:

The Spanish Forest Managed by Domtar in Ontario, Canada

Certificate code:	SW-FM/CoC-002 002
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Audit Dates:	December 3rd 2008
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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Domtar Inc., hereafter 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:	A peer review for the protected areas gap analysis has not yet been completed as was required by CAR 01/07. This CAR was therefore upgraded to a Major CAR. Efforts have been made to identify potential protected areas, such as a gap analysis workshop in June 2007 with OMNR and ENGOs. However, the provincial government has not been approached with formal proposals or options to complete the network of protected areas. Therefore CAR 11/06 has been upgraded to a Major CAR
Issues identified as controversial or hard to evaluate.	None

2.2. Changes in the forest management of the FME

The 2007-2008 period has been marked by a significant downturn in Canada's forestry sector and Domtar has not been immune to the economic downturn. Unfavourable economic conditions resulted in the continued indefinite closure of the Nairn Sawmill and Espanola Woodlands operations, both of which ceased operations in 2006. The Grant Forest Products mill in Timmins also ceased operations in 2006 and remained closed throughout the 2007-2008 period significantly impacting the production of OSB grade poplar on the Forest. Demand for white and red pine was also low during the period due to mill closures and reduced production levels at mills still operating.

All of these factors have had a significant impact on the level of forest management activities undertaken during this period.

2.3. Stakeholder issues

There have been no direct complaints to SmartWood related to the forest management of the Spanish Forest. Enquiries during the audit did not derive any specific comments on overall management.

A stakeholders challenge to a finding related to Indicator 6.2.1 on the Tembec Martel forest in 2007 resulted in SmartWood requesting an interpretation by FSC Canada. FSC Canada's Ad-Hoc Interpretation Committee provided the following direction with respect to Criterion 6.2 in March 2008:

- When developing the Manager's list in accordance with Indicator 6.2.1, managers should consider including species in addition to those included on regulated federal or provincial species lists
- When considering the inclusion of species proposed by non-governmental bodies, the manager should consider: a) the diversity of agencies involved in developing the species list, b) the diversity of vulnerability factors considered, and c) the impact of forest management activities on the relevant vulnerability factors for that species
- For species that are on the Manager's list and for which provincial or federal Species Recovery Plans are not in development, or not completed, or not approved, or not adequate, the Manager should prepare its own plan(s).

The Partners in Flight (PIF) North American Land Bird Conservation Plan (NAMCLP) (Rich et al. 2004) developed a "Watch List" based on conservation assessments of individual species based on six measures of vulnerability: population size, breeding distribution, non-breeding distribution; threats breeding, threats non-breeding and population trend. Watch List species are characterized by combinations of the following factors: small populations, narrow distribution, high threats and declining trends. These PIF appraisals are considered relevant in how aspects of the NBS related to Species at Risk should be applied in boreal forest assessments. With the report of the Ad-Hoc Committee, SmartWood believes that the PIF categorization of "Watch List" species is consistent with the definition of "species at risk" in the NBS, and that they should be recognized as such on the Spanish Forest.

In response to public and LCC input, the planning team for the 2010 Spanish Forest FMP has included four Watch List species (bay-breasted Warbler, Canada warbler, ruffed grouse, and rusty blackbird) as additional locally featured species for use as indicators in wildlife habitat modeling in SFMM. SmartWood found Domtar to be in compliance with Indicator 6.2.1 on the Spanish forest.

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 nonconformance's 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 nonconformance.
Open	Certified operation has <u>not met</u> the CAR; underlying nonconformance is still present. CAR becomes a Major CAR with a 3 month deadline for conformance

CAR 02/06		Reference to Standard: # 1.1.6
Non-conformance		Domtar efforts regarding the provision of opportunities to benefit from and be involved in forest management for First Nations requires more work to be in compliance with the standard.
Major	Minor X	
Corrective Action Request: Corrective Action Request:		
<p>By the year 2 annual audit, Domtar shall have identified those First Nations that have an interest in the Spanish Forest and shall have initiated regular and substantive discussions with them regarding values, issues related to forest management, economic opportunities, and the possibility of entering into a formal agreement. For those First Nations who indicate interest in a formal agreement, Domtar shall have undertaken substantive discussion and sought to conclude agreements covering aspects of a working relationship, that would include any or all of the following:</p> <ul style="list-style-type: none"> i. A consultation and communication process to address the First Nation's interests; ii. The nature and extent of the First Nation's participation in forest management planning; iii. The First Nation's forest economic development interests; iv. Dispute resolution procedures; v. Use of traditional ecological knowledge; vi. Logistical, technical and financial resources needed to implement the agreement; and vii. Any other matters jointly agreed. 		
Timeline for conformance:		By the second annual audit
Evidence to close CAR:		In the Ontario forest management planning process the OMNR has responsibility for the collection and maintenance of First Nation values and the native consultation process related to forest management. Initially eight First Nations were

	<p>identified as having a potential interest in the Spanish Forest. These eight were the Mattagami, Brunswick House, Chapleau Ojibway, Whitefish Lake, Sagamok, Serpent River, Mississagi and Wikwemikong First Nations. During plan development it was determined that the Serpent River and Mississagi First Nations interests are primarily situated on the Northshore Forest.</p> <p>Five First Nations agreed to participate in the native consultation process and prepare values maps (i.e. Mattagami, Brunswick House, Chapleau Ojibway, Sagamok Wikwemikong). Values maps prepared by the communities are to be submitted by the end of March 2009 for integration in the planning process. It is also noteworthy that the Mattagami First Nation is leading a regional initiative to collect FN values. The process is currently in its initial stages.</p> <p>The uptake by the First Nations in the planning consultation process to date can be characterized as limited in extent with only the Wikwemikong First Nation actively participating in planning team meetings.</p> <p>Communications between the Company and First Nations were initiated with respect to FN interests in forest management and potential economic development opportunities. Preliminary conversations on Agreements between Domtar and First Nations were initiated. However, for a number of factors (e.g. the economic downturn in the forest sector, other internal priorities for individual First Nations) have precluded the signing of Agreements. The assessment team reviewed email exchanges between Domtar and local First Nations which indicated 1) that a relationship exists with First Nations 2) work is proceeding to engage communities in the planning process and 3) efforts have been made to develop economic relationships based on forest sector activities.</p> <p>In accordance with the Forest Management Planning Manual a dispute resolution process is in place on the Spanish Forest. Domtar also maintains an open door policy with respect to First Nations.</p> <p>The 2010 Forest Management Plan is currently in preparation therefore the level of integration of TEK could not be ascertained at the time of the assessment.</p> <p>The assessment team is of the opinion that the spirit and intent of the CAR has been met.</p>
CAR Status:	Closed

Follow-up Actions (if app.):	The status of the Domtar's on-going relationships with First Nations should be evaluated during the next annual audit to ascertain progress and the scope and extent of Domtar's engagement with interested First Nations.
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CAR 03/06 (extended)	Reference to Standard: # 3.3.1
Non-conformance	First Nations values are not adequately incorporated into forest management.
Major	Minor X
Corrective Action Request: Corrective Action Request:	
Domtar shall have made a concerted effort to work in concert with the MNR and local First Nations to develop a long-term strategy to ensure that resources are available to strengthen the existing inventory of aboriginal values on the Spanish Forest to:	
<ul style="list-style-type: none"> i. Ensure that these values are identified and considered in the development of operational forest management plans; and, ii. Where they meet the definition of High Conservation Value Forests, identify these values as HCV and include them in the HCVF report. 	
Timeline for conformance:	By the next annual audit
Evidence to close CAR:	<p>In Ontario, the OMNR is responsible to ensure the involvement of Aboriginal communities and consideration of their interests in forest management planning. In each planning cycle the Crown has a legal obligation to consider First Nation interests through the involvement of Aboriginal communities in forest management planning. This legal requirement enables the long term consideration of Aboriginal communities in the forest management planning process.</p> <p>Five First Nations are participating in the 2010 FMP consultation process and have been provided funding to prepare values maps in conjunction with the preparation of Aboriginal Background information Reports. At the time of this annual audit these reports and associated values maps had yet to be received by the OMNR.</p> <p>A regional initiative lead by the Mattagami First Nation to collect FN values for Mattagami First Nation, Brunswick House First Nation, Flying Post First Nation and the Chapleau Ojibwe First Nation was initiated in 2008. This is a longer term initiative designed to strengthen the inventory of aboriginal values on the Spanish Forest. This project</p>

	<p>is currently in its initial stages and when completed will assist in the identification and consideration of FN values in forest management and annual plans.</p> <p>MNR indicated that at the time of this annual audit no areas that meet the definition of High Conservation Value Forests had been identified in meetings between Domtar, OMNR and the First Nations.</p> <p>The OMNR Area Forester and a representative from the Mattagami First Nation indicated general satisfaction with Domtar's efforts to engage aboriginal communities in the forest management planning process. Domtar staff have attended all meetings (when invited) between OMNR and First Nation representatives. Domtar maintains an open door policy with respect to its relations with First Nations and as the SFL holder Domtar staff have met First Nations individuals to address their concerns related to planning or operations. The assessment team reviewed email correspondence between Domtar management staff and First Nation leadership which indicated 1) that a relationship exists with First Nations 2) work is proceeding to engage communities in the planning process and forest management and 3) efforts have been made to develop economic relationships based on forest sector activities.</p> <p>Despite the limited uptake by First Nations in the 2010 FMP planning process the assessment team concludes that the spirit and intent of the CAR has been met.</p>
CAR Status:	Closed
Follow-up Actions (if app.):	<p>Note for Future Audits 01/08: The status of the Mattagami FN Values Mapping initiative should be assessed during the next annual audit to ascertain progress and the scope and extent of Domtar's engagement in the process. If values are identified as HCVF, these mapped values should be cross-referenced checked with the HCVF report to ensure their incorporation in the report.</p>

CAR 01/07		Reference to Standard: # 6.4.1.
Non-conformance		In reviewing the evidence provided for the adjacent forest, the Pineland, the audit team noted that there is no peer review for the GAP analysis as required by the NBS. As a result a CAR is placed to complete this.
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:		Efforts have been made to identify potential protected areas, such as a gap analysis workshop in June 2007 with OMNR and ENGOs. However, a peer reviewed protected areas gap analysis has not yet been completed, and the provincial government has not been approached with formal proposals or options to complete the network of protected areas. Therefore this CAR cannot be closed and is upgraded to a Major CAR.
CAR Status:		OPEN
Follow-up Actions (if app.):		Upgraded to Major CAR 01/07 with a 6 months timeline.

CAR 4/06		Reference to Standard: # 5.6.1.
Nonconformance		Modeling used for the simulation of the forest and development of management scenarios does not adequately incorporate old growth as required by the standard
Major	Minor X	
<p>Corrective Action Request: By the year 2 annual audit, Domtar shall develop modeling inputs that are consistent with the requirements of the National Boreal Standard with particular attention paid to the retention of old growth forests (as indicated in the revised PIC analysis) and shall incorporate these inputs into the planned modeling for the 2010 FMP.</p>		
Timeline for conformance:		By second annual audit
Evidence to close CAR:		<p>The Long Term Management Direction (LTMD) for the Spanish Forest had yet to be finalized and approved at the time of the assessment.</p> <p>As such an approved management strategy which outlines the types and levels of forest management activities, and projections related to supply of forest attributes (i.e. habitat, forest units age class projections etc.) and FMP objectives have yet to be finalized and approved by the OMNR.</p> <p>Initial Strategic Forest Management Model (SFMM) modeling has been undertaken to establish baseline model inputs which identify parameters for retention of old growth. Until the LTMD is approved specific targets relative to old growth cannot be specified. Final targets (for all objectives including retention of old growth, wood supply, habitat supply etc.) will be determined through the SFMM model process which seeks to provide the best balance of plan objective achievement over time.</p> <p>The assessment team is of the opinion that the intent of CAR has been met to the extent possible given the current stage of work in the regulated forest management planning process. A new CAR referencing 5.6.2. of the Standard has been issued</p>
CAR Status:		Closed
Follow-up Actions (if app.):		CAR 01/08

CAR 5/06		Reference to Standard: 6.1.5
Non-conformance		The PIC analysis needs to be strengthened to more appropriately represent the values indicative of a pre-industrial condition
Major	Minor X	
Corrective Action Request:		
By the year 2 annual audit, Domtar shall provide an updated PIC analysis, incorporating input from the peer review of the present PIC report and based on use of a technically sound ecological model or models to estimate the range of natural conditions likely to have existed in pre-settlement conditions.		
Timeline for conformance:		By second annual audit
Evidence to close CAR:		Domtar has provided an updated PIC analysis for the Spanish Forest, has had credible peer reviews of the draft report, and updated the PIC report to address reviewer comments. The 80 pg PIC report describes pre-industrial disturbance patterns, age class structure, and forest composition. Ecological models developed by OMNR for the Landscape Guide i.e., with simulations from the Boreal Forest Landscape Dynamics Simulator (BFOLDS) and TELSA-VDDT, two ecological models developed by the OMNR for the landscape guides, were used to simulate forest development under a natural disturbance scenario. Distribution and composition of past forests were also described using white pine pollen analyses, historic (1952) Forest Resource Inventory, and Pinto et al's (2007) analysis of Ontario Land Survey notes (1857-1929) for the Spanish Forest and Site Region 4E. This CAR can be closed.
CAR Status:		Closed
Follow-up Actions (if app.):		

CAR 9/06		Reference to Standard: # 6.3.5
Nonconformance		Although old growth targets are identified for the forest the standard requires that management strategies address the full age-range of old forest. This has not specifically been addressed in the management of the forest.
Major	Minor X	
Corrective Action Request: By the year 2 annual audit, Domtar shall ensure that the old growth targets are identified for all forest units or forest unit groupings for age-based divisions within broader old-growth age classes.		
Timeline for conformance:		By second annual audit
Evidence to close CAR:		The Long Term Management Direction (LTMD) for the Spanish Forest had yet to be finalized and approved at the time of the assessment. As such an approved management strategy which outlines the types and levels of forest management activities, and projections related to supply of forest attributes (i.e. habitat, forest units age class projections etc.) and FMP objectives have yet to be

	<p>finalized and approved by the OMNR.</p> <p>Initial Strategic Forest Management Model (SFMM) modeling has been undertaken to establish baseline model inputs which identify parameters for retention of old growth. Until the LTMD is approved specific targets relative to old growth cannot be specified. Final targets (for all objectives including retention of old growth, wood supply, habitat supply etc. will be determined through the SFMM modeling process which seeks to provide the best balance of plan objective achievement over time.</p> <p>The assessment team is of the opinion that the intent of CAR has been met to the extent possible given the current stage of work in the regulated forest management planning process. A new CAR referencing 5.6.2. of the Standard has been issued.</p>
CAR Status:	Closed
Follow-up Actions (if app.):	CAR 01/08

CAR 10/06	Reference to Standard: # 6.3.16	
Nonconformance	Although efforts to develop an access strategy are planned, they are not yet sufficiently developed to satisfy the requirements of the Standard.	
Major	Minor X	
Corrective Action Request: By the year 2 annual audit, Domtar shall ensure that a comprehensive strategy to address abandonment and maintenance strategies for all roads on the Forest.		
Timeline for conformance:	By second annual audit	
Evidence to close CAR:	<p>Domtar has prepared an access strategy "<i>Comprehensive Access Management Plan for the Spanish Forest: A Summary Report Prepared to Address the Requirements of FSC Canada's National Boreal Standard</i>" (October 13, 2005). The FMP Table 26 also summarizes planned construction of new primary and secondary roads and planned use management including maintenance, access controls and abandonment for the FMP term.</p> <p>The standard requires that the access management plan "Identifies and maintains level of remoteness based on achieving a fair and equitable balance 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>"Independent expert input" was not provided in the access management plan. CAR 02/08 has been issued to address this shortcoming.</p>	
CAR Status:	Closed	
Follow-up Actions (if app.):	New CAR 02/08 is issued	

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CAR 11/06		Reference to Standard: 6.4.2
Non-conformance		Domtar is making progress in working with a number of parties regarding protected areas; however, continuing effort is required to meet the requirements of the Standard.
Major	Minor X	
Corrective Action Request:		
By the year 2 annual audit, 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 second annual audit
Evidence to close CAR:		Efforts have been made to identify potential protected areas, such as a gap analysis workshop in June 2007 with OMNR and ENGOs. However, the provincial government has not been approached with formal proposals or options to complete the network of protected areas. Therefore this CAR cannot be closed and is upgraded to a Major CAR. CAR 01/07 was issued one year later than CAR 11/06 and is also upgraded to Major CAR during the current audit. SmartWood expects Domtar's work to close CAR 01/07 will contribute greatly to close CAR 11/06 six months from now.
CAR Status:		Open
Follow-up Actions (if app.):		CAR 11/06 is upgraded to Major.

CAR 13/06		Reference to Standard: # 6.6.3.																	
Nonconformance		Additional effort is required to meet the requirements of the Standard regarding pesticide reduction. Initial steps should be identification of targets for pesticide reduction.																	
Major X	Minor																		
<p>Corrective Action Request: By the year 2 annual audit, Domtar shall propose quantitative targets for reduction in pesticide use for the next five year period. The targets shall be supported by quantitative analyses examining costs and benefits associated with alternative levels of reduction. The factors to be considered in this analysis should include:</p> <ul style="list-style-type: none"> • Financial implications associated with alternative measures of vegetation control including costs/benefits of applying less herbicide and/or treating less area • Examination of predicted changes in forest structure as a result of foregone herbicide applications and/or altered vegetation management. 																			
Timeline for conformance:		By the year 2 annual audit																	
Evidence to close CAR:		<p>Targets for pesticide use for the five year period have been developed for each management term which shows a planned reduction from levels in the 2000 FMP term. It is noted that use of chemicals increased for the 2000-2005 period compared to the earlier plan term. While the planned targets for the 2005-2010 plan term met the intent of the CAR 12/06, future audits should assess use on annual basis to verify a declining trend.</p> <table border="1"> <thead> <tr> <th></th> <th>95-00</th> <th>00-05</th> <th>05-10</th> </tr> </thead> <tbody> <tr> <td>Chemical Area</td> <td>18,511</td> <td>25886</td> <td>21052</td> </tr> <tr> <td>Chemical Litres</td> <td>74,901</td> <td>110,859</td> <td>99,774</td> </tr> <tr> <td>Active Ingredient</td> <td>26,665</td> <td>39,466</td> <td>35,520</td> </tr> </tbody> </table> <p>The assessment team notes that Domtar is participating through the provision of financial support and in-kind contributions in a project relevant to this issue: "Synthesis of silvicultural options, costs and consequences of alternative vegetation management techniques relevant to Boreal and Temperate Coniferous Forests". The objectives of this study are to: 1) synthesize relevant vegetation management literature, 2) conduct landscape level analysis related to alternatives for releasing conifers, 3) conduct yield and cost/benefit analysis, 4) update results through a report, regional workshops, journal manuscript (as appropriate) and websites. The study is scheduled for completion in December 2010.</p> <p>This CAR can be closed.</p>			95-00	00-05	05-10	Chemical Area	18,511	25886	21052	Chemical Litres	74,901	110,859	99,774	Active Ingredient	26,665	39,466	35,520
	95-00	00-05	05-10																
Chemical Area	18,511	25886	21052																
Chemical Litres	74,901	110,859	99,774																
Active Ingredient	26,665	39,466	35,520																
CAR Status:		Closed																	
Follow-up Actions (if app.):		<p>Note for Future Audits 02/08: Herbicide usage should continue to be tracked on an annual basis to ensure that the spirit and intent of the Criterion is met.</p>																	

CAR 14/06		Reference to Standard: # 7.2.2.																					
Nonconformance		Generally, the monitoring activities described in the plan have been implemented. However, there is a shortfall in the completion of planned free-to-grow surveys. This has implications for the accuracy of information about the state of the forest (i.e. the updating of forest inventory)																					
Major	Minor X																						
Corrective Action Request: By the year 2 annual audit, Domtar shall demonstrate that the backlog free-to-grow surveys have been completed and the forest inventory updated to reflect this information.																							
Timeline for conformance:		By second annual audit																					
Evidence to close CAR:		<p>The 2007-2008 Annual Report Table AR-14 indicates a forecast area for regeneration assessment of 29,933 ha and an area assessed to date of 26,932 ha of which 26,469 ha were successfully regenerated (88%). The FRI is updated annually to reflect this information. For natural regeneration assessments are in line with the area declared for natural regeneration as demonstrated in the table below:</p> <table border="1"> <thead> <tr> <th>AR Year</th> <th>Area of Natural Regeneration</th> <th>Area Assessed</th> <th>Area Successfully Regenerated</th> </tr> </thead> <tbody> <tr> <td>2005-2006</td> <td>15,224</td> <td>6,999</td> <td>6,827</td> </tr> <tr> <td>2006-2007</td> <td>565</td> <td>7,750</td> <td>7,447</td> </tr> <tr> <td>2007-2008</td> <td>5,544</td> <td>7,531</td> <td>7,531</td> </tr> <tr> <td>2008-2009*</td> <td>2,055</td> <td>7,000</td> <td>6,800</td> </tr> </tbody> </table> <p><i>* Approx Area. Annual Report not yet submitted - surveys occurred in Summer / Fall 2008</i></p> <p>This CAR can be closed.</p>		AR Year	Area of Natural Regeneration	Area Assessed	Area Successfully Regenerated	2005-2006	15,224	6,999	6,827	2006-2007	565	7,750	7,447	2007-2008	5,544	7,531	7,531	2008-2009*	2,055	7,000	6,800
AR Year	Area of Natural Regeneration	Area Assessed	Area Successfully Regenerated																				
2005-2006	15,224	6,999	6,827																				
2006-2007	565	7,750	7,447																				
2007-2008	5,544	7,531	7,531																				
2008-2009*	2,055	7,000	6,800																				
CAR Status:		Closed																					
Follow-up Actions (if app.):		None																					

CAR 15/06		Reference to Standard: # 9.1.2.	
Nonconformance		Contrary to the requirements of the Standard, little effort has yet been made to incorporate input from First Nations in the identification of HCVFs.	
Major	Minor X		

Corrective Action Request: By the year 2 annual audit, Domtar shall make concerted efforts to obtain input into its HCV analysis from Indigenous Peoples with an interest in the Spanish Forest.	
Timeline for conformance:	By second annual audit
Evidence to close CAR:	<p>The values mapping associated with the development of the 2010 FMP had not been completed at the time of the assessment.</p> <p>The auditors were informed by Domtar and OMNR that the issue of HCVF had been raised on several occasions during meetings with FN representatives. Despite these efforts to obtain input there has been little uptake by FNs in the identification of HCVs on the Spanish Forest. To date only the Mattagami First Nation has identified a HCV. That value is situated on the Pineland Forest managed by Domtar.</p> <p>Auditors found Domtar has made concerted efforts to obtain input its HCV analysis from Indigenous Peoples. This CAR can be closed even if no new HCVs were identified on the Spanish Forest, because this is not due to a lack of effort on the part of Domtar.</p>
CAR Status:	Closed
Follow-up Actions (if app.):	Note for future audit 03/08: Domtar is encouraged to continue its efforts to obtain input on HCVFs from First Nations. The next annual audit should confirm that these efforts have been on-going.

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

CAR 01/08		Reference to Standard: 5.6.2.
Non-conformance		At the time of the assessment the Long Term Management Direction had yet to be approved by the OMNR. As a result model inputs related to old growth have not been established for the plan term.
Major	Minor X	
Corrective Action Request: Domtar shall provide evidence that the analysis and calculation of harvest rates accurately reflects the requirements under other indicators of the Boreal Standard. Specifically Domtar shall provide evidence that constraints related to the provision of targets for old growth for all forest units have been incorporated, where necessary, into the SFMM analysis and the FMP. (Note to Alex: Small technical correction. Constraint is only necessary when the target is limiting.)		
Timeline for conformance:		By the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 02/08		Reference to Standard: 6.3.16
Non-conformance		Although an access management plan was prepared the standard requires that the plan “ <i>Identifies and maintains level of remoteness based on achieving a fair and equitable balance based on independent expert input between the ecological, social and economic importance of remoteness and the recreational and operational desire for motorized access</i> ” “Independent expert input” was not provided in reference to this component of the access management plan.
Major	Minor X	
Corrective Action Request:		
Domtar shall have obtained “independent expert” input on the access plan as required in the FSC Standard.		
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: # 6.4.1.
Non-conformance		In reviewing the evidence provided for the adjacent forest, the Pineland, the audit team noted that there is no peer review for the GAP analysis as required by the NBS. As a result a CAR is placed to complete this.
Major X	Minor	
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:		Within 6 months of the finalization of this report
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 11/06		Reference to Standard: 6.1.5
Non-conformance		Domtar is making progress in working with a number of parties regarding protected areas; however, continuing effort is required to meet the requirements of the Standard.
Major X	Minor	
Corrective Action Request:		
By the year 2 annual audit, 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:		Within 6 months of the finalization of this report
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

2.6. Audit observations

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 1/08	Reference Standard & Requirement: 7.1
Auditors found that Domtar is not fully considering surrounding forest lands in its management of the Spanish forest.	
Observation: During planning for the 2010 FMP, Domtar should more fully consider surrounding forest lands (e.g. Martel and Romeo Malette), into management of the Spanish Forest with emphasis on establishment of core areas and High Conservation Value Forests.	

OBS 2/08	Reference Standard & Requirement: 6.2
Snapping turtles have recently been added to the federal Species at Risk list as Special Concern. Although there are no documented occurrences of this species on the Spanish Forest to date, the northern edge of its range could potentially include the southern portion of the SFL.	
Observation: As a precautionary measure, Domtar should include the snapping turtle in its Species at Risk training for personnel and subcontractors.	

Note for future audit 01/08: The status of Domtar's on-going relationships with First Nations should be evaluated during the next annual audit to ascertain progress and the scope and extent of Domtar's engagement with interested First Nations.

Note for Future Audits 02/08: Herbicide usage should continue to be tracked on an annual basis to ensure that the spirit and intent of the Criterion is met.

Note for future audit 03/08: Domtar is encouraged to continue its efforts to obtain input on HCVPs from First Nations. The next annual audit should confirm that these efforts have been on-going.

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Bruce Byford R.P.F. – Bruce Byford is a Licensed Professional Forester (Ontario) and the President of Arbex Forest Resource Consultants Ltd. He has 29 years of experience as a consulting forester and project manager. Bruce has been Lead Auditor on thirteen Independent Forest Audits in Ontario. As a consultant to SmartWood he has participated as a Lead Assessor, Forest Management Specialist and/or First Nations and Socioeconomic assessor on certification and annual assessments. These assessments have taken place in Ontario, New Brunswick, Nova Scotia and Quebec. He has completed ISO 14001 Lead Auditor Training and has completed the Forest Assessor Training delivered by SmartWood.

Dr. Rob Foster Rob is co-founder and principal of Northern Bioscience, an ecological consulting firm offering professional consulting services supporting ecosystem management, planning, and research. Based in Thunder Bay, his primary focus has been in boreal ecosystems and Great Lakes / St. Lawrence forests, with additional experience in the tropics. Dr. Foster has over 15 years of research and work experience in northern Ontario on a variety of projects with direct or indirect links to forest management planning. Since 2000, Dr. Foster has been a biologist on five Independent Forest Audits (IFA) and one Sustainable Forestry Initiative (SFI) audit in Ontario. Rob has undertaken SmartWood FSC lead auditor training, and was the ecologist for a FSC audit of two Ontario SFLs using the FSC national boreal standard and the draft Great Lakes / St. Lawrence standard. He also served as the ecologist on a multi-disciplinary team field-testing the draft FSC boreal standards.

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
02/12/2008	Field Site Visits	Field assessment of Domtar operations
03/12/2008	Domtar Timmins Office	Document and record review, interviews with Domtar staff.
30/01/09	SmartWood Office	Draft report received from Audit team
02/02/09	SmartWood Office	Report sent to Domtar
02/27/09	Domtar Office	Corrections and additions to draft report sent to SmartWood
03/13/09	SmartWood Office	Revised report sent to Domtar
03/31/09	SmartWood office	Final Draft report

Total number of person days used for the audit:4 = number of auditors participating 2 times total number of days spent for the audit 2

3.3. Sampling methodology:

Limited operations occurred on the Spanish Forest during 2007-2008 as a result of the economic downturn in the Canadian forestry sector. Sample sites were therefore selected in

areas where the company was currently active. As this was a winter assessment no assessment of recent renewal or site preparation activities was possible.

3.4. Stakeholder consultation process

Stakeholder type (i.e. NGO, government, local inhabitant etc.)	Stakeholders notified (#)	Stakeholders consulted or providing input (#)
ENGOS	5	5
First Nations	4	1
Government	3	3

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	FSC Canada National Boreal Standard (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