

**DAISHOWA-MARUBENI INTERNATIONAL LTD.**

**Forest Resources Business Unit**

**Internal FSC CW COC Audit 2011**



**August 2011**

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Prepared for:

DAISHOWA-MARUBENI INTERNATIONAL LTD.

PO Bag 6500 Pulp Mill Site

Peace River, Alberta T8S 1V5

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CONFIDENTIAL REPORT Daishowa Marubeni International Ltd., Peace River Pulp Division, Forest Resources Business Unit – FSC COC Internal Audit: August 2011

### **Audit Scope**

Samuel Elkins, Continuous Improvement Coordinator engaged Robert Volkman, EP (EMSLA) EP (CEA), to conduct the annual internal audit of the Peace River Pulp Division's (PRPD) Forest Resources Business Unit's FSC Controlled Wood Chain of Custody program.

Audit scope: ***“All sustainable forest management and operational activities carried out by DMI-PRPD and its contractors on public and private lands required to supply the fibre requirements of Peace River Pulp Mill”.***

### **Audit Objective**

The objective was verification that the FSC CW & CoC conformed to planned arrangements for controlled wood and chain of custody requirements; and was implemented and maintained in a manner consistent with the *FSC-STD-004 V 2-0 FSC Standard for Chain of Custody Certification* and *FSC-STD-40-005 V 2-1 FSC Standard for Company Evaluation of FSC Controlled Wood*. Other supporting documents included *FSC ADV-40-016 V 2-0 Implementation of FSC Controlled Wood requirements in FSC STD-40-005 V2-1*, *FSC-DIR-40-004 FSC Directive on Chain of Custody Certification*, *FSC-DIR-40-005 FSC Directive on FSC Controlled Wood*.

The focus was an assessment to determine input sources:

- no illegally harvested wood;
- no wood harvested in violation of traditional or civil rights;
- no wood harvested from forests in which high conservation values are threatened by management activities;
- no wood is harvested from areas being converted from forest and other wooded ecosystems to plantations and non-forest uses; and
- no wood from forests in which genetically modified trees are planted.

### **Audit Period**

The audit period was from June 1, 2010 to July 9, 2011.

## **Audit Criteria**

The primary criterion was the FSC-STD-004 v2 (FSC Standard for CoC Certification); FSC-STD-40-005 version2-1 (FSC CW) and FSC-ADV-40-016 V 2-0. Other standards that supported the system were *ISO 14001:2004 Standard, (CAN) CSA Z-809:02 Standard, and Forest Resources Environmental Management System & Sustainable Forest Management Manual* (version 1.5). This included any related documentation as described under *Chapter 15 Internal Audit Programs* and CHK-043.1 FSC CoC Internal Audit Checklist and CHK-043.2 FSC CW Internal Audit Checklist (refer to Appendix A).

Legal requirements and other requirements DMI FRBU subscribes was also applicable. Applicable legislation included Federal (e.g. *Fisheries Act, Species at Risk Act, and Transportation of Dangerous Goods Act*) and Provincial (e.g. *Environmental Protection & Enhancement Act, Forest & Prairie Protection Act, Forests Act*) acts and associated regulations.

The auditors would categorize their findings into the following levels of conformity:

**Conformity** – in conformance; where the auditor finds that a practice or activity meets the policies, procedures, work instructions or the Standards (primary criteria).

**Major Non-Conformity** – where the auditor determines a non-conformity event(s) or condition(s) was or would have the potential to be significant. An action plan is required to address the major non-conformity and a revisit to the site may be required upon completion of the action plan to assess its effectiveness.

**Minor Non-Conformity** – where the auditor, upon reaching a conclusion, determines that one or more non-conformity event(s) was not considered significant. An action plan is required to address the minor non-conformity and a revisit was not required.

**Opportunity-for-Improvement** – where the auditor believes that there is no occurrence of non-conformity but if the practice(s) or condition(s) were to continue, it would potentially lead to a minor or major non-conformance.

**Audit Team**

Robert Volkman (Lead Auditor) conducted the FSC CW CoC internal audit; and holds Environmental Management System Lead Auditor, Certified Environmental Auditor, Registered Safety Professional, Environmental Professional, and Registered Professional Forest Technologist (Alberta) designations. He completed FSC external auditor training with the Rainforest Alliance in 2009. Samuel Elkins (auditor) and Connie Forrest (auditor) accompanied Robert during field and office assessment work.

**Audit Process**

The preliminary opening meeting was held March 7, 2011. The on-site portion of the internal FSC CW CoC audit was conducted in two phases. The first phase was from March 5 to 12, 2011 in conjunction with the ISO 14001 EMS internal audit. The second phase was from July 2 to 9, 2011 in conjunction with the internal CSA SFM and regulatory compliance audit.

The internal EMS SFM audit and regulatory compliance audit were reported on in separate documents in August 2011 (refer to 2011 Internal EMS SFM & 2011 Compliance Audit Report).

**Audit Observations**

DMI PRPD continues to invest resources, human and financial, in the voluntary certification schemes (ISO 14001:2004 EMS & CSA Z809-02 SFM) to which the company has subscribed. These voluntary certification schemes supported the FSC Controlled Wood and Chain of Custody system and provided the continual assessment of forest management planning and practices on the forest landbase. In addition, these systems provided senior management with performance metrics to assess and evaluate whether planning and practices met commitments with DMI's sustainable forest management principles.

DMI PRPD customers who purchase these forest based products also require assurance fibre inputs do not originate from controversial sources.

DMI FRBU continued to engage all parties affected by its operational activities in a positive manner. Engagement activities included:

- DMI becoming a signatory to the Canadian Boreal Forest Agreement;
- Dialogue with First Nations where DMI has operational activities (including consultation and economic development opportunities);
- Continuation of collaborative research partnerships developed with research institutions including the Alberta Forest Growth Organization, Boreal Research Centre, Canadian Forest Service, University of Alberta, and the Foothills Research Institute.

### **Audit Conclusions**

#### **Daishowa-Marubeni International**

##### **Status of open opportunities-for-improvement from Internal FSC CW COC Audit 2011**

There were three opportunities-for-improvement (**OFI-IA-2010-03**, **OFI-IA-2010-04** & **OFI-IA-2010-05**) identified during the 2010 internal FSC CW COC audit.

OFI-IA-2010-03 and OFI-IA-2010-04 related to inconsistencies with the FSC CW & COC manual (version 1.5 dated March 16, 2009) and these inconsistencies were addressed in version 1.8 dated August 12, 2010.

OFI-IA-2010-05 was discussed at an operations focus group meeting in September 2010 and the RIS group implemented a check system.

The corrective action plans implemented by DMI to address these non-conformities were deemed sufficient to close all three opportunities-for-improvement: **OFI-IA-2010-03**, **OFI-IA-2010-04**, and **OFI-IA-2010-05**.

#### **Major Non-Conformities from Internal FSC CW COC Audit 2011**

No major non-conformities were noted.

#### **Minor Non-Conformities from Internal FSC CW COC Audit 2011**

No minor non-conformities were noted.

**Opportunities-for-Improvement from Internal FSC CW CoC Audit 2011**

There were two new opportunities-for-improvement (***OFI-IA-2011-03 & OFI-IA-2011-04***) noted during the audit review.

An opportunity-for-improvement, ***OFI-IA-2011-03***, has been identified with ***Standard FSC-STD-40-004 V2-0 EN Part I: Universal Requirements, Section 3 Material sourcing & FSC-STD-40-005 V2-1 EN Part 2: FSC Controlled Wood Supply Requirement, Section 5 Supplier identification***. An opportunity-for-improvement, ***OFI-IA-2011-04***, has been identified with ***Standard FSC-STD-40-004 V2-0 EN Part I: Universal Requirements, Section 1 Quality management, Section 1 Procedures & FSC-STD-40-005 V2-1 EN Part 1: Quality System Requirements, Section 2 Procedures***.

***OFI-IA-2011-03***

An opportunity-for-improvement has been identified related to ***Standard FSC-STD-40-004 V2-0 EN Part I: Universal Requirements, Section 3 Material sourcing, 3.2.1 Supplier Validation & FSC-STD-40-005 V2-1 EN Part 2: FSC Controlled Wood Supply Requirement, Section 5 Supplier identification 5.2***

The FSC Chain of Custody and Controlled Wood Standards respectively state “***the organization shall establish and maintain an up-to-date record of all suppliers and the Company shall maintain an up to date list of all its suppliers of wood or wood products that are included in the company’s own FSC Controlled Wood verification program***”.

Overall, the company has met the intent of each Standard, however, an inconsistency was identified in the FSC Controlled Wood & Chain of Custody Manual (revision 1.8 dated August 12, 2010). Under section 2.4 Coniferous Fibre Sources, the manual states “***a complete and up-to-date list of suppliers of both coniferous and deciduous fibre is attached as Appendix 2. This list includes the name and address of the supplier and the description of the fibre supplied***”. The list found in Appendix 2 Residual Chip Suppliers Contact List does provide the name and address of the supplier but does not include the description of the fibre supplied.

The auditor deemed this inconsistency between the text in Section 2.4 and Appendix 2 as an opportunity-for-improvement. The inconsistency did not affect the overall implementation of these Standards as other processes (TM9) were in place to ensure the input materials met controlled wood requirements.

**OFI-IA-2011-04**

An opportunity-for-improvement has been identified related to **FSC-STD-40-004 V2-0 EN Part I: Universal Requirements, Section 1 Quality management, 1.2.1 Procedures & FSC-STD-40-005 V2-1 EN Part 1: Quality System Requirements, 2.1 Procedures.**

The FSC Chain of Custody and Controlled Wood Standards respectively state “**The organization shall, establish, implement and maintain procedures and/or work instructions covering all applicable requirements of this standard, according to its scale and complexity and The company shall have procedures and/or work instructions covering all the applicable elements specified in this standard.**”.

Overall, the company has met the intent of each Standard as the FSC CW COC manual describes processes to ensure procedures were established, implemented and maintained.

A review of the DMI PRPD website identified inconsistencies as the website was not kept current with these Standards. These inconsistencies were:

- a link to the FSC Chain of Custody Standard was to a pdf document *FSC-STD-40-004 V1-0 EN* and not *FSC-STD-40-004 V2-0 EN* ; and
- the internal audit checklist (CHK-043, FSC CW COC Internal Audit Checklist Rev 1.1) incorporates *FSC-STD-30-010 V2-0 EN* and not *FSC-STD-40-004 V2-0 EN* and *FSC-STD-40-005 V2-1 EN*.

The auditor deemed these inconsistencies as an opportunity-for-improvement. The website inconsistencies did not affect the overall implementation of these Standards as other sources to obtain the current Standards were available (i.e. FSC Canada website).

**Audit Summary**

This internal CW CoC audit allowed FRBU to see where the operation may need to focus its attention when it comes to areas not previously identified as an issue.

There are no major or minor non-conformities and two opportunities-for-improvement identified during this audit.

Major non-conformities require a corrective action plan immediately; and also may require a plan to reduce any potential adverse impacts or enforcement actions.

Minor non-conformities require a corrective action plan within a reasonable time period (i.e. 30 days).

Opportunities-for-improvement do not require an action plan but if not addressed appropriately, may lead to a minor non-conformance at subsequent internal audits.

Two new opportunities-for-improvement (***OFI-IA-2011-03 & OFI-IA-2011-04***) have been identified and appropriate actions must be undertaken to avoid this opportunity-for-improvement being elevated in their severity. The auditor will assess the actions taken at the next internal audit.

Disclaimer / Statement of Limitations

This audit report was prepared exclusively for Daishowa-Marubeni International Ltd. (DMI) Peace River Pulp Division, Forest Resources Business Unit. The scope and accuracy of information, findings and recommendations contained herein is consistent with the level of effort expended and is based on: i) information provided by FRBU personnel; the scope of operations, activities and aspects inspected or about which information was provided; ii) limited on-site inspection and interviews conducted by the audit team.

Thank you for the opportunity to complete this internal audit. Please contact me if you have any questions or concerns.

Sincerely,



Robert Volkman, CRSP PMP RFT (BC & AB) EP (CEA) EP EMSLA) EPt (GHG)

Appendix A  
Detailed FSC CW COC Checklists (CHK-043.1 & CHK-043.2)  
(37 pages)



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
FSC-STD-40-004 V2-0 EN Part I: Universal Requirements  1. Quality management	1.1 Responsibilities	1.1.1 The organization <b>shall</b> appoint a management representative as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 9, section 3.13 Roles &amp; Responsibilities</li> </ul> Established and maintained a procedure in the <b>Forest Resources Environmental Management System &amp; Sustainable Forest Management (EMS &amp; SFM) Manual Revision 1.5</b> dated July 9, 2010 <ul style="list-style-type: none"> <li>Chapter 7, <b>Resources, Roles, and Responsibility, and Authority.</b></li> </ul>	Y	The EMS Coordinator has been identified as the person responsible for implementation of this Standard.  Other DMI staff have been identified in roles of responsibility other than implementation of these procedures in the FSC CW & COC manual.  The EMS & SFM manual defined roles and responsibilities for staff not identified in this Standard that provided additional support to the implementation of this Standard.	No issues noted with this specific requirement.
		1.1.2 All relevant staff <b>shall</b> demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 9, section 3.14 Training</li> </ul> Established and maintained a procedure in the <b>Forest Resources Environmental Management System &amp; Sustainable Forest Management (EMS &amp; SFM) Manual Revision 1.5</b> dated July 9, 2010 <ul style="list-style-type: none"> <li>Chapter 8, <b>Competence, Training, and Awareness</b> and associated <b>Appendix C - Forest Resources Training Matrix</b></li> </ul>	Y	Training for relevant staff is outlined in the Forest Resources Training Matrix.  The auditor reviewed the training identified for relevant staff implementing the Standard and the identified training met Standard requirements.	No issues noted with this specific requirement.
	1.2 Procedures	1.2.1 The organization <b>shall</b> , establish, implement and maintain procedures and/or work instructions covering all applicable requirements of this standard, according to its scale and complexity.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  DMI website: <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/FSC-STD-40-004%20(Ver%201-0)%20EN.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/FSC-STD-40-004%20(Ver%201-0)%20EN.pdf</a>	Y	The manual provided the procedures and/or work instructions to cover all the applicable elements.	Although the manual establishes, implements and maintains procedures, the DMI website was not current with links to this Standard (version 1-0) and the internal audit checklist (CHK-043 FSC_CW_CoC_Internal_Audit_Checklist_REV_1.1).





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		1.2.2 The organization shall define the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.		<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 9, section 3.13 Roles &amp; Responsibilities</li> </ul> <p>Established and maintained a procedure in the <b>Forest Resources Environmental Management System &amp; Sustainable Forest Management (EMS &amp; SFM) Manual Revision 1.5</b> dated July 9, 2010</p> <ul style="list-style-type: none"> <li>Chapter 7, <b>Resources, Roles, and Responsibility, and Authority.</b></li> </ul>	Y	<p>The EMS Coordinator has been identified as the person responsible for implementation of this Standard.</p> <p>Other DMI staff have been identified in roles of responsibility other than implementation of these procedures in the FSC CW &amp; COC manual.</p> <p>The EMS &amp; SFM manual defined roles and responsibilities for staff not identified in this Standard that provided additional support to the implementation of this Standard.</p>	No issues noted with this specific requirement.
1.3 Training		1.3.1 The organization shall establish and implement a training plan according to the qualifications and /or training measures defined for each procedure.		<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <p>Page 9, section 3.14 Training</p> <p>Established and maintained a procedure in the <b>Forest Resources Environmental Management System &amp; Sustainable Forest Management (EMS &amp; SFM) Manual Revision 1.5</b> dated July 9, 2010</p> <ul style="list-style-type: none"> <li>Chapter 8, <b>Competence, Training, and Awareness</b> and associated <b>Appendix C - Forest Resources Training Matrix</b></li> </ul>	Y	<p>Training for all staff is outlined in the Forest Resources Training Matrix.</p> <p>The auditor reviewed the training identified for all staff implementing the Standard and the identified training met Standard requirements.</p>	No issues noted with this specific requirement.
		1.3.2 The organization shall keep records of the training provided to staff in relation to implementation of this standard.		<p>Documentation:</p> <ul style="list-style-type: none"> <li>Digital Action Tracking System (DATS) database</li> <li>Contractor training records for Truck Safe Program and 2010 Contractor Training Session</li> </ul>	Y	<p>A review of the Digital Action Tracking System database provided training records for staff.</p> <p>Contractor training records were addressed by administrative staff and the auditors reviewed reports generated for each contractor confirming these records.</p>	No issues noted with this specific requirement.



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
	1.4 Records	1.4.1 The organization shall maintain complete and up-to-date records covering all applicable requirements of this standard.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 8, section 3.12 Record keeping</li> </ul> Records to be kept included: <ul style="list-style-type: none"> <li>LIMS Database (electronic)</li> <li>Danbie Lot Tracking System (electronic)</li> <li>Files with Summary of Certified Pulp (electronic)</li> <li>Paper files stored on Forest Resources Intranet Site</li> </ul>	Y	The FSC CW & COC manual specified records to be kept for a minimum of five years as per Standard requirements.  A review of records verified electronic files and paper files were kept in locations specified in the manual.  DMI received certification in February 2009, therefore all records were available.	No issues noted with this specific requirement.
		1.4.2 Retention time for all records and reports, including purchase and sales documents, training records, production records, volume summaries, and trademark approvals, shall be specified by the organization and shall be at least five (5) years.		Refer to response to Element 1.4.1 in this section for details on audit evidence.	Y	Refer to response to Element 1.4.1 in this section for details on auditor opinion.	No issues noted with this specific requirement.
FSC-STD-40-004 V2-0 EN Part I: Universal Requirements  2. Scope of Chain of Custody system	2.1 Product groups	2.1.1 The organization shall establish FSC product groups for all products that will be sold with FSC claims and shall maintain an up-to-date and publicly available FSC product group list with the following information:  a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood <sup>9</sup> ;  b) product type(s) according to		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Appendix 6 Product Group Schedule               <ul style="list-style-type: none"> <li>Bleached Kraft Pulp</li> <li>32111</li> <li>FSC Controlled Wood</li> <li>Coniferous &amp; Deciduous</li> </ul> </li> </ul>	Y	The table in Appendix 6 defines the FSC Product Group, Product Type & Code, and Species as per this Standard.  DMI met this requirement.	No issues noted with this specific requirement.





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.					
		2.1.2 The organization shall specify for each product group: a) the material categories used as input; b) the control system used for making FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>• Appendix 6 Product Group Schedule <ul style="list-style-type: none"> <li>○ Controlled material</li> <li>○ Transfer</li> <li>○ Peace River Pulp Division, Peace River Alberta</li> </ul> </li> </ul>	Y	The table in Appendix 6 defines the Input Material Category, Control System for FSC Claim, and the Sites as per this Standard.  DMI met this requirement.	No issues noted with this specific requirement.
		2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization shall ensure that all included products share similar specifications in relation to: a) quality of inputs; b) conversion factors.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>• Page 8, section 3.11 Transfer System states <b>"DMI uses the transfer system exclusively for the production of FSC Controlled Wood"</b></li> </ul>	N/A	Review of documentation confirmed DMI uses the transfer system.	N/A
	<b>2.2 Outsourcing</b>	2.2.1 The organization shall follow the requirements specified in Part IV, Section 12		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of</b>	N/A	Review of documentation and pulp production process confirmed DMI	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		of this standard for any outsourced activities covering products included within the FSC product group list.		<p><i>Custody Manual, Revision 1.8</i> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 4, section 3.1 Scope of Chain of Custody bullet (e)states “<i>DMI PRPD does not outsource any parts of its production</i>”</li> </ul>		does not outsource activities.	
<b>FSC-STD-40-004 V2-0 EN Part I: Universal Requirements</b>  <b>3. Material sourcing</b>	<b>3.1 Input specifications</b>	3.1.1 The organization shall adopt and use the definitions and categorization of input materials as specified by this standard.		Documentation:  <i>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</i> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification states “<i>DMI PRPD uses definitions and categorizations of input materials</i>”               <ul style="list-style-type: none"> <li>FSC certified fibre</li> <li>FSC Controlled Wood fibre from sources certified according to FSC-STD-30-010 or FSC-STD-40-005;</li> <li>Fibre included in the DMI PRPD FSC Controlled Wood verification program described in section 4 of the manual; and</li> <li>Uncontrolled Wood</li> </ul> </li> </ul>	Y	The manual uses definitions and categories as per this Standard and Standard FSC-STD-40-005.  DMI has met this requirement.	No issues noted with this specific requirement.
		3.1.2 The organization shall categorize all inputs to FSC product groups by their material category; and shall ensure that only eligible inputs are used.		Documentation:  <i>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</i> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification states “<i>DMI PRPD categorizes all inputs to FSC product groups and by their material category and will ensure that only eligible inputs are used</i>”</li> </ul>	Y	DMI specified the applicable material categories in 3.1.1 and in Appendix 6, Product Group Schedule, the input material category is controlled material.  DMI has met this requirement.	No issues noted with this specific requirement.
	<b>3.2 Supplier Validation</b>	3.2.1 The organization shall establish and maintain an up-to-date record of all suppliers who are supplying material used for FSC product groups including: a) the supplied product type; b) the supplied material		Documentation:  <i>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</i> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification states “<i>DMI PRPD will maintain an up-to-date list of all its suppliers</i>”</li> <li>Page 16, Appendix 2 Residual Chip Suppliers Contact List</li> <li>LIMS database</li> </ul>	Y	The LIMS database keeps track of each load which enters the mill yard (scales) through the Alberta government regulated TM9 requirement. Each delivery is recorded in the LIMS database.  The information in Appendix 2 was reviewed and the list included the name and address of the supplier	Although, DMI met the requirement of this Standard, the contact list did not specify the description of the fibre supplied (as noted on page 3 of the manual).  Therefore, it is recommended that the manual be updated to reflect consistency with the text





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.		<ul style="list-style-type: none"> <li>Chip Purchase &amp; Sale Agreements</li> </ul>		and contact information. DMI has met this requirement.	and the contact list found in Appendix 2.
		3.2.2 The organization shall verify the validity and scope of the supplier's FSC certificate for any changes that might affect the availability and authenticity of the supplied products via <a href="http://www.fsc-info.org">www.fsc-info.org</a> .		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification states "DMI PRPD has no plans at this time to purchase FSC certified fibre"</li> </ul>	N/A		N/A
	3.3 Purchase of non-certified material	3.3.1 For the purchase of controlled material, the organization shall comply with the applicable requirements of "FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood".		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  DMI website: <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/audits.html">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/audits.html</a>  DMI posts internal & external audits conducted under this Standard under the heading FSC Controlled Wood COC	Y	DMI subscribes to FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood and maintains a valid FSC certificate.  DMI has met this requirement.	No issues noted with this specific requirement.
		3.3.2 For the purchase of non-certified reclaimed material, the organization shall comply with the provisions of "FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects".		DMI does not purchase non-certified reclaimed material.	N/A	A review of inputs confirmed DMI does not purchase non-certified reclaimed material. Inputs include chip and whole logs from forest operations and residual chips from sawmills.	N/A
	3.4 Generating raw material on site	3.4.1 Organizations which generate input material for an FSC product group at their own site shall identify the material category and, if applicable, the		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  Page 4, section 3.1 Scope of Chain of Custody bullet (f) states "DMI	N/A	All input material is generated off-site and transported to the mill yard.	N/A





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		<p>associated percentage claim or credit claim as follows:</p> <p>a) material produced during the process of primary manufacture of another (principal) product, from the same input, shall be considered as belonging to the same material category as the input from which it was (co-)produced;<sup>10</sup></p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, shall be considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		<b>PRPD does not generate raw material for sale on site"</b>			
		3.4.2 The organization <b>shall</b> classify mixtures of different virgin or reclaimed material categories, where the proportions of the different inputs cannot be identified, by the material category and, if applicable, percentage or credit claim with the lowest FSC or post-consumer input per input	Material mixtures of FSC-certified, controlled and/or reclaimed material, where the proportions of the different inputs cannot be identified, shall be classified as 'controlled material'.	<p>DMI does not purchase non-certified reclaimed material.</p> <p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <p>Page 4, section 3.2 Supplier Identification states <b>"DMI PRPD has no plans at this time to purchase FSC certified fibre"</b></p>	N/A	<p>A review of inputs confirmed DMI does not purchase non-certified reclaimed material.</p> <p>Input materials include chip and whole logs from forest operations and residual chips from sawmills.</p>	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		volume.					
<b>FSC-STD-40-004 V2-0 EN Part I: Universal Requirements</b>  <b>4. Material receipt and storage</b>	<b>4.1 Identification of input</b>	4.1.1 On receipt of material or prior to further use or processing the organization <b>shall</b> check the supplier invoice and supporting documentation to ensure the following:  a) the supplied material quantities and quality are in compliance with the supplied documentation;  b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;  c) the supplier’s FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.		Documentation: <ul style="list-style-type: none"> <li>• LIMS database</li> <li>• TM9 documentation (mill yard scales)</li> </ul>	Y	DMI has a system in place to ensure the company meets Alberta government regulatory requirements.  No fibre can enter the Pulp Mill or satellite yard unless the delivery has a TM 9 load slip. Deliveries without a TM 9 cannot be received into the mill and are rejected by the scale house.	No issues noted with this specific requirement.
	<b>4.2 Segregation</b>	4.2.1 The organization <b>shall</b> ensure that inputs used for FSC product groups remain clearly identifiable and separable by product group <sup>11</sup> or, if identical inputs are used for more than one FSC product group, by their associated FSC claim <sup>12</sup> .		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  Page 6, section 3.5 Conversion Factors, bullet (g) states “ <b>At DMI PRPD, the designated chip pile for softwood chips is the South West pile while hardwood is spread across the North West and North East piles, the South East pile can be either hardwood or softwood</b> ”	Y	The only segregation of input materials is softwood or hardwood as all input material is considered controlled wood.	No issues noted with this specific requirement.





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
				Other supporting evidence: <ul style="list-style-type: none"> <li>LIMS database</li> <li>TM9 documentation (mill yard scales)</li> </ul>			
	<b>4.3 Precautions for labeled material</b>	4.3.1 For materials received with an FSC label the organization <b>shall</b> ensure the following:  a) material which will be further processed <b>shall</b> be cleared of any labels or segregation marks before sale; <sup>13</sup>  b) material which <b>shall</b> be sold unchanged shall be checked by the organization for being correctly <sup>14</sup> labelled according to its FSC material category unless the organization does not gain physical possession of the material.		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  Page 4, section 3.2 Supplier Identification states “ <b>DMI PRPD has no plans at this time to purchase FSC certified fibre</b> ”  Other supporting evidence: <ul style="list-style-type: none"> <li>LIMS database</li> <li>TM9 documentation (mill yard scales)</li> </ul>	N/A	A review of input materials confirmed DMI does not purchase FSC material.	N/A
		4.3.2 For materials received with a label from other forestry conformity assessment schemes, the organization <b>shall</b> ensure that the materials are cleared of any such labels before sale with an FSC claim.		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  Page 5, section 3.4 Material Receipt & Handling states “ <b>For materials received with a label from other forestry conformity assessment schemes, DMI PRPD will ensure the materials are cleared of any such labels before sale with an FSC claim</b> ”  Other supporting evidence: <ul style="list-style-type: none"> <li>Shipping reports</li> </ul>	Y	A review of shipping reports confirmed no other claims on product other than FSC.  DMI PRPD does not label output products as all fibre sources considered controlled wood.	No issues noted with this specific requirement.



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
FSC-STD-40-004 V2-0 EN Part I: Universal Requirements  5. Volume control	5.1 Conversion factors	5.1.1 For each product group the organization <b>shall</b> identify the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step or, if not feasible, for the total processing steps.		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 6, section 3.5 Conversion Factors</li> </ul>	Y	The manual identified the main processing steps and specified the conversion factor for the total processing steps.  DMI met this requirement.	No issues noted with this specific requirement.
		5.1.2 The organization <b>shall</b> specify the methodology for calculating the conversion factor(s) and ensure that conversion factors are kept up to date.		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 18, Appendix 3 Chip Weight Conversion Methodology</li> </ul> Other supporting evidence: <ul style="list-style-type: none"> <li>SW Chip Deliveries spreadsheet</li> <li>Chip Pile Deliveries spreadsheet</li> </ul>	Y	The appendix specified the methodology for calculating the conversion factors for chips and the sampling program which ensures the factors were kept up-to-date.  BDT conversion to ADMT for pulp is monitored on a monthly basis and was 1.70 (HW) and 2.06 (SW) during the audit period.  DMI met this requirement.	No issues noted with this specific requirement.
	5.2 Material balances	5.2.1 For each product group the organization <b>shall</b> establish a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs <sup>15, 16</sup> from different material categories, their associated percentage or credit claims, and the product group conversion factor(s). The accounting record shall include at least the following information:		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 7, 3.7 Material Balances</li> </ul> Other supporting evidence: <ul style="list-style-type: none"> <li>2011 Source Summary spreadsheet</li> <li>SW Chip Deliveries spreadsheet</li> <li>Chip Pile Deliveries spreadsheet</li> <li>PEFC SW Certified Pulp Summary spreadsheet dated May 6, 2011</li> <li>PEFC HW Certified Pulp Summary spreadsheet dated May 6,</li> </ul>	Y	The document review confirmed “a) to f)” of this Standard was followed and an accounting record exists to track inputs and outputs.  DMI met this requirement.	No issues noted with this specific requirement.





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		<p>For inputs and outputs:</p> <p>a) invoice references;</p> <p>b) quantities (by volume or weight)<sup>17</sup>;</p> <p>For inputs:</p> <p>c) material category and, if applicable, percentage claim or credit claim;</p> <p>For outputs:</p> <p>d) FSC claim;</p> <p>e) information to identify the product item in invoices;</p> <p>f) applicable claim period or job order.</p>		<p>2011</p> <ul style="list-style-type: none"> <li>Shipping reports</li> </ul>			
		<p>5.2.2 For each product group the organization <b>shall</b> prepare annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows:</p> <p>a) inputs received;</p> <p>b) inputs used for production (if applicable);</p> <p>c) inputs still in stock;</p> <p>d) outputs still in stock;</p> <p>e) outputs sold.</p>		<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 7, 3.8 Annual Volume Summaries</li> </ul> <p>Other supporting evidence:</p> <ul style="list-style-type: none"> <li>PEFC SW Certified Pulp Summary spreadsheet dated May 6, 2011</li> <li>PEFC HW Certified Pulp Summary spreadsheet dated May 6, 2011</li> <li>Shipping reports</li> </ul>	Y	<p>The document review confirmed “a) to e)” of this Standard was followed and an accounting record exists to track inputs and outputs.</p> <p>DMI met this requirement.</p>	<p>No issues noted with this specific requirement.</p>



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
	5.3 Determination of FSC claims	5.3.1 The organization <b>shall</b> determine for each claim period or job order the appropriate FSC claim according to one of the following control systems specified for the product group:  a) transfer system (Part II, Section 7): applicable to all product groups;  b) percentage system (Part II, Section 8): applicable to FSC Mixed and FSC Recycled product groups;  c) credit system (Part II, Section 9): applicable to FSC Mixed and FSC Recycled product groups.	For FSC Pure product groups the transfer system shall be applied.	Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 9, 3.9 Determination of FSC Claims states “<b>DMI PRPD will use the transfer system for each claim period or job order</b>”</li> </ul>	Y	DMI uses the transfer system as input materials do not include FSC mixed or recycled product groups.	No issues noted with this specific requirement.
		5.3.2 For each product group the organization <b>shall</b> carry out calculations of input percentages (under a percentage system) or FSC credit (under a credit system) at the level of a single site.		Refer to response to Element 5.3.1 in this section for details on audit evidence.	N/A	Refer to response to Element 5.3.1 in this section for details on auditor opinion.	N/A
FSC-STD-40-004 V2-0 EN Part I: Universal Requirements  6. Sales and delivery	6.1 Identification of outputs sold with FSC claims	6.1.1 The organization <b>shall</b> ensure that all invoices issued <sup>18</sup> for outputs sold with FSC claims include the following information:  a) name and contact details of the organization;  b) name and address of the customer;	For supplies of finished products that meet the labelling thresholds specified in Section 11 the organization may omit the percentage or credit information in sales and transport documentation. In this case, however, the material has lost its	Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 12, Sale of FSC Controlled Woods states “<b>Consistent with FSC-STD-40-005 v2 Annex 4, DMI PRPD will not use the statement ‘FSC Controlled Wood’ or the FSC trademarks associated with Controlled Wood for on-product labelling or off-product labelling, advertising, promotion or reporting</b>”</li> </ul>	Y	There was no labeling done on outputs as all input material was controlled wood, therefore, bullets “a) to g)” do not apply to DMI.  DMI has one customer and as such, the tracking and transport documents were used to verify these requirements were being met.  DMI met the requirement of bullet	No issues noted with this specific requirement.



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		<p>c) date when the document was issued;</p> <p>d) description of the product;</p> <p>e) quantity of the products sold;</p> <p>f) the organization's FSC Chain of Custody or FSC Controlled Wood code;</p> <p>g) clear indication of the FSC claim for each product item or the total products as follows:</p> <ul style="list-style-type: none"> <li>i. the claim "FSC Pure" for products from FSC Pure product groups;</li> <li>ii. the claim "FSC Mixed x%" where 'x' represents the applicable percentage claim for products from FSC Mixed product groups under a percentage system;</li> <li>iii. the claim "FSC Mixed Credit" for products from FSC Mixed product groups under a credit system;</li> <li>iv. the claim "FSC Recycled x%" where 'x' represents the applicable percentage claim for products from FSC Recycled product groups under a percentage system;</li> <li>v. the claim "FSC Recycled Credit" for products from</li> </ul>	<p>information on FSC or post-consumer input for subsequent customers and therefore may not be further re-sold with FSC claims.</p>	<ul style="list-style-type: none"> <li>• Page 12, Sale of FSC Controlled Woods states "<b>All invoices and transport documents issued for the sale of FSC Controlled Wood will include a clear product description as 'FSC Controlled Wood' for all applicable products</b>"</li> </ul>		<p>'h' as tracking and transport documents included clear product description as "FSC Controlled Wood", where applicable.</p>	



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		<p>FSC Recycled product groups under a credit system;</p> <p>vi. the claim “FSC Controlled Wood” for products from FSC Controlled Wood product groups or for products from FSC Mixed product groups that will not be sold as FSC-certified.</p> <p>h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p>					
		6.1.2 The organization <b>shall</b> include the same information as required in clause 6.1.1 in the related transport documentation, if the invoice (or copy of it) is not included with the shipment of the product.		Refer to response to Element 6.1.1 in this section for details on audit evidence.	N/A	Refer to response to Element 6.1.1 in this section for details on auditor opinion.	N/A
		6.1.3 Organizations selling semi-finished products with FSC claims <b>shall</b> provide information by invoices, transport documentation and/or supplementary letters on the quantity (volume or weight) of minor components which are exempt from requirements for Chain of Custody control and labelling, if		Refer to response to Element 6.1.1 in this section for details on audit evidence.	N/A	Refer to response to Element 6.1.1 in this section for details on auditor opinion.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		their proportion exceeds 1% of the product volume or weight.					
	<b>6.2 Labelling of products sold with FSC claims</b>	6.2.1 The organization <b>shall</b> ensure that products which carry an FSC label are always sold with the corresponding FSC claim on their sales and transport documentation.		Refer to response to Element 6.1.1 in this section for details on audit evidence.	N/A	Refer to response to Element 6.1.1 in this section for details on auditor opinion.	N/A
		6.2.2 The organization <b>shall</b> ensure that products sold with an FSC claim do not carry any labels from other forestry conformity assessment schemes.		Refer to response to Element 6.1.1 in this section for details on audit evidence.	N/A	Refer to response to Element 6.1.1 in this section for details on auditor opinion.	N/A
	<b>6.3 Supplying FSC Controlled Wood</b>	6.3.1 The organization <b>shall</b> ensure that the sale of FSC Controlled Wood is in compliance with Part 4 of "FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood".		Documentation: <ul style="list-style-type: none"> <li>2010 external audit report</li> <li>2011 FSC Controlled Wood internal audit checklist</li> </ul>	Y	The FSC CW & COC internal audit also assessed conformity to FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood.  DMI met requirements with this Standard relating to Part 4.	No issues noted with this specific requirement.
<b>FSC-STD-40-004 V2-0 EN Part II: Systems for controlling FSC claims</b>	<b>Part II presents the three systems for making FSC claims on outputs. Organizations shall choose one for each FSC product group:</b>  <b>Section 7: Transfer system;</b> <b>Section 8: Percentage system;</b> <b>Section 9: Credit system.</b>						
<b>7. Transfer system</b>	The transfer system <b>shall</b> be used for trading activities related to finished products and for the production of FSC Pure product groups. In addition, it can also be used for other FSC product groups in the following situations: <ul style="list-style-type: none"> <li>FSC Mixed product groups: <ul style="list-style-type: none"> <li>mixtures of FSC Pure and FSC Mixed inputs;</li> </ul> </li> </ul>			Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 9, 3.9 Determination of FSC Claims states "<b>DMI PRPD</b></li> </ul>	Y	DMI uses the transfer system as input materials do not include FSC mixed or recycled product groups.	No issues noted with this specific requirement.



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		<ul style="list-style-type: none"> <li>– exclusive use of FSC Mixed inputs;</li> <li>• FSC Recycled product groups: – exclusive use of FSC Recycled and/or post-consumer reclaimed material;</li> <li>• FSC Controlled Wood product groups.</li> </ul>		<b>will use the transfer system for each claim period or job order”</b>			
<b>8. Percentage system</b>	The percentage system <b>can</b> be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.			Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
<b>9. Credit system</b>	The credit system <b>can</b> be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.						
	<b>9.1 Specification of claim periods</b>	9.1.1 For each product group, the organization <b>shall</b> set up and maintain an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits shall be recorded.		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
	<b>9.2 Determination of FSC and post-consumer input</b>	9.2.1 For FSC Mixed and/or FSC Recycled inputs, the organization <b>shall</b> use the percentage claim or credit claim stated on the supplier invoice to determine the quantities of FSC and post-consumer inputs.	Material supplied with a credit claim <b>shall</b> be used by its full quantity as FSC input or post-consumer input, respectively.	Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
	<b>9.3 Adding FSC credit to the credit account</b>	9.3.1 The organization <b>shall</b> add the converted quantity (volume or weight) of FSC and post-consumer inputs as FSC credit		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		to the FSC credit account using the conversion factor(s) specified for each component of the product group.					
		9.3.2 The organization shall add the FSC credit to the credit account after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
	<b>9.4 Withdrawing FSC credit from the credit account</b>	9.4.1 The organization shall deduct the quantity sold and/or labelled as FSC Mixed or FSC Recycled from the available FSC credit in the product group credit account.		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
	<b>9.5 Credit account management</b>	9.5.1 The organization shall ensure that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained (updated at all times).		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
		9.5.2 The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months. Any FSC credit that exceeds this total new FSC credit shall be deducted at the beginning of		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		each new claim period from the credit account.					
9.6 FSC claims for outputs		9.6.1 At any time the organization <b>may</b> sell material from FSC Mixed product groups with a credit claim up to the total FSC credit available in the credit account.		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
		9.6.2 At any time the organization <b>may</b> sell material from FSC Recycled product groups with a credit claim up to the total FSC credit available in the credit account.		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
		9.6.3 The organization <b>may</b> supply as FSC Controlled Wood the portion of the output volume that has not been sold as FSC Mixed or FSC Recycled material, on the basis of a corresponding FSC Controlled Wood credit account. <sup>21</sup>		Refer to response to Element 7 Transfer System in this section for details on audit evidence.	N/A	Refer to response to Element 7 Transfer System in this section for details on auditor opinion.	N/A
FSC-STD-40-004 V2-0 EN Part III: Labelling	Part III contains the requirements and percentage thresholds for using the FSC labels on-product.						
10. General labelling requirements	10.1 Application of FSC labels	10.1.1 Organizations applying an FSC label on-product <b>shall</b> ensure the following: a) products <b>shall</b> only be FSC-labelled if they comply with the applicable requirements of this standard; b) products <b>shall</b> be labelled in		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"><li>Page 12, Sale of FSC Controlled Woods states “<b>Consistent with FSC-STD-40-005 v2 Annex 4, DMI PRPD will not use the statement ‘FSC Controlled Wood’ or the FSC trademarks associated with Controlled Wood for on-product labelling or off-product labelling, advertising,</b></li></ul>	N/A	There was no labeling done on outputs as all input material was controlled wood.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		compliance with "FSC-STD-40-201: FSC On-product labelling requirements".		<b>promotion or reporting"</b>			
<b>FSC-STD-40-004 V2-0 EN Part III: Labelling</b>	<b>11.1 FSC '100%' label</b>	11.1.1 All products from FSC Pure product groups <b>can</b> be labelled with the FSC '100%' label.		Refer to response to Element 10.1 Application of Labels in this section for details on audit evidence.	N/A	Refer to response to Element 10.1 Application of Labels in this section for details on auditor opinion.	N/A
	<b>11.2 FSC 'Mixed Sources' label</b>	11.2.1 Products from FSC Mixed product groups under a transfer system <b>can</b> be labelled with the FSC 'Mixed Sources' label if the identified FSC claim for the outputs is one of the following:  a) an 'FSC Mixed' percentage claim of at least 70% <sup>22</sup> ; or b) an 'FSC Mixed Credit' claim.		Refer to response to Element 10.1 Application of Labels in this section for details on audit evidence.	N/A	Refer to response to Element 10.1 Application of Labels in this section for details on auditor opinion.	N/A
		11.2.2 Products from FSC Mixed product groups under a percentage system <b>can</b> be labelled with the FSC 'Mixed Sources' label if their applicable percentage claim is at least 70%. <sup>22</sup>		Refer to response to Element 10.1 Application of Labels in this section for details on audit evidence.	N/A	Refer to response to Element 10.1 Application of Labels in this section for details on auditor opinion.	N/A
		11.2.3 Products from FSC Mixed product groups under a credit system <b>can</b> be labelled with the 'FSC Mixed Sources' label if there is sufficient FSC credit available on the credit account for the product group.	The respective product volume or weight shall be deducted from the FSC credit account once the products are labelled.	Refer to response to Element 10.1 Application of Labels in this section for details on audit evidence.	N/A	Refer to response to Element 10.1 Application of Labels in this section for details on auditor opinion.	N/A
<b>11. Eligibility for labelling</b>							



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
	<b>11.3 FSC 'Recycled' label</b>	11.3.1 Products from FSC Recycled product groups under a transfer system <b>can</b> be labelled with the FSC 'Recycled' label if the identified FSC claim for the outputs is one of the following:  a) an 'FSC Recycled' percentage claim of at least 85%; or  b) an 'FSC Recycled Credit' claim.		Refer to response to Element 10.1 Application of Labels in this section for details on audit evidence.	N/A	Refer to response to Element 10.1 Application of Labels in this section for details on auditor opinion.	N/A
		11.3.2 Products from FSC Recycled product groups under a percentage system <b>can</b> be labelled with the FSC 'Recycled' label if their applicable percentage claim is at least 85%.		Refer to response to Element 10.1 Application of Labels in this section for details on audit evidence.	N/A	Refer to response to Element 10.1 Application of Labels in this section for details on auditor opinion.	N/A
		11.3.3 Products from FSC Recycled product groups under a credit system <b>can</b> be labelled with the FSC 'Recycled' label if there is sufficient FSC credit available on the credit account for the product group.	The respective product volume shall be deducted from the FSC credit account once the products are labelled.	Refer to response to Element 10.1 Application of Labels in this section for details on audit evidence.	N/A	Refer to response to Element 10.1 Application of Labels in this section for details on auditor opinion.	N/A
<b>FSC-STD-40-004 V2-0 EN Part IV: Supplementary Requirements</b>	<b>Part IV provides supplementary requirements addressing specific situations for Chain of Custody control systems. Compliance is only required if the organization is outsourcing some or all of its activities (Section 12) or makes use of the exemption for minor components (Section 13).</b>						



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		Organizations that outsource work on a flexible basis to any one of a number of potential contractors <b>may</b> apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.					
FSC-STD-40-004 V2-0 EN Part IV: Supplementary Requirements  12. Outsourcing	12.1 Pre-conditions for outsourcing	<p>12.1.1 Organizations which wish to include outsourcing within the scope of their FSC chain of custody certificate <b>shall</b> ensure the following:</p> <p>a) the organization has legal ownership of all input material to be included in outsourced processes;</p> <p>b) the organization does not relinquish legal ownership of the materials during outsourced processing;</p> <p>c) the organization has an agreement or contract covering the outsourced process with each contractor. This agreement or contract shall include a clause reserving the right of the FSC-accredited certification body to audit the outsourcing contractor or operation;</p> <p>d) the organization has a documented control system with explicit procedures for the outsourced process which are shared with the relevant contractor.</p>	Where the outsourced process would not usually involve the physical re-possession of the material following outsourced processing, the organization is not required to re-take physical possession.	<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 4, Scope of the Chain of Custody states <b>“DMI PRPD does not outsource any parts of its production”</b></li> </ul>	N/A	Review of documentation and pulp production process confirmed DMI does not outsource activities.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
	<b>12.2 Maintaining traceability and paper trails</b>	12.2.1 The organization's control system for the outsourced process <b>shall</b> ensure that:  a) the material used for the production of FSC-certified material can be tracked and controlled and can not be mixed or contaminated with any other material during outsourced processing;  b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.		Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on audit evidence.	N/A	Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on auditor opinion.	N/A
		12.3.1 The organization <b>shall</b> record the names and contact details of all contractors used for the processing or production of FSC-certified materials.		Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on audit evidence.	N/A	Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on auditor opinion.	N/A
	<b>12.3 Records</b>	12.3.2 The organization <b>shall</b> inform its certification body about the names and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.		Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on audit evidence.	N/A	Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on auditor opinion.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
	<b>12.4 Invoicing</b>	12.4.1 The organization <b>shall</b> issue the final invoice for the processed or produced FSC-certified material following outsourcing. The invoice shall state the certificate holder's Chain of Custody certificate number.	If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material shall not be sold with FSC claims.	Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on audit evidence.	N/A	Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on auditor opinion.	N/A
	<b>12.5 Labelling</b>	12.5.1 The organization <b>shall</b> ensure that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement.		Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on audit evidence.	N/A	Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on auditor opinion.	N/A
	<b>12.6 Promotion</b>	12.6.1 The organization <b>shall</b> ensure that the contractor does not use the FSC Trademarks for promotional use.		Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on audit evidence.	N/A	Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on auditor opinion.	N/A
	<b>12.7 Preclusion of subcontracting</b>	12.7.1 The organization <b>shall</b> ensure that contractors do not themselves outsource processing, i.e. the material may not pass from one outsourcing contractor to another under the outsourcing agreement.		Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on audit evidence.	N/A	Refer to response to Element 12.1 Pre-Conditions of Outsourcing in this section for details on auditor opinion.	N/A
<b>FSC-STD-40-004 V2-0 EN Part IV: Supplementary Requirements</b>	In justified cases the organization <b>may</b> use inputs which can not be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.						



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
13. Minor components	13.1 Specification and volume control	13.1.1 For FSC Pure or FSC Mixed product groups, the organization <b>may</b> specify minor components that can be exempt from the requirements for Chain of Custody control and labelling.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>• Appendix 6 Product Group Schedule <ul style="list-style-type: none"> <li>○ Bleached Kraft Pulp</li> <li>○ 32111</li> <li>○ FSC Controlled Wood</li> <li>○ Coniferous &amp; Deciduous</li> </ul> </li> </ul>	N/A	DMI produces bleached kraft pulp from coniferous and deciduous species.  Minor components are not in the production process.	N/A
		13.1.2 The organization <b>shall</b> not specify the following components as minor components:  a) Solid wood veneer used as visible face veneer on top of other materials;  b) Components made from species listed in CITES <sup>23</sup> Appendices I, II or III.		Refer to response to Element 13.1.1 Specification and volume control in this section for details on audit evidence.	N/A	Refer to response to Element 13.1.1 Specification and volume control in this section for details on auditor opinion.	N/A
		13.1.3 The organization <b>shall</b> demonstrate that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labelling is less than 5% the weight or volume of the virgin and reclaimed materials in the product.		Refer to response to Element 13.1.1 Specification and volume control in this section for details on audit evidence.	N/A	Refer to response to Element 13.1.1 Specification and volume control in this section for details on auditor opinion.	N/A
	13.2 Rationale and action plan	13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization <b>shall</b> provide in writing an accurate and up-to-date		Refer to response to Element 13.1.1 Specification and volume control in this section for details on audit evidence.	N/A	Refer to response to Element 13.1.1 Specification and volume control in this section for details on auditor opinion.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.					
		13.2.2 For minor components between <sup>24</sup> 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization <b>shall</b> follow the procedures outlined in "FSC-PRO-40-004: Minor components derogation applications".	Without a valid derogation, use of uncontrolled material by an organization in minor components which constitute more than 1% of the volume or weight of the virgin and reclaimed materials in an FSC Pure or FSC Mixed assembled product <b>shall</b> prevent the issue of an FSC Chain of Custody certificate or, if the organization is an FSC Chain of Custody certificate holder, shall lead to the immediate suspension of the certificate.	Refer to response to Element 13.1.1 Specification and volume control in this section for details on audit evidence.	N/A	Refer to response to Element 13.1.1 Specification and volume control in this section for details on auditor opinion.	N/A
	<b>13.3 On-product declaration</b>	13.3.1 The organization <b>shall</b> include an on-product statement on FSC-labelled products indicating that the product contains components that are not covered by FSC claims and shall specify any visible minor components.		Refer to response to Element 13.1.1 Specification and volume control in this section for details on audit evidence.	N/A	Refer to response to Element 13.1.1 Specification and volume control in this section for details on auditor opinion.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
FSC-STD-40-005 V2-1 EN Part 1: Quality System Requirements	1. Company policy	1.1 The company <b>shall</b> have a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber (herein referred to as wood) from the following categories:		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 1, Fibre Procurement Principles dated March 2010</li> </ul> DMI website  <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/ems/documents/FibreProcurementPolicyRev1.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/ems/documents/FibreProcurementPolicyRev1.pdf</a>	Y	The Fibre Procurement Principles state the commitment to avoid trading and sourcing fibre from categories listed in bullets "a) to e)" of this Standard.  DMI has met this requirement.	No issues noted with this specific requirement.
		a) Illegally harvested wood; b) Wood harvested in violation of traditional and civil rights; c) Wood harvested in forests where high conservation values are threatened by management activities; d) Wood harvested in forests being converted to plantations or non- forest use; e) Wood from forests in which genetically modified trees are planted.					
	2. Procedures	2.1 The company <b>shall</b> have procedures and/or work instructions covering all the applicable elements specified in this standard.		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  DMI website:  <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/FSC-STD-40-004%20(Ver%201-0)%20EN.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/FSC-STD-40-004%20(Ver%201-0)%20EN.pdf</a>	Y	The manual provided the procedures and/or work instructions to cover all the applicable elements.	Although the manual establishes, implements and maintains procedures, the DMI website was not current with links to this Standard (version 1-0) and the internal audit checklist (CHK-043 FSC_CW_CoC_Internal_Audit_Checklist_REV_1.1).
		2.2 The company <b>shall</b> identify the person (or position) responsible for implementing		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of</b>	Y	The EMS Coordinator has been identified as the person responsible for implementation of this	No issues noted with this specific requirement.





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		each procedure and/or work instruction.		<p><b>Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 9, section 3.13 Roles &amp; Responsibilities</li> </ul> <p>Established and maintained a procedure in the <b>Forest Resources Environmental Management System &amp; Sustainable Forest Management (EMS &amp; SFM) Manual Revision 1.5</b> dated July 9, 2010</p> <ul style="list-style-type: none"> <li>Chapter 7, <b>Resources, Roles, and Responsibility, and Authority.</b></li> </ul>		<p>Standard.</p> <p>Other DMI staff have been identified in roles of responsibility other than implementation of these procedures in the FSC CW &amp; COC manual.</p> <p>The EMS &amp; SFM manual defined roles and responsibilities for staff not identified in this Standard that provided additional support to the implementation of this Standard.</p>	
3. Training	3.1 The company <b>shall</b> specify the training requirements for all relevant staff as required to implement this standard.			<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 9, section 3.14 Training</li> </ul> <p>Established and maintained a procedure in the <b>Forest Resources Environmental Management System &amp; Sustainable Forest Management (EMS &amp; SFM) Manual Revision 1.5</b> dated July 9, 2010</p> <ul style="list-style-type: none"> <li>Chapter 8, <b>Competence, Training, and Awareness</b> and associated <b>Appendix C - Forest Resources Training Matrix</b></li> </ul>	Y	<p>Training for relevant staff is outlined in the Forest Resources Training Matrix.</p> <p>The auditor reviewed the training identified for relevant staff implementing the Standard and the identified training met Standard requirements.</p>	No issues noted with this specific requirement.
		3.2 Training <b>shall</b> be provided to all staff as specified and appropriate.		<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <p>Page 9, section 3.14 Training</p> <p>Established and maintained a procedure in the <b>Forest Resources Environmental Management System &amp; Sustainable Forest Management (EMS &amp; SFM) Manual Revision 1.5</b> dated July 9, 2010</p> <ul style="list-style-type: none"> <li>Chapter 8, <b>Competence, Training, and Awareness</b> and</li> </ul>	Y	<p>Training for all staff is outlined in the Forest Resources Training Matrix.</p> <p>The auditor reviewed the training identified for all staff implementing the Standard and the identified training met Standard requirements.</p>	No issues noted with this specific requirement.



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
				associated <b>Appendix C - Forest Resources Training Matrix</b>			
		3.3 The company <b>shall</b> keep records of the training provided to staff in relation to implementation of this standard.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 9, section 3.14 Training</li> </ul> Established and maintained a procedure in the <b>Forest Resources Environmental Management System &amp; Sustainable Forest Management (EMS &amp; SFM) Manual Revision 1.5</b> dated July 9, 2010 <ul style="list-style-type: none"> <li>Chapter 8, <b>Competence, Training, and Awareness</b></li> </ul> Records kept: <ul style="list-style-type: none"> <li>Digital Action Tracking System (DATS) database</li> </ul>	Y	The FSC CW & COC manual states training records will be kept for staff in relation to this Standard.  A review of the DATS database including a training report verified training records were kept for staff.  A summary report showed 94% compliance with overall completion of staff training.  DMI met this requirement.	No issues noted with this specific requirement.
	<b>4. Records</b>	4.1 The company <b>shall</b> maintain records that demonstrate compliance with the applicable requirements of this standard. Records shall be retained for a minimum of 5 years.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 8, section 3.12 Record keeping</li> </ul> Records to be kept included: <ul style="list-style-type: none"> <li>LIMS Database (electronic)</li> <li>Danbie Lot Tracking System (electronic)</li> <li>Files with Summary of Certified Pulp (electronic)</li> <li>Paper files stored on Forest Resources Intranet Site</li> </ul>	Y	The FSC CW & COC manual specified records to be kept for a minimum of five years as per Standard requirements.  A review of records verified electronic files and paper files were kept in locations specified in the manual.  DMI received certification in February 2009, therefore all records were available.	No issues noted with this specific requirement.
<b>FSC-STD-40-005 V2-1 EN Part 2: FSC Controlled Wood Supply Requirements</b>	<b>5. Supplier identification</b>	5.1 The company <b>shall</b> categorize its supplies as follows: a) FSC certified wood (see section 6); b) FSC Controlled Wood from		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification</li> </ul>	Y	A review of the manual verified DMI categorized its supplies to “a) to d)” as per this Standard.  At this time, DMI does not purchase FSC certified fibre.	No issues noted with this specific requirement.



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		<p>companies certified according to FSC-STD-30-010 or FSC-STD-40-005 (see section 7);</p> <p>c) Wood included in the company's own FSC Controlled Wood verification program (see sections 8 and 11 to 13);</p> <p>d) Uncontrolled wood.</p>					
		<p>5.2 The Company shall maintain an up to date list of all its suppliers of wood or wood products that are included in the company's own FSC Controlled Wood verification program. For each supplier the Company shall record:</p> <p>a) the name and address of the supplier;</p> <p>b) description of the wood supplied;</p> <p>c) the species and volume of wood supplied and the relevant purchasing documentation.</p>		<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification states "DMI PRPD will maintain an up-to-date list of all its suppliers"</li> <li>Page 16, Appendix 2 Residual Chip Suppliers Contact List</li> <li>LIMS database</li> <li>Chip Purchase &amp; Sale Agreements</li> </ul> <p>DMI PRPD continues to utilize the LIMS, Log Information Management System and the database is supported with numerous spreadsheets which track deliveries, one example is:</p> <ul style="list-style-type: none"> <li>PEFC SW Certified Pulp Summary and PEFC HW Certified Pulp Summary spreadsheets updated on a quarterly basis</li> </ul>	Y	<p>The LIMS database keeps track of each load which enters the mill yard (scales) through the Alberta government regulated TM9 requirement. Each delivery is recorded in the LIMS database.</p> <p>The information in Appendix 2 was reviewed and the list included the name and address of the supplier and contact information.</p> <p>DMI has met this requirement.</p>	<p>Although, DMI met the requirement of this Standard, the list did not specify the description of the fibre supplied (as noted on page 3 of the manual).</p> <p>Therefore, it is recommended that the manual be updated to reflect consistency with the text and the list found in Appendix 2.</p>
	6. FSC Certified inputs from FSC certified suppliers	<p>6.1 For FSC certified wood supplies the company shall ensure that:</p> <p>a) all wood supplied as FSC certified (FSC-pure, FSC-mixed or FSC-recycled) by FSC certified suppliers is clearly identifiable;</p> <p>b) all wood supplied as FSC</p>		<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification states "DMI PRPD has no plans at this time to purchase FSC certified fibre"</li> </ul>	N/A		N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		certified is accompanied by documentation which includes reference to each product's batch and/or to related shipping documentation, sufficient to link the invoice to the products supplied;  c) the transport documentation and invoices issued for the material <b>shall</b> quote the supplying company's FSC certificate number.					
		6.2. The company <b>shall</b> verify that the supplier holds a valid FSC certificate.		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification states "<b>DMI PRPD has no plans at this time to purchase FSC certified fibre</b>"</li> </ul>	N/A		N/A
	<b>7. FSC Controlled Wood inputs from suppliers certified to deliver FSC Controlled Wood</b>	7.1 For FSC Controlled Wood supplies the company <b>shall</b> ensure that:  a) all wood supplied as FSC Controlled Wood by FSC Controlled Wood certified suppliers is clearly identifiable as such;  b) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly identifies each products' batch and/or to related shipping documentation, sufficient to link the invoice to the products supplied.	The suppliers' Controlled Wood code shall be stated on purchase documents for FSC Controlled Wood.	Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 4, section 3.2 Supplier Identification states "<b>DMI PRPD has no plans at this time to purchase FSC certified fibre</b>"</li> </ul>	N/A		N/A





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		c) the transport documentation and invoices issued for the material shall quote the supplying company's FSC Controlled Wood code.					
		7.2 The company <b>shall</b> verify that the supplier holds a valid FSC chain of custody certificate with Controlled Wood included in its scope, or a valid FSC Controlled Wood certificate.		Refer to response to Element 7.1 in this section for details on audit evidence.	N/A	Refer to response to Element 7.1 in this section for details on auditor opinion.	N/A
	<b>8. FSC Controlled Wood inputs from non FSC certified suppliers</b>	<p>8.1 For wood supplies included in the company's own FSC Controlled Wood verification program, the company <b>shall</b>:</p> <p>a) determine and keep records of country and district of origin of wood supplied;</p> <p>b) ensure that the documentation required to demonstrate the district of origin of the wood supplied is maintained. This should include legally required transport documents and proof of purchase from the forest management unit of origin.</p> <p>c) specify and implement a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood.</p> <p>As conditions will vary between different regions, countries and</p>	<p>District</p> <p>The concept of district is central to this standard (see Annex 1: Glossary of Terms). The Company <b>shall</b> clarify the operational definition of district it has chosen, based on interaction with the closest FSC official entity (in order: National Initiative, FSC Regional Office, FSC International Center) and/or on a technically viable basis upon which the categories relevant to FSC Controlled Wood can be consistently monitored. This is necessary to ensure consistency amongst companies implementing FSC-STD-40-005 FSC Standard for Company Evaluation of</p>	<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 2, section 2.2 District of Origin, 2.3 Deciduous Fibre Sources</li> <li>Page 3, section 2.4 Coniferous Fibre Sources</li> <li>Page 9-12, section 4 Controlled Wood Quality Assurance which included risk assessment, field evaluations, complaint mechanisms, and inspection &amp; control</li> <li>Page 14, Appendix 1 Map of District of Origin</li> </ul> <p>Other evidence:</p> <ul style="list-style-type: none"> <li>LIMS database</li> <li>TM9 documentation (mill yard scales)</li> <li>Certification letters received from suppliers</li> <li>2011 Source Summary spreadsheet for the period May 2010 to April 2011</li> </ul> <p>DMI website: <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/au">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/au</a></p>	Y	<p>The LIMS database keeps track of each delivery entering the mill yard (scale house) through the Alberta government regulated TM9 load slip requirement. Each delivery is recorded in the LIMS database.</p> <p><i>On an annual basis, at the end of each timber year, a reconciliation report is provided to the Alberta government on harvest activity which took place (April 1 to March 30).</i></p> <p>Alberta Sustainable Resource Development, Forest management Branch audits reported volumes against TM9 process to ensure wood sources are matched to the mill.</p> <p>Internal and external audits are conducted on an annual basis.</p> <p>DMI has met this requirement.</p>	No issues noted with this specific requirement.





Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
		even inside countries, and also according to the size and number of suppliers, it is not adequate for the standard to establish a specific period for verifying the authenticity of the documents considered in 8.1 c). The company shall establish this period based on its conditions. The company shall present to the certification body the rationale considered for adopting a certain period.	Controlled Wood at a national or regional (supra-national) level.	<a href="#">dits.html</a> <ul style="list-style-type: none"> <li>DMI posts internal &amp; external audits conducted under this Standard under the heading FSC Controlled Wood COC</li> </ul>			
	<b>9. Uncontrolled wood inputs</b>	9.1 For supplies of uncontrolled wood the company <b>shall</b> establish a system to ensure that this wood is not mixed with wood which is controlled in accordance with the requirements outlined in this standard or wood that is FSC certified.		Documentation: <ul style="list-style-type: none"> <li>LIMS database</li> <li>TM9 documentation (mill yard scales)</li> </ul>	Y	DMI has a system in place to ensure the company meets Alberta government regulatory requirements.  No fibre can enter the Pulp Mill or satellite yard unless the delivery has a TM 9 load slip. Deliveries without a TM 9 cannot be received into the mill and are rejected by the scale house.	No issues noted with this specific requirement.
	<b>10. Species listed on CITES</b>	10.1 Irrespective of whether the supplier is FSC certified or not, all supplies of wood for export from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), <b>shall</b> be accompanied by the applicable licenses and/or export permits <sup>1</sup> .		Documentation: <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010 <ul style="list-style-type: none"> <li>Appendix 4 Controlled Wood Risk Assessments Alberta &amp; British Columbia (assessments completed June 7, 2010)</li> </ul>	Y	Reviewed the list of tree species in Appendices I to III. The tree species on the CITES list did not exist within the District of Origin.  The risk assessment process gave the auditor additional assurance that DMI PRPD met this requirement (deemed as low risk).	No issues noted with this specific requirement.



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FSC-STD-40-005 V2-1 EN Part 3: Risk Assessment and Verification Program	This part of FSC-STD-40-005 is <b>applicable</b> to companies that buy wood from non FSC certified suppliers and wish to develop and implement their own FSC Controlled Wood verification program.						
	11. Risk Assessment	11.1 For suppliers included in the company's own FSC Controlled Wood verification program the company <b>shall</b> determine if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of this standard.	The risk assessment performed by the company <b>shall</b> be reviewed by an FSC accredited certification body as to its technical sufficiency and/or adequacy.	Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Appendix 4 Controlled Wood Risk Assessments Alberta &amp; British Columbia (assessments completed June 7, 2010)</li> </ul>	Y	The risk assessment process gave the auditor additional assurance that DMI PRPD met this requirement (deemed as low risk).	No issues noted with this specific requirement.
		11.2 The results of the company's risk assessment <b>shall</b> be made publicly available.	The FSC will publish all risk assessment results of companies certified against FSC-STD-40-005 on the FSC Risk Register.	Documentation: FSC website: <a href="http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM">http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM</a> DMI website: <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/controlled_wood.html">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/controlled_wood.html</a>	Y	Auditor confirmed DMI risk assessments posted on the FSC website. Therefore, the risk assessments were publicly available.  DMI also posts risk assessments on their external website.  DMI met this requirement.	No issues noted with this specific requirement.
		11.3 In case of doubt as to whether a district is low risk, the district <b>shall</b> be classified as unspecified risk.		Risk assessments completed in June 2010 identified the district of origin as low risk.	N/A	This conclusion was supported by the external third party accredited certification body during the 2010 external audit.	N/A



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
	<b>12. Verification program for wood supplies identified as coming from low risk sources</b>	12.1 Wood coming from sources which have been identified as low risk for all the categories specified in section 1.1 above, and which is included in the company's verification program <b>may</b> be treated by the company as FSC Controlled Wood.		Documentation: FSC website: <a href="http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM">http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM</a> DMI website (2010 external FSC CW & COC audit report): <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/2010_FSC_Controlled_Wood_CoC_Periodic_Assessment_Report.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/2010_FSC_Controlled_Wood_CoC_Periodic_Assessment_Report.pdf</a>	Y	Auditor confirmed the 2010 external audit completed by the FSC accredited certification body supported the auditor opinion.	No issues noted with this specific requirement.
		12.2 All other wood in the company verification program which has not been identified as coming from low risk sources <b>shall</b> be evaluated for compliance with the requirements specified in Section 13 of this standard.		Documentation: FSC website: <a href="http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM">http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM</a> DMI website (2010 external FSC CW & COC audit report): <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/2010_FSC_Controlled_Wood_CoC_Periodic_Assessment_Report.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/2010_FSC_Controlled_Wood_CoC_Periodic_Assessment_Report.pdf</a>	Y	Auditor confirmed the 2010 external audit completed by the FSC accredited certification body supported the auditor opinion.	No issues noted with this specific requirement.
	<b>13. Verification program for wood supplies from sources with unspecified risk</b>	13.1 For all wood from sources that can not be confirmed as being low risk, the company <b>shall</b> include the forest management unit of origin in the company verification program and confirm that it complies with the requirements specified in Annex 3.	The company verification program <b>shall</b> be audited by an FSC accredited certification body at least annually.	Documentation: FSC website lists external auditor (KPMG) as an FSC accredited certification body: <a href="http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM">http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM</a> FSC website: <a href="http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM">http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM</a> DMI website (2010 external FSC CW & COC audit report): <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/2010_FSC_Controlled_Wood_CoC_Periodic_Assessment_Report.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/2010_FSC_Controlled_Wood_CoC_Periodic_Assessment_Report.pdf</a>	N/A	Auditor confirmed the 2010 external audit completed by the FSC accredited certification body and the risk assessment supported the auditor opinion that no wood supplies from sources with unspecified risk.	N/A



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		13.2 The results of the field evaluations of the company verification program <b>shall</b> be available to FSC-accredited certification bodies on request. This shall include specification of any non-compliances and/or corrective actions identified as a result of the company's evaluation.		Refer to response to Element 13.1 in this section for details on audit evidence.	N/A	Refer to response to Element 13.1 in this section for details on auditor opinion.	N/A
		13.3 Where guidance and/or interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, this guidance and/or interpretation <b>shall</b> be used by the company in relation to wood supply from sources that can not be confirmed as being low risk.		Refer to response to Element 13.1 in this section for details on audit evidence.	N/A	Refer to response to Element 13.1 in this section for details on auditor opinion.	N/A
	<b>14. Complaints mechanism</b>	14.1 The Company <b>shall</b> implement a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, irrespective of whether its supplies come from areas considered low risk or not. This mechanism shall include, as a minimum:  a) assessment of the evidence provided in the complaint within 2 weeks of its receipt;  b) field verification for cases in		<b>Documentation:</b>  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  • Page 11, section 4.3 Complaint Mechanisms	Y	A review of the manual verified DMI has defined a complaint mechanism process and met requirements "a) to e)" as per this Standard.  DMI has met this requirement.	No issues noted with this specific requirement.



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		<p>which evidence is considered relevant, within 2 months after its receipt;</p> <p>c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non-compliance with the FSC Controlled Wood requirements is found;</p> <p>d) procedures to ensure that the supplier will only be able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements;</p> <p>e) records of all complaints received and actions taken</p>					
		14.2 The Company <b>shall</b> inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk.		<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 12, section 4.3 Complaint Mechanisms point 7</li> </ul>	Y	<p>A review of the manual verified DMI has included this requirement in its complaints mechanism process.</p> <p>DMI has met this requirement.</p>	No issues noted with this specific requirement.
		14.3 If there are frequent non compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company <b>shall</b> review their risk assessment.		<p>Documentation:</p> <p><b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010</p> <ul style="list-style-type: none"> <li>Page 12, section 4.3 Complaint Mechanisms stated "<b>if there are frequent non-compliances with FSC Controlled Wood requirements in areas deemed low risk, DMI PRPD will review its risk assessment</b>"</li> </ul>	Y	<p>A review of the manual verified DMI has included this requirement in its complaints mechanism process.</p> <p>DMI has met this requirement.</p>	No issues noted with this specific requirement.



Section	Requirement	Specific Requirement	Additional Information	Audit Evidence	Meets Standard (Y/N)	Auditor Opinion	Gap Identification
FSC-STD-40-005 V2-1 EN Part 4: Sale of FSC Controlled Wood	15. Supplying FSC Controlled Wood	15.1 Any company supplying FSC Controlled Wood shall hold a valid FSC Chain of custody certificate duly issued by an FSC accredited Certification Body.		Documentation: DMI website: <a href="http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/DMI%20FSC%20COC-CW%20CERT.pdf">http://www.dmi.ca/about_dmi/dmi_in_alberta/prpd/certification/documents/DMI%20FSC%20COC-CW%20CERT.pdf</a>  FSC website: <a href="http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM">http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUX6AAM</a>	Y	The auditor verified a valid FSC certificate existed for Daishowa Marubeni International Ltd.  The certificate can be found on DMI's website. The FSC website provided additional evidence.	No issues noted with this specific requirement.
		15.2 The company shall include the following information on all invoices issued for sales of its FSC Controlled Wood products:  a) the name and address of the buyer;  b) the date on which the invoice was issued;  c) description of the product;  d) the quantity of the products sold;  e) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;  f) the FSC Controlled Wood code issued by an FSC accredited Certification Body.		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 12, section 5 Sale of FSC Controlled Wood</li> </ul> Supporting Evidence:  <ul style="list-style-type: none"> <li>2011 Source Summary spreadsheet</li> <li>SW Chip Deliveries spreadsheet</li> <li>Chip Pile Deliveries spreadsheet</li> <li>PEFC SW Certified Pulp Summary spreadsheet dated May 6, 2011</li> <li>PEFC HW Certified Pulp Summary spreadsheet dated May 6, 2011</li> <li>Shipping reports</li> </ul>	Y	A review of the manual outlined the requirements "a) to f)" as per this Standard.  DMI has one customer and as such, the tracking documents were used to verify these requirements were being met.	No issues noted with this specific requirement.
		15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood shall include a clear product description "FSC Controlled Wood" for all applicable products.		Documentation:  <b>Forest Stewardship Council (FSC) Controlled Wood &amp; Chain of Custody Manual, Revision 1.8</b> dated August 12, 2010  <ul style="list-style-type: none"> <li>Page 12, section 5 Sale of FSC Controlled Wood</li> </ul>	Y	DMI has one customer and as such, the tracking and transport documents were used to verify these requirements were being met.	No issues noted with this specific requirement.