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Public Summary of KPMG PRI Certification Processes

Business Development and Issuance of Proposals

In order to formally tender our services, a proposal is submitted to prospective clients immediately after initial contact has been made and we have completed an assessment of potential conflicts of interest using KPMG's Sentinel process. An Engagement Letter setting out the terms and conditions of the contract if accepted is also included with the proposal.

The proposal is signed by the KPMG PRI Business Leader (or other individual so designated by the Business Leader). An electronic copy of the proposal is retained in the applicable Proposal folder on the KPMG PRI Group server pending engagement of our services.

To signify acceptance of our services, the Engagement Letter portion of the proposal, which must be signed by the Business Leader, is signed by the client representative and returned to us. These documents form part of the client certification file.

The Certification Process

The service offered by KPMG PRI is intended to enable clients to obtain certification of their management/chain of custody system against a nationally or internationally recognized standard, generally the ISO 9000 and/or ISO 14000 series and/or the various sustainable forest management standards (e.g., CSA Z809 and SFI), chain of custody standards (e.g., PEFC and SFI) and/or OHSAS 18001 through independent third-party assessment. The process consists of a review of a client's management/chain of custody system by qualified auditors, with respect to both conformance of the system to the respective standard and implementation of the system. If the assessment is satisfactory, the client's name and management/chain of custody system is certified and is listed in the published KPMG PRI listing of approved companies. A certificate is also issued to the client.

The certification process follows a series of defined procedures which generally cover a three-year period (5 years in the case of SFI and chain of custody certifications) and includes initial certification, certification maintenance, and re-certification. The process consists of visits to the client to assess its conformance with the requirements of the appropriate management/chain of custody system.



The certification processes are generally termed:

- Document Review-Verifies that the client has a documented system which is in compliance with the chosen standard.
- Implementation Assessment-Verifies that the documented management/chain of custody system is in place and is operative. If the documented management/chain of custody system is found to be deficient a reassessment may be necessary to follow up on corrective action taken by the client.
- Periodic Assessments/Surveillance Audits-Verifies that the documented system is continuously and effectively implemented. If the documented management/chain of custody system is not maintained, a special audit visit may be required to review corrective action deemed necessary in order for the client to avoid invoking of certification suspension or withdrawal proceedings. Additional visits may also be required to review changes to the client's organization or business activities which impact its certification.
- Re-certification-Re-assesses the documented management/chain of custody system prior to extending the certification for a future specified period.

Accreditation

KPMG PRI currently maintains the following accreditations:

Standard	Accreditation Body
• SFI	• ANSI
• PEFC	• ANSI
• SFI Chain of Custody	• ANSI
• ISO 14001	• Standards Council of Canada
• ISO 9001	• Standards Council of Canada
• CSA Z809	• Standards Council of Canada

Geographic Area of Operations

KPMG PRI currently predominantly provides certification services within Canada and the continental United States. Decisions to provide certification services outside of this area are made at the discretion of the Business Leader.



Availability

Certification services are available to all acceptable companies and organizations within KPMG PRI's geographic area of operations. For the purposes of determining whether a prospective client of KPMG PRI is acceptable complete guidance is contained in KPMG's Professional Practice Manual. The determination of whether a prospective client is acceptable is based upon the criteria of whether that prospective client could impair KPMG's independence, reputation, credibility or integrity. The Business Leader's signature on the Engagement Letter identifies that this assessment has been completed.

In general, the following questions will be considered, as part of the evaluation process, before KPMG PRI agrees to serve the prospective client:

- Are we aware of any reason to question or be concerned over the reputation, character, or integrity of management and/or the owners of the prospective client?
- Are we aware of any real or perceived conflicts of interest that could arise as a result of taking on the engagement?
- Would our association with the prospective client be likely to affect our image adversely either currently or in the future?
- Does the prospective client present risks that are unreasonable in relation to the potential benefits to us?
- Will the prospective client impose any limitations on the scope of our work?

Assessment and Certification

Assessments are undertaken only within the terms of a signed Engagement Letter between KPMG PRI and the client. The letter quotes the scope for client certification and the standard(s) against which the assessment is to be undertaken, together with the costs to the client. The client is provided with guidance on the preparation of a suitable scope for certification and the appropriate standard(s) for assessment. These criteria may evolve during the periods up to and subsequent to certification, and such changes will be accommodated by KPMG PRI and the engagement letter revised/amended as appropriate and approved by a member of the Leadership Group.

The method of assessment is consistent with the following ISO Guidelines for Auditing Systems:

ISO 17021 – Conformity Assessment – Requirements for Bodies Providing Audit and Certification of Management Systems.



ISO 17065 – Conformity Assessment – Requirements for Bodies Certifying Products, Processes and Services.

ISO 19011 – Guidelines for Quality and/or Environmental Management Systems Auditing.

All visits are pre-arranged with the client and documented in a formal audit plan. Their duration is based on available data and guidance tables, where appropriate, on the amount of time necessary to undertake the assessment.

Each audit concludes with a closing meeting, at which time the assessor will report any findings. All areas of non-conformance are reported on non-conformance notes which are graded as major or minor. Opportunities for Improvement are also provided to the client at the closing meeting. Major non-conformances require immediate corrective action and will be reviewed to ascertain that appropriate corrective action has been taken. Minor non-conformances require that a corrective action plan be prepared by the client and approved by KPMG PRI prior to granting initial certification. Implementation of these corrective action plans is assessed by the audit team during the next site visit. For ISO 9000, ISO 14000, CSA Z809, SFI, SFI and PEFC chain of custody and OHSAS, all major non-conformances must be satisfactorily cleared prior to granting initial certification. Failure to implement effective corrective action within a specified time period may result in suspension or withdrawal of certification. Long-standing minor non-conformances may be upgraded to major where timely corrective action has not been taken.

The client has the right to appeal any decisions made by the assessment team (see section on complaints and appeals below for more details). A formal reply will be provided in the case of any appeals submitted in writing by the client.

All assessment reports and supporting documents are reviewed and approved by an Independent Technical Reviewer (a qualified KPMG PRI auditor who was not a member of the audit team). Based on the results of this review, the Independent Technical Reviewer makes the formal decision to either accept or reject the recommendation of the assessment team. Any new information or changes to the existing client certification are additionally checked and approved by the Business Leader, with the authorization to uphold or reject the assessment team recommendation. The President authorizes the issue of the initial certificate.

Registered clients are entered into the KPMG PRI Register of Approved Firms, which is made available to the public upon request. The listing identifies the client scope of certification and standard of assessment.

Registered clients are issued a certificate which is valid for three years or as dictated by the particular standard being referenced.

Registered clients are permitted to use the appropriate KPMG PRI certification mark of approved (quality/environmental/sustainable forest) management/chain of custody



systems, and where applicable, an accreditation body logo or a certified product logo. The rules governing the use of the logos are published, issued to clients, and their compliance monitored by KPMG PRI at each visit. Misuse of a logo or certification mark is deemed a breach of the certification contract and may result in the withdrawal of certification.

Complaints and Appeals

While it is KPMG PRI's policy to provide a level of service which is unlikely to result in any complaints or appeals, it is recognized that these may sometimes be raised by a client or by other third parties. All complaints and appeals received by KPMG PRI are fully investigated and the findings are reported to the complainant. Where weaknesses in certified management systems are identified during such investigations, clients are required to take corrective actions to address them.

The complaints and appeals procedures followed by KPMG PRI are summarized in the following steps:

- All complaints and appeals must be in writing and include sufficient detail to substantiate the nature of the complaint/appeal and the reasons behind it.
- Receipt of the complaint/appeal is acknowledged in writing within 5 working days.
- The client is notified of the nature of the complaint/appeal when it is received.
- Complaints/appeals are investigated within 10 working days unless a longer period is required to address more complex issues or the complaint/appeal applies to more than one standard (e.g., ISO 14001, CSA Z809, SFI, SFI and PEFC chain of custody, etc.).
- Progress reports are provided to appellants where appropriate (e.g., extended investigations).
- The results of the investigation are published and provided to the complainant/appellant within 15 working days, unless the investigation period is extended as noted above. The results will include a written rationale to support the conclusions reached.
- Where management/chain of custody system deficiencies are identified as a result of the investigation, non-conformances and/or opportunities for improvement are issued as deemed necessary by KPMG PRI.
- Once the investigation is complete, KPMG PRI may convene a conciliation meeting with the client and complainant/appellant to attempt to resolve any outstanding differences between the parties.
- Where a complainant/appellant is not satisfied with the results of an investigation, they are referred to the appropriate accreditation body for a decision regarding the merits of their complaint/appeal.



Suspension and Withdrawal of Certifications

Under certain circumstances (e.g., major non-conformances not addressed within the specified time period, breach of contractual obligations by certification clients, improper use of certification marks not remedied to the satisfaction of KPMG PRI, etc.) certification may be suspended or withdrawn at the discretion of the KPMG PRI Business Leader. The circumstances under which certification may be suspended or withdrawn are further detailed in the applicable client Engagement Letter.