

UPDATE

Forest Certification



Canadian Forest Products Grande Prairie FMA #9900037 January 2006

Background

As part of Canfor's commitment to sustainable forest management and independent forest certification, an audit team from KPMG Performance Registrar Inc. completed the following assessments of Canfor's Grande Prairie Forest Management Agreement #9900037 (FMA) in September 2005:

- Re-registration assessment of FMA to the Canadian Standards Association's standard for Sustainable Forest Management Systems (CSA-SFM); and
- Field assessment of the FMA as part of a corporate-wide re-registration assessment to the ISO 14001 standard for Environmental Management Systems (EMS).

The audit determined that the operation's sustainable forest management system continues to meet the CSA-SFM standard and the Environmental Management System in use on the FMA continues to meet the ISO 14001 EMS standard.

The combination of ISO 14001 and CSA-SFM registration demonstrates a strong commitment to sustainable forest management on the FMA and is a significant achievement for Canfor. The combined registration on the FMA applies to a defined forest area (DFA) of 649,000 hectares with an allowable annual harvest of approximately 1,093,700 cubic meters (640,000 m³ coniferous and 453,700 m³ deciduous).

The Audit

- **Background** – The ISO 14001 and CSA Z809 standards require regular assessments by an accredited Registrar to assess continuing conformance with the standards and the implementation of action plans related to previous assessments.
- **Audit Team** – The audit was conducted by a two person audit team. Both auditors are accredited SFM/EMS auditors.
- **Document Review** – An off-site document review was completed prior to the initiation of field work in order to assess the new version of the Sustainable Forest Management Plan, including a comprehensive review of SFM values, objectives, indicators and targets.
- **Field Audit** – The on-site field audit included interviews with a sample of staff, contractors and Forest Management Advisory Committee (FMAC) members and examination of EMS and SFM system records, monitoring information and public involvement information. The team also conducted field assessments of 21 sites to assess the operation's planning, harvesting, silviculture, camp maintenance and road construction, maintenance and deactivation practices.





Good Practices

- Our re-registration assessment indicates that the SFM and EMS systems continue to be effectively implemented.
- The operation is comprehensively testing its emergency preparedness and response procedures through the implementation of realistic emergency response drills, with detailed post-drill evaluations facilitating effective feedback to and improvements in EMS procedures.
- The field audit determined that the operation is effectively implementing its riparian retention practices.
- The operation’s road deactivation program was found to be effectively implemented, with water well managed on the deactivated roads assessed in the field.
- The planting of rehabilitated in-block roads was a good practice designed to meet the commendable SFM target of reforesting 100% of temporary in-block roads within 18 months following the end of the timber year of harvest.
- Noteworthy examples were observed during the audit of sediment control measures being applied around culverts and bridges to protect water and fisheries resources (e.g., silt fencing, coconut mats, grass seeding, tail ditching, etc.).
- The operation has made progress in working with other resource users in the FMA to better define the respective roles and responsibilities in an effort to improve upon the mutual integration of planning and operations amongst the different resource users.
- Road and silviculture activities planned for the year have now been drawn into the Annual Operating Plan helping to formalize and improve upon the annual planning of these activities.

Key Areas of Nonconformity

- During the inspection of Camp 11 it was determined that petroleum products were being stored in a trailer in contravention of the requirements of the Alberta Fire Code (i.e., respecting the need for adequate ventilation and explosion proof lighting when storing flammable materials indoors). The contractor supervisors interviewed on site did not have a clear understanding of these requirements and the Company’s Fuel Management Guideline does not specifically address this issue.

Key Opportunities for Improvement

- Although the operation has made a commitment to conduct research regarding habitat suitability ratings under natural disturbance regimes and establish the appropriateness of 1997 baseline data currently used for the associated SFM indicator ((1.2)1a.1 *Habitat suitability rating*), this research is not yet complete. Consequently the operation is relying on the 1997 data rather than linking the target for the indicator directly to a natural disturbance model. Similarly, the targets for three indicators relating to the genetic diversity value ((1.3)1a.1 *Mean patch size*, (1.3)1a.2 *Mean nearest neighbour distance* and (1.3)1a.3 *Area weighted mean shape index*) are based on 1999 actual data and

CSA-SFM and ISO 14001 Re-registration Assessment Findings

Major nonconformities	0
Minor nonconformities	1
Opportunities for improvement	10

Types of audit findings

Major nonconformities:

Are pervasive or critical to the achievement of the SFM Objectives.

Major nonconformities must be addressed immediately or certification cannot be achieved / maintained.

Minor nonconformities:

Are isolated incidents that are non-critical to the achievement of SFM Objectives.

All nonconformities require the development of a corrective action plan within 30 days of the audit, which must be fully implemented by the operation within 3 months.

Opportunities for Improvement:

Are not nonconformities but are comments on specific areas of the SFM System where improvements can be made.



will be affected by the research results, although no specific mention is made in the SFM plan that this is the case.

- SFM Indicator (1.2)1a.3 (*Percentage of habitat for endangered and threatened vertebrate species over time*) does not provide a comprehensive approach to address caribou habitat needs on the DFA over the term of the SFM plan., although an appendix to the SFM plan details the current actions being taken in relation to caribou (including the deferral of forestry activities in the Caribou area for the Little Smoky Caribou herd to provide time for an appropriate caribou recovery plan to be completed and implemented). While the current actions are appropriate and it is recognized that it is premature to replace the indicator until Government direction in relation to the draft caribou recovery plan becomes clear, it is evident that this indicator will need to be amended prior to the end of the deferral period in order to provide for appropriate management of caribou habitat.
- The SFM target for Indicator (1.2)1a.8 (*Percentage of the area harvested across the FMA area with structure retention*) indicates that structural retention on harvest areas will occur over 25% of the harvest area in the next year and that the operation will set targets by landscape area for structure retention based on science within one year. While this approach, when combined with existing informal retention practices, will not undermine the achievement of SFM objectives, there is an opportunity to implement structural retention targets over a shorter timeframe.
- SFM Indicator (1.3)1a.4 (*Percentage of total area by patch size class*) describes patch size distribution targets and forecasts performance in relation to these targets. The forecasts indicate that there is expected to be difficulty in meeting targets for larger patches as a result of the existing regulatory framework. There is an opportunity to continue to work with the Provincial Government to gain flexibility to manage the DFA in a manner that is consistent with the natural disturbance model that has been developed.
- Although an informal process was followed during FMAC meetings for identifying and elaborating upon strategies, forecasting indicator responses to each strategy and arriving at the chosen strategy (for inclusion in the SFM plan) an opportunity exists to better formalize, structure and document the approach used.
- Information respecting rare plant communities in Alberta (developed by the Natural Heritage Information Centre) has recently come available in the province. Although preliminary in nature, an opportunity exists for the operation to assess the significance of this new information and where applicable to address it in its SFM system.
- Review of a sample of harvesting maps and pre-works indicated that the operation often relies on operator discretion for determining what structural diversity is to be maintained on a harvest block. Although good examples of retention using this discretionary decision model were observed during the field audit, there is a risk that the approach could lead to an inconsistent application of harvest block retention practices by different operators and contractors.
- Isolated weaknesses in fuel handling were noted during the audit (e.g., poorly placed TDG label on a truck box fuel tank and weaknesses in awareness of



Sediment control measures were found to be effectively implemented to protect water and fisheries resources.



TDG requirements for truck box fuel tanks amongst some Canfor supervisors).

- The audit identified an opportunity to improve the project risk assessment to better reflect the risks associated with individual harvest blocks under projects that are risk rated as a whole and with projects involving harvest blocks where the season of activity is a critical issue for determining risk.
- A review of public communication in the operation’s incident tracking system identified an isolated incident involving a public complaint where there was inadequate follow up on the actions to determine if they adequately addressed the complaint.

Other Events

In October 2004 KPMG received a complaint and associated appeal by the Sierra Legal Defence Fund (SLDF) of its CSA-SFM certification of Canfor’s Grande Prairie operations. The appeal respected areas of concern around 2 issues which the SLDF contended should have invalidated the conditions for granting the certification of the operation by KPMG. The two issues identified by the SLDF in their appeal are summarized as follows:

- Canfor’s efforts to solicit Aboriginal input and involvement in the SFM public consultation process were inadequate to demonstrate that it was meeting the SFM requirement that duly established Aboriginal and treaty rights be respected.
- Canfor was jeopardizing the Little Smoky Caribou Herd and consequently not meeting the CSA-SFM requirement that species diversity be conserved through time through its logging activities in the vicinity of core habitat areas used by the herd in the absence of a caribou recovery plan.

Following receipt of the appeal, KPMG implemented its Disputes and Appeals process to investigate the complaint and report out on the issues. The investigation determined that the original conditions for granting certification were valid as Canfor either met the requirement of the CSA-SFM standard (with respect to Aboriginal and treaty rights) or had developed a satisfactory action plan to address a minor nonconformity issued by KPMG during the previous on-site assessment (with respect to caribou management).

During the course of the investigation however KPMG determined that Canfor’s 2004/05 Annual Operating Plan approved by Alberta Sustainable Resource Development included a number of harvest blocks within the Little Smoky Caribou Herd range (although outside the core habitat area) and that harvesting of these areas was underway. As a result of this situation, KPMG concluded that a nonconformity existed with the requirements of the CSA-SFM standard and the operation’s SFM system. Canfor immediately responded to the nonconformity with an action plan which included deferral of logging and road construction in the caribou range area for two years until a recovery plan is completed. Our September 2005 re-registration audit verified that the operation is honoring this commitment (also see newly issued opportunity for improvement relating to this issue noted under second bullet in above *Key Opportunities for Improvement*).



The operation is conducting realistic emergency mock drills to comprehensively test its emergency preparedness and response procedures.

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