

UPDATE Forest Certification



TFL 48 – Canfor and BC Timber Sales – 2011 CSA Z809 Re-certification Audits Public Summary Report

Between September 19 and 23, 2011, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out a CSA Z809 re-certification audit of Canadian Forest Products Ltd.'s and B.C. Timber Sales' Tree Farm Licence 48 Defined Forest Area. This certification summary report provides an overview of the audit process and KPMG's findings.

Description of the TFL 48 Defined Forest Area

TFL 48 is located in northeast B.C. around the communities of Chetwynd, Hudson's Hope and Tumbler Ridge. The TFL encompasses just over 643,200 hectares and has an allowable annual harvest of 900,000 cubic meters.

Certification History

Since the year 2000, the TFL 48 CSA Z809 certificate was held jointly by Canfor and BCTS. This audit included separating the one certificate into two, so that now Canfor and BCTS each hold their own CSA Z809 certificates for the TFL. This certification update report covers both the BCTS and Canfor certifications.

Audit Scope

The 2011 re-certification audit was a full scope assessment against all elements of the CSA Z809-08 standard. This was the first audit to the Z809-08 version of the standard.

The Audit

- ***Audit Team*** – The audit was conducted by a Yurgen Menninga, RPF. Yurgen has completed numerous audits to various environmental, forest management, and chain of custody standards.
- ***Document Review*** – An off-site document review was completed prior to the field audit in order to assess the sustainable forest management (SFM) system documentation (e.g. SFM Plan and associated values, objectives, indicators and targets, documentation pertaining to the Public Advisory Committee (PAC) process, etc.) and increase the efficiency of the field portion of the audit.
- ***Field Audit*** – The on-site field audit included interviews with a sample of staff and contractors, and an examination of EMS and SFM system records, monitoring information and public involvement information. The team also conducted assessments of a sample of field sites of Canfor's and BC Timber Sales' planning, harvesting, silviculture, and road construction, maintenance and deactivation practices on TFL 48.

Number of field sites visited during the audit:

| | <u>Canfor</u> | <u>BCTS</u> |
|---------------|---------------|-------------|
| Roads: | 6 | 1 |
| Harvesting: | 6 | 1 |
| Silviculture: | 5 | 1 |



- **Persons Contacted**— As part of the audit, various non-staff members and groups were contacted to assess functioning of applicable SFM objectives. Invitations for input were made in the form of a survey to the twelve public advisory committee members, which included the four First Nations that have traditional use areas on the TFL. As well, five DFA related workers were interviewed.
- **Client Representatives** – Jeremy Srochenski, RPF, Canfor Planning Forester, and Jason Pederson, RFT, BCTS Certification Standards Officer served as the representatives during the audit.

Audit Objectives

The objective of the audit was to evaluate the sustainable forest management (SFM) systems employed on TFL 48 by Canfor - Chetwynd and BC Timber Sales - Peace Liard Business Area, their implementation, effectiveness and conformance with the requirements of CSA Z809.

Good Practices

A number of good practices were noted during the 2011 audit. The following list highlights some of the examples noted:

- Canfor demonstrated an example of good communication with a local First Nation and accommodation of their concerns around increased hunting following harvest. This led to the retention of a visual screening buffer along the mainline in order to reduce hunting pressure, as well as modification to the harvest logistics.
- A recently built road was located on uncharacteristically steep terrain for the region. Canfor and their contractors did an effective job of designing and building the road to result in a minimized road prism given the steep side-slopes.
- The 2010 SFM Annual Report, which is generated jointly by Canfor and BCTS, was found to provide a detailed level of supporting rationale for some of the indicators that were not met.

Follow-up on Findings from Previous Audits

At the time of this assessment there were no open non-conformities from previous audits.

New Areas of Nonconformity

Three minor non-conformities were identified during the 2011 surveillance audit.

- CSA Z809 element 6.1: The new version of the SFM Plan does not fully address the core indicator requirements for habitat protection, and suitable long term habitat, for selected focal species and species at risk. Finding applies to BCTS and Canfor.

| Canfor/BCTS 2011 Audit Findings | |
|--|---|
| Major non-conformities | 0 |
| Minor non-conformities | 3 |
| Opportunities for improvement | 7 |

Types of audit findings

Major non-conformities:

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

Minor non-conformities:

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

All non-conformities 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.

Major non-conformities must be addressed immediately or certification cannot be achieved / maintained.

Opportunities for Improvement:

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

- CSA Z809 element 7.5.1: The SFM Plan is required to state how indicators will be monitored, and the plan meets this requirement. However, for one indicator that relates to snag and live tree retention within harvested areas, the monitoring included in the latest monitoring report did not follow the monitoring method listed in the plan. Finding applies to BCTS and Canfor.
- CSA Z809 element 7.2: A review of a variety of policy documents made available to the public during the audit determined that Canfor does not have a publicly available policy statement or like document that clearly contains its commitment to (1) respect and recognize Aboriginal title and rights and treaty rights and (2) honor all international agreements and conventions to which Canada is a signatory, as required by the standard. Finding applies to Canfor

Opportunities for Improvement

Seven new opportunities for improvement were identified during the 2011 surveillance audit.

- CSA Z809 element 7.4.5: Isolated instances of use of outdated documents was observed. Finding applies to Canfor.
- CSA Z809 element 7.4.6: A culvert had been located on a stream such that the discharge would cause scour of an erodible material, causing sediment to enter the water course (note that no flow and therefore no sediment transport had occurred since installation). Finding applies to Canfor.
- CSA Z809 element 7.5.1: In terms of SFM monitoring, the reporting frequency for each indicator is presently listed in the monitoring report. The report is revised annually, at which time SFM performance is reported on. There is an opportunity to list the reporting frequency in a more permanent document. Finding applies to BCTS and Canfor.
- CSA Z809 element 6.1: There is an opportunity for improvement related to the current status of several indicators, such as having the status more current and/or more representative. Finding applies to BCTS and Canfor.
- CSA Z809 element 6.1: There is an opportunity for improvement for some of the indicators, such as (1) having a more realistic variance for one indicator (i.e. the current variance is high), (2) resolving a minor inconsistency for minimum diameter for an indicator for snags/live tree retention, (3) updating some isolated instances of outdated text. Finding applies to BCTS and Canfor.
- CSA Z809 element 7.5.1: For monitoring, for some of the indicators the reporting frequency is tied to the government timber supply review process, which in the past has been every five years. However, due to changes in legislation timber supply reviews may now occur every ten years, and in some cases up to fifteen years. There is an opportunity to consider the usefulness of this extended reporting frequency. Finding applies to BCTS and Canfor.
- CSA Z809 element 7.4.2: In terms of training, layout crews are to receive training in species at risk identification, habitat, etc. Review of the Canfor training material found that the material was generally complete, but some species at risk that would affect forest management decisions were not included in the training material. Finding applies to Canfor.



Examples of wildlife trees retained during harvest, providing bird and wildlife habitat as well structure to the future stand. The various retention tree strategies, which include wildlife tree patches, single trees, and stubbed trees, are included in the Forest Stewardship Plan, Sustainable Forest Management Plan, and reflected in the Harvest Plan.



Corrective Action Plans

Corrective action plans designed to address the root causes of the nonconformities have been developed by Canfor and BCTS, and reviewed and approved by KPMG PRI. The next surveillance audit will include a follow-up assessment of these issues to confirm that the corrective action plans developed to address them have been implemented as required.

Audit Conclusions

The audit found that Canfor - Chetwynd's and BC Timber Sales - Peace Liard Business Area's SFM systems for Tree Farm Licence 48:

- Were in full conformance with the requirements of the CSA Z809 standard included within the scope of the audit, except where stated in this report;
- Continue to be effectively implemented, and;
- Are sufficient to systematically meet the commitments included within the organization's environmental and sustainable forest management policies, provided that the systems continue to be implemented and maintained as required.

As a result, a decision has been reached by the audit team to recommend that Canfor - Chetwynd as well as BC Timber Sales - Peace Liard Business Area be registered to the CSA Z809 standard within TFL 48.

Focus Areas for the Next Audit

The following issues/topics have been identified as focus areas for the next audit, which will occur approximately Sept 2012:

- Training of layout crews
- BCTS harvest and silviculture activities



Photo of the Peace River a short distance below the W.A.C. Bennett dam. A portion of the TFL surrounds the river and reservoir. The dam represents the varied resources of the region, which as well as forestry also include extensive agriculture and oil & gas extraction.

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