



March 2007

# Certification Report



## Canadian Forest Products Ltd. Mackenzie Defined Forest Area

As a component of Canfor's ongoing commitment to sustainable forest management and forest certification, an audit team from PricewaterhouseCoopers conducted a CAN/CSA Z809-02 Implementation Audit on Canfor's Sustainable Forest Management ("SFM") Plan and the implementation of SFM practices and procedures on the Mackenzie Defined Forest Area ("DFA") in November 2006.

The audit determined that Canfor's Mackenzie Division met the requirements of the CAN/CSA Z809-02 Standard for Sustainable Forest Management.

The audit results demonstrate Canfor's strong commitment to managing the forest resources where we operate in an environmentally sound and sustainable manner.





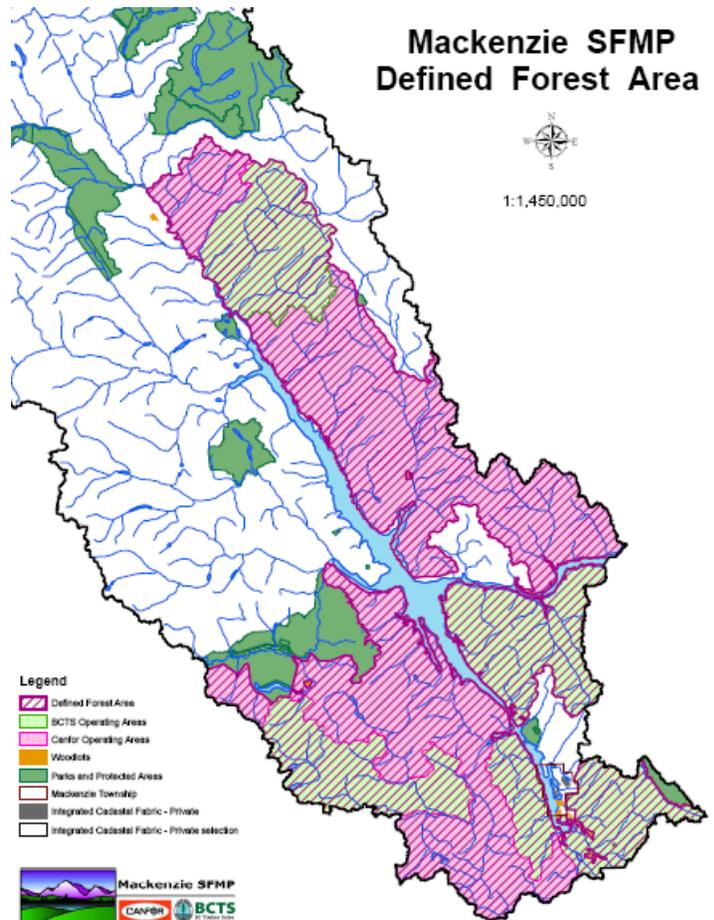
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### Background Information

Canfor – Mackenzie has jointly created and managed a Public Advisory Group (“PAG”) with the participation of BC Timber Sales (“BCTS”). Together, the PAG, Canfor, and BCTS created a Sustainable Forest Management Plan (“SFMP”) for the Mackenzie Defined Forest Area (“DFA”) capable of meeting the CAN/CSA Z809-02 Standard for sustainable forest management. Canfor and BCTS are also cooperating in the implementation and monitoring of the SFMP.

The DFA, comprises approximately 2.1 million hectares of the Mackenzie TSA and is contained within two large and contiguous blocks of land to the northeast and southwest of Williston Lake. The Mackenzie TSA spans approximately 6.1 million hectares and has the Rocky Mountains and the Rocky Mountain Trench as its dominant natural features. Forests in the TSA are primarily mixed stands with the predominant commercial species being Engelmann spruce, white spruce, lodgepole pine, and sub-alpine fir.

Of the 2.1 million hectares in the DFA, Canfor – Mackenzie manages approximately 1,256,000 hectares, or 59.8% of the DFA. Similarly, Canfor – Mackenzie’s annual allowable cut (AAC) on the DFA is 1,082,904 m<sup>3</sup>, or 54.5% of the DFA’s AAC.



Certification to the CAN/CSA Z809-02 Standard (the “Standards”) requires independent third-party audits. In November 2006, a four-person audit team from PricewaterhouseCoopers and independent specialists conducted the audits. The audit team consisted of:

- Lead Auditor – Bruce Eaket, RPF, EMS (LA), CEA(SFM)
- Senior Auditor – Dave Barker, RPF EMS (A), CEA(SFM)
- Senior Auditor – James Lucas, MF, RPF, EMS (A) Candidate
- Technical Expert – Philip Lee, PhD

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The audit occurred on November 7-10, 2006 during which time the audit team met with and interviewed staff, contractors, and members of the Public Advisory Group and examined the SFM Plan, records, Environmental Operating Procedures, monitoring information and the minutes and operating procedures of the Public Advisory Group.

The team also conducted field assessments during the audit to assess the company's planning, harvesting, silviculture, road construction, road maintenance, and road deactivation activities.



### Good Management Practices

The audit team identified the following management practices that exceeded expectations:

- 1) There was excellent protection of non-merchantable trees and brush in Non-Classified Drainages (NCDs) in one of the blocks inspected.
- 2) While implementing Genus, Mackenzie was having problems with adding, editing and removing mapping details. As a temporary measure, a stream designation of Non-visible drainage (NVD) was created.
- 3) During the recent new road construction on the Witter Mainline, the upper boundary of the right of way was ribboned when the side-hill was steep or where a pit was being installed. This layout practice ensures the right of way stays within the allowable distance from the road centerline.
- 4) The public advisory process and public advisory group was seen as robust and successful. This process has provided the SFMP with an excellent base of measures from which to build the plan for

the future.

- 5) Mackenzie has designated a company First Nations liaison who is a trusted and consistent central point of contact which helps to secure Aboriginal participation in the SFMP and other processes.
- 6) The Sharepoint software which is used to track current status of each measure within the SFMP is an innovative and user friendly means to capture this information as well as ensuring the Steering Committee is working with the most recent version of any document within the SFMP.
- 7) The cut-to-length/in-block processing harvest method is standardized in the Division. This reduces slash at roadside, removes the need to burn piles and the equipment has a light footprint on the land. The forwarders are also used for site



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preparation which reduces the impact on the soil in wet areas on blocks.

- 8) The water purification system and waste recycling systems at Munro Camp are excellent. Canfor received a letter from the Ministry of Environment saying their recycling program is better than some communities.

### Non-conformities

The audit team identified three nonconformities against the Standards. Canfor has subsequently provided PricewaterhouseCoopers with action plans, including timelines, for addressing the issues. The following non-conformities were identified:

- 1) Measure 8-3.1, 8-3.2, and 8-4.1 address First Nations concerns with regard to forest management and the effectiveness of their input into the SFMP process. While a process has been identified as a template (Creating Opportunities for Public Interest) for gathering this input or formally tracking issues, this process has not yet been modified for the Mackenzie SFMP.
- 2) The SFMP does not directly link any indicators to CSA Element 4.1 (Carbon Uptake and Storage – Maintain the processes that take carbon from the atmosphere and store it in forest ecosystems). There are a number of indicators in the current SFMP that could be applied to this element, however the SFMP does not identify which indicators are describe the framework for the uptake and storage of carbon within the DFA.
- 3) The latest version of the SFMP does not fully document the methods by which targets are to be achieved on the DFA. For example, the supplemental document that describes the current status and monitoring/measurement plan of each measure has not yet been fully developed. In addition, supplemental documents that will be used as appendices or provide support for elements of the SFMP are in varying stages of development and are not consistently referenced in the SFMP (i.e. forecasting, alternate scenarios, etc.). The SFMP also does not contain a summary of the most recent forest management plan and the management outcomes. The SFMP is not currently available to the public.



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- 4) While data exists for the following measures, the current status and targets have not yet been documented in the SFMP: 1-1.1 (Old Forests), 1-1.2 (Interior Forests), 1-1.3/1-4.1 (Biodiversity Reserves), 1-2.1 (Patch Sizes), and 4-4.1 (Support of First Nations).

All of the Non-conformities will be followed up by the audit team at the next surveillance audit scheduled in 2007.

### Opportunities for Improvement

The audit team identified twelve opportunities for improvement. Canfor has subsequently provided PricewaterhouseCoopers with action plans, including timelines, for addressing the issues. Opportunities for improvement identified were:

- 1) Production of multiple plans pertaining to a particular operation increases the risk of inconsistencies between the plans and/or legal obligations. Four inconsistencies between the various plans were identified.
- 2) A discrepancy between the map and layout on the ground resulted in machinery entering a 5 metre no-machine zone (as shown on the map). Operator failed to follow Canfor procedure in requesting clarification on discrepancy.
- 3) When completing pre-work forms, not all staff are consistently completing risk assessments and specifying the frequency of formal inspection and supervisory staff are not consistently initialing the inspection forms after they have reviewed them.
- 4) Not all training sessions are consistently being recorded in Canfor databases or in the logging contractor's training records despite evidence that training sessions are being held.
- 5) Not all contractors are familiar with location of the Emergency Preparedness and Response Plan (EPRP) and there were inconsistencies amongst contractors as to whether all equipment is to have a copy of the EPRP. Additionally, the most current EMS policies were not displayed at Munro camp.
- 6) The description of the Defined Forest Area (DFA) contained in the SFM Plan could contain more information pertaining to annual allowable cut, the various land classifications within the DFA, and the interaction with mining companies relative to road construction and maintenance.





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- 7) Measures pertaining to coarse woody debris and non-timber benefits which have a long research phase and interim targets should be considered or more resources dedicated to shorten their development.
- 8) The targets for indicators pertaining to biodiversity reserves, business opportunities, and support opportunities require additional detail before they can be feasibly measured.
- 9) While contractor equipment had appropriate spill kits none of the kits had absorptive pads designed for an antifreeze spill.
- 10) While staff and contractors were aware of their EMS responsibilities their understanding of the link to Sustainable Forest Management was generally weaker. Additionally, no description of the Canfor SFM commitment is currently posted at the Munro Camp or in the Mackenzie Woodlands office.
- 11) The Mackenzie SFMP Steering Committee Terms of Reference (ToR) refers to a web portal ([www.SFMPortal.com](http://www.SFMPortal.com).) for communications purposes between members and other public stakeholders, however the website is not currently online.

Note: The above list of opportunities for improvement has been consolidated and/or edited for clarity.

For more information about Canfor's SFM Plan, visit [www.canfor.com](http://www.canfor.com), or contact:

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A handwritten signature in black ink, appearing to read "Doug Ambedian".

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