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Forest Management **2018 Annual Audit** Report for:

Canadian Forest Products
Ltd. (East Kootenays)
In
Cranbrook, British Columbia,
Canada

Report Finalized: March 7th, 2019
Audit Dates: Nov 7-9, 2018
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Certificate code: RA-FM/COC-001348
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LIST OF ACRONYMS & ABBREVIATIONS

AAC	Annual Allowable Cut
BEC	Biogeoclimatic Ecosystem Classification
CoC	Chain of Custody
COPI	Creating Opportunities for Public Involvement – data based recording all public interactions
CWD	Coarse Woody Debris
DCS	Documented Control System
DFA	Defined Forest Area
FL	Forest Licence
FLNRO	BC Ministry of Forests, Lands and Natural Resources Operations
FM	Forest Management
FMG	Forest Management Group (Canfor)
FMP	Forest Management Plan
FMU	Forest Management Unit
FSC	Forest Stewardship Council
HCV	High Conservation Value
HCVF	High Conservation Value Forest
IPM	Invasive Pest Monitoring
KNC	Ktunaxa Nation Council
MFLNRO	Ministry of Forests, Lands and Natural Resource Operations
MMA	Mature Management Area
MPB	Mountain Pine Beetle
NCR	Non-conformity Report
NDT	Natural Disturbance Type
NGO	Non-government Organization
OBS	Observation
OGMA	Old Growth Management Area
RA	Rainforest Alliance
RONV	Range of Natural Variation
SFMP	Sustainable Forest Management Plan
SWR	Standard Work Procedures
TAG	Technical Advisory Group
TSA	Timber Supply Area
TFL	Tree Farm Licence
WTP	Wildlife Tree Patch
UWR	Ungulate Winter Range

1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Canadian Forest Products (Canfor), hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of Rainforest Alliance auditors who have evaluated company systems and performance against the Forest Stewardship Council™ (FSC®) forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through nonconformity reports.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

This report includes information which will become public information. Sections 1-3 and Appendix I will be posted on the FSC website according to FSC requirements. All other appendices will remain confidential. A copy of the public summary of this report can be obtained on the FSC website at <http://info.fsc.org/>.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company's conformance with FSC and Rainforest Alliance requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>, certificate maintenance recommended Upon acceptance of NCR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>:
Additional comments:	
Issues identified as controversial or hard to evaluate.	

2.2. Changes in FMEs' forest management and associated effects on conformance to standard requirements:

The Company undertook an internal re-organization during the past year which resulted in a restructuring of people's responsibilities within the regional office, and also resulted in some people moving from the Cranbrook office to the Radium office. No staff were let go.

There were major fires on the forest in 2017, and 2018 was also a severe fire year, although the amount of area burned was less, at roughly 10,000 ha. The Company is presently undertaking salvage operations in the 2017 burn areas and is preparing, in conjunction with the BC government, to implement salvage in the 2018 burn areas once all of the engagement and request processing have been completed.

During the summer of 2017, the BC Ministry of Forests, Lands and Natural Resources Operations (MFLNRO) released the revised Timber Supply Review reports for the Cranbrook and Invermere Timber Supply Areas (TSA's). In both TSA's, the allowable annual cut dropped. In Invermere, it declined by 17% from June 29, 2017 to June 28, 2022, and from there it will decline a total of 29% from the 2012-17 level. Declining mountain pine beetle salvage and the creation of additional wildlife habitat areas were provided by MFLNRO as the main reasons for the decline. The allowable annual cut in Cranbrook is scheduled to decline by 10.6%. MFLNRO has not yet apportioned the harvest in either TSA which prevents Canfor from completing its harvest modelling with constraints from FSC requirements.

2.3 Excision of areas from the scope of certificate

Not applicable. Check this box if the FME has not excised areas from the FMU(s) included in the certificate scope as defined by FSC-POL-20-003. *(delete the rows below if not applicable)*

2.4. Stakeholder issues *(complaints/disputes raised by stakeholders to FME or Rainforest Alliance since previous evaluation)*:

FSC Principle	Stakeholder comment	Rainforest Alliance response
P1: FSC Commitment and Legal Compliance	No comments were received.	N/A
P2: Tenure & Use Rights & Responsibilities	No comments were received.	N/A
P3: Indigenous Peoples' Rights	One local Tribal Council has been working with Canfor to identify more opportunities for members to have employment and/or contracting opportunities with Canfor.	Canfor has been working diligently over the past year to help identify opportunities – the Company and the Tribal Council are in the midst of an intensive process to identify potential opportunities. Canfor is encouraged to continue these efforts.
P4: Community Relations & Workers' Rights	A number of people provided input saying that Canfor is very responsive to questions or requests for further	No response necessary

	information.	
P5: Benefits from the Forest	One stakeholder alleged that on Block Shep 2, many of the stumps of fir that were cut in the winter were higher than allowed – according to the stakeholder, the stumps seemed to be 3-4 feet high.	This comment was received after the field inspections were completed and so the block was not viewed by the auditors. Stump heights were within regulated heights on the blocks viewed by the auditors.
P6: Environmental Impact	<p>One stakeholder informed the audit team that forest management should be undertaken so as to manage for biodiversity and then what is not needed for that can be available for forestry. Instead, the stakeholder described the current approach as being the reverse, which tends to cast the environmental values as restrictions or constraints whereas they are necessary.</p> <p>Several stakeholders expressed major concerns regarding impacts of slope degradation on water flow and seasonal streams which were alleged to have been caused by harvest operations on steep slopes.</p> <p>A number of stakeholders expressed concerns regarding a lack of residual retention. The stakeholders also felt that it was not appropriate to consider a dead stub as having the same value as a large live tree.</p> <p>A number of stakeholders commented on Canfor's use of short-term access. Stakeholders said that sometimes Canfor will be in and out very quickly and that is good, but at other times the road may be there for quite a few years when it is supposed to be</p>	<p>Canfor is in compliance with the forest management approach and requirements set out by the provincial government. No non-conformance has been identified.</p> <p>Snow cover during visits prevented auditors to conclude of any environmental degradation regarding soil and water flows, combined with a small sample size during the field inspections. Note 01/18 is issued advising future audits to conduct field inspections when there is no snow on the ground and to increase sampling of steep slope logging blocks.</p> <p>Retention is planned and maintained in each cutblock. Where possible, wildlife trees are maintained, and examples were observed on the field. That said, in one block visited during the field visit, retention had been planned outside the opening, located directly adjacent to the border approved cut permit. Although the overall retention observed meets the requirements, it is recognized that natural disturbances leave more variable forms of retention & distribution within disturbance patches. As such, Canfor is encouraged to continue its efforts in mimicking natural disturbance patterns including within the openings created by cutblocks while implementing its retention distribution strategy.</p> <p>Canfor staff indicated that there are times when weather or other operational constraints or other scheduling issues result in operations conducted at a different time than originally planned. No non-conformance was identified. The audit team was also informed by a stakeholder</p>

	<p>temporary.</p> <p>A stakeholder informed the audit team that areas used by mountain sheep and goats are where issues of harvesting on steep slopes, salvage harvesting, and use of temporary road access intersect creating management challenges.</p> <p>Concerns were expressed regarding spruce beetle salvaging – the process is quick and the largest spruce are being removed – often in the riparian zones, which is a concern.</p> <p>The extensive fires and associated salvage harvesting have raised concerns on the part of one stakeholder that these area might be areas where invasive weed species might take hold.</p>	<p>that Canfor has been generally responsive to concerns about fire salvage access.</p> <p>The stakeholder also informed the audit team that Canfor has been quite responsive to these concerns and worked collaboratively on stewardship to reduce impacts on these values. Nevertheless managing the impacts of access remains a challenge. No non-conformance issued and the discussion supports the many stakeholders who also spoke of Canfor's responsiveness.</p> <p>This comment was received after the site visit was undertaken. The audit team viewed post-fire salvage harvesting but no salvage harvesting due to a spruce beetle infestation. A note has been issued for the re-assessment team to examine this issue during the re-assessment next year (Note 03/18).</p> <p>The stakeholder said Canfor has been quite collaborative in such areas, scheduling the majority of the harvest when the ground is frozen and working with Invasive Species prevention agencies to limit ingress of such species.</p>
P7: Management Plan	No comments were received.	N/A
P8: Monitoring & Assessment	No comments were received.	N/A
P9: Maintenance of High Conservation Value Forest	<p>There is concern about the trading of Old Growth Management Areas (OGMAs). This allows the company to designate areas of old larch for example as an OGMA but then the company can take out other OGMA's and make them available for harvesting. The stakeholder feels that where an HCVF is present, there should not be a need to give up one OGMA to make room for another OGMA.)</p> <p>A stakeholder expressed concern that the forest has insufficient levels of old and mature forest however Canfor is allowed to harvest in these forest types. The Organization is moving into old stands because the lodgepole pine has all been cut.</p>	<p>Such trading is permitted by the provincial government. Canfor is in compliance with the forest management approach and requirements set out by the provincial government. No non-conformance has been identified.</p> <p>The current Simulation of Fire Dynamics and the Range of Natural Variability of Forest Stand Structure in the Cranbrook and Invermere Timber Supply Areas, southeastern British Columbia, indicated that there is actually more mature/old forest than was historically present. No non-conformities have been identified.</p>

	A comment was received from a stakeholder who would like to see Canfor give more emphasis to cumulative effects of harvests in watersheds.	Cumulative effects are expected to be considered more explicitly in the new national FSC standard. No non-conformance has been identified against the existing standard.
P10: Plantations	No comments were received.	N/A

2.5. Conformance with applicable nonconformity reports

The section below describes the activities of the certificate holder to address each applicable nonconformity report (NCR) issued during previous evaluations. For each NCR a finding is presented along with a description of its current status using the following categories. Failure to meet NCRs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the Rainforest Alliance certificate if Major NCRs are not met. The following classification is used to indicate the status of the NCR:

Status Categories	Explanation
Closed	Operation has successfully met the NCR.
Open	Operation has either <u>not met</u> or has <u>partially met</u> the NCR.

Check if N/A (there are no open NCRs to review)

NCR#:	01/17	NC Classification:	Major	Minor X
Standard & Requirement:	BC Regional Standard, Indicator 9.1.4 b)			
Report Section:	Appendix IV, Finding 9.1			
Description of Nonconformance and Related Evidence:				
During the documentation review, the auditor found that the Organization did not formally document, develop or implement a risk assessment methodology consistent with the precautionary approach and appropriate to the conservation attributes to be maintained in their HCVF assessment.				
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.			
Timeline for Conformance:	Before the next annual surveillance audit			
NCR Evaluation Type	On-site <input type="checkbox"/> Desk Review <input checked="" type="checkbox"/>			
Evidence Provided by Organization:	Revised High Conservation Value Assessment for HCV 1-3 in Canfor's Operating Area in the East Kootenay Region, SE BC (October 2018) Peer review of Oct 2018 draft Interview with lead author and Company biologist			
Findings for Evaluation of Evidence:	The revised assessment includes for each HCV1 and HCV 2 (as defined in the BC standard) a discussion of the threats and any mitigative practices that can be applied by Canfor. Additionally, the Likelihood of Adverse Effect from Forestry and the Consequences of Adverse Effects from Forestry were also assessed to provide an assessment of the overall degree of risk that forestry can create for the species and values in			

	<p>question. (Note that HCV 1 and 2 in the BC standard are equivalent to HCV 1-3 in the current version of the International FSC Standard.) The Organization has taken a precautionary approach by developing and applying an assessment of the risk of adverse effects from forestry for each HCV or associated conservation attribute, and the consequences of that effect should it occur. Both direct and indirect effects were considered. The risk rating was also elevated by one level if the Organization felt that the quality or availability of the information available for making the risk assessment was weak, which is a very good precautionary practice.</p>
NCR Status:	CLOSED
Comments (optional):	<p>At the time of the site visit, the risk assessment had been completed and the majority of peer review comments had been addressed. As a final check of the report, the Company plans to have the TAG review the revised report. The BC standard does not require the Company to make the report publicly available, and in the past, the Company has provided the report upon request. It is noted that it appears to be an oversight in the BC standard that there is no requirement for the report to be publicly available, and the minimum availability standard used by Rainforest Alliance is that the Company website should indicate the existence of an HCV assessment and its availability. However, the BC Standard does require that the Organization make the peer review comments and the Organization's response publicly available, and the auditors have concluded that the Organization must at least post a notification of the availability of these documents on its web site (see NCR 01/18).</p>

2.6. New nonconformity reports issued as a result of this audit

NCR#:	01/18	NC Classification:	Major	Minor X
Standard & Requirement:	Indicator 9.1.6, FSC BC Regional Standard			
Report Section:	Appendix IV			
Description of Nonconformance and Related Evidence:				
<p>The Organization is required to make publicly available the peer review of the HCVF assessment report as well as other comments and advice provided by qualified specialists, directly affected persons, and relevant interests. The Organization's common practice is to provide these documents upon request. However, there is no notification on the Organization's website or other widely available forum that these reports exist and can be obtained upon request.</p>				
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</p>			
Timeline for Conformance:	By the next annual audit.			
NCR Evaluation Type	On-site <input type="checkbox"/> Desk Review <input checked="" type="checkbox"/>			
Evidence Provided by Organization:	PENDING			
Findings for Evaluation of Evidence:	PENDING			
NCR Status:	OPEN			
Comments (optional):				

2.7. Audit observations

Observations can be raised when issues or the early stages of a problem are identified which does not of itself constitute a nonconformance, but which the auditor considers may lead to a future nonconformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a NCR in the future (or a pre-condition or condition during a 5-year reassessment).

OBS 01/18	Reference Standard & Requirement: Indicator 6.1.7, FSC BC Regional Standard
<p>Description of findings leading to observation: A RONV analysis exists and has not changed since 2009 (reference: Simulation of Fire Dynamics and the Range of Natural Variability of Forest Stand Structure in the Cranbrook and Invermere Timber Supply Areas, southeastern British Columbia). An updated version of the BEC classification was published in August 2018 and this audit was conducted during the transition period towards the new BEC. There is also new knowledge on climate change that could be used to inform RONV modelling.</p>	
<p>Observation: Canfor should update their RONV analysis to ensure continued conformance to requirement 6.1.8.</p>	

OBS 02/18	Reference Standard & Requirement: Indicator 6.2.4, FSC BC Regional Standard
<p>Description of findings leading to observation: Canfor provides subcontractors with spring training and requires that subcontractors train all their staff. Training registries are documented by Canfor. All workers interviewed during field visits had been trained except one skidder operator that had been hired after the spring training for forest workers said that he had not heard of species at risk. Discussions with his supervisor indicated that training was provided which covered a wide array of topics with little time and therefore the worker may have forgotten about species at risk. Canfor requires their subcontractors to provide a training registry for workers. No evidence of training had been provided for the worker by the subcontractor to Canfor.</p>	
<p>Observation: Canfor should ensure continued conformance with training requirements for all workers including those who are hired after the spring training.</p>	

2.8. Notes from previous evaluations

Notes are for the audit team only and identify items that should be looked at during subsequent audits.

NOTE 04/15	Reference Standard & Requirement: FSC BC Regional Standard, Indicator 5.6.1
An updated Timber Supply Review and subsequent Allowable Annual Cut (AAC) determination for the Cranbrook and Invermere Timber Supply Areas (TSA's) were underway during the 2015 annual audit. Canfor is an active participant in the TSR, whose timing is regulated through the Provincial Forest Act. While projected long-term harvest levels have not been updated since 2008, the current documented and comprehensive analyses are still applicable and relevant to the FMU and therefore meet indicator 5.6.1. A new AAC is expected in 2017 and will likely amend the current long-term harvest levels of the FMU.	
NOTE: Future auditors should ensure that the new projected long-term harvest rate for the Defined Forest Area has been re-calculated on the basis of the new AAC resultant, reflective of FSC management.	
<input type="checkbox"/> Closed <input checked="" type="checkbox"/> Followed-up but still open <input type="checkbox"/> Not followed-up this year	
2016 Audit Team Response: The TRS was still ongoing during the audit. Canfor was working towards making the new TSR reflect FSC management strategies' impacts.	
2017 Audit Team Response: The TRS was still ongoing during the audit. The delays were considered out of the control of the Organization by the auditor (ministry's side). Canfor was still working towards making the new TSR reflect FSC management strategies' impacts. The current documented and comprehensive AAC analyses are still applicable and relevant to the FMU and therefore the Organization still meet indicator 5.6.1.	
2018 Audit Team Response: The TSR's have been completed for the Cranbrook and Invermere TSA's (August 24, 2017, and June 29, 2017, respectively). In the Cranbrook TSA, the AAC has been reduced by 10.6%. In the Invermere TSA, the AAC is to decline by 17% during the 2017-2022 period and a total of 29% from June 30, 2022, onwards. However, these revised AAC's have not yet been partitioned among the licensees and Canfor is therefore unable to prepare a long-term harvest rate for the Defined Forest Area. This note remains open.	

NOTE 01/17	Reference Standard & Requirement: Indicator 6.5.5, FSC BC Regional Standard
An issue concerning the premature use of roads before they are completely dry was raised during the audit. Hence the auditor was not able to orient field visits towards road construction.	
NOTE: Future auditors should visit recently completed roads.	
<input type="checkbox"/> Closed <input checked="" type="checkbox"/> Followed-up but still open <input type="checkbox"/> Not followed-up this year	
2018 Audit Team Response: The auditors viewed a small number of new roads during the site visit, however, the audit team did not view new road construction and so was unable to close this note. This note should be examined during the reassessment in 2019.	

2.9. New notes as a result of this audit:

NOTE 01/18	Reference Standard & Requirement: Indicator 6.3.14, FSC BC Regional Standard	
Description of finding leading to Note: Stakeholder comments included concern that there was rutting /site disturbance on some steep slopes that had been logged, however, on the day of the site visit, a fresh snowfall made it difficult to see clearly the condition of the ground.		
NOTE: Audit team should try to undertake the site visit when there is no snow on the ground and should increase sampling of steep slope logging areas.		
<input type="checkbox"/> Closed	<input type="checkbox"/> Followed-up but still open	<input type="checkbox"/> Not followed-up this year
2019 Audit Team Response:		

NOTE 02/18	Reference Standard & Requirement: Principle 3, FSC BC Regional Standard	
Description of finding leading to Note: Concern on the part of Ktunaxa Nation Council (KNC) that it does not have sufficient time to prepare when a meeting is requested on short notice.		
NOTE: KNC members requested that the next audit or assessment team provide at least two weeks, and preferably three weeks, notice prior to the site visit to allow the KNC sufficient time to assemble the appropriate people and information to present to the audit team /assessment team.		
<input type="checkbox"/> Closed	<input type="checkbox"/> Followed-up but still open	<input type="checkbox"/> Not followed-up this year
2019 Audit Team Response:		

NOTE 03/18	Reference Standard & Requirement: Indicator 6.3.14, FSC BC Regional Standard	
Description of finding leading to Note: Stakeholder comments included concern that salvage harvesting was removing excessive white spruce from riparian zones. This comment was received after the field inspections were completed, and while fire salvage harvesting was viewed by the auditors, sites salvaged for spruce bark beetle were not viewed.		
NOTE: Audit team should examine this issue in the next audit /re-assessment.		
<input type="checkbox"/> Closed	<input type="checkbox"/> Followed-up but still open	<input type="checkbox"/> Not followed-up this year
2019 Audit Team Response:		

NOTE 04/18	Reference Standard & Requirement: Principle 9. FSC BC Regional Standard	
Description of finding leading to Note: The stakeholder concern that was raised regarding OGMA trading has become a fairly big issue over the past year in southeast BC. The auditors did not investigate this issue in any detail to assess whether HCVF's are being sufficiently protected through this mechanism.		
NOTE: Audit team should assess the adequacy of old forest / HCVF protection through OGMAs in the next audit /re-assessment.		
<input type="checkbox"/> Closed	<input type="checkbox"/> Followed-up but still open	<input type="checkbox"/> Not followed-up this year
2019 Audit Team Response:		

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Auditor Name	Jeremy Williams	Auditor role	Lead auditor, Socio-economic and forest management aspects
Qualifications:	<p>Jeremy earned a B.Sc.F. from the University of Toronto's Faculty of Forestry (1979) and a Ph.D. from the same Faculty with a specialization in Forest Economics (1986). He successfully completed QMI's environmental lead auditor course for ISO 14000 in 2000, and in 2009 took the Smartwood Lead Auditor training course. Dr. Williams is a Registered Professional Forester in Ontario (# 1562).</p> <p>Dr. Williams has a wide range of experience in forest management in Canada, and has worked in most provinces and territories, as well as internationally. Within Ontario, he is familiar with both the Great Lakes-St. Lawrence and boreal forest types. He has participated in more than 40 Independent Forest Audits, including more than 15 as lead auditor. He has also been involved in seven FSC assessments and a half dozen annual audits. One indicator of the breadth of his experience was his role as a technical writer for the 2004 FSC national boreal standard, and subsequent involvement in preliminary activities related to updating the standard. Other recent, relevant work has included an assessment of the MNR's approach for assessing sustainability in forest planning, co-authoring a vision document that played an influential role in the revision of Ontario forest tenure, and preparation of a gap analysis of the NBS prior to its revision.</p>		
Auditor Name	Ugo Lapointe	Auditor role	Forest ecologist
Qualifications:	<p>Ugo Lapointe is a Canadian forest ecologist with 10 years of experience in the field of sustainable forestry. He is Director at SmartCert, a consulting firm that assists forestry companies internationally in the design and implementation of management systems meeting the requirements of regulations and sustainability standards. His previous experiences include managing a portfolio of Forest Stewardship Council (FSC). He was also the point person for the FSC chain-of-custody certification of a portfolio of more than 100 processing plants in the province of Quebec. In his career, Ugo has conducted more than 100 compliance assessments against the requirements of internationally recognized forest management and chain-of-custody forestry standards. He is a qualified Forest Stewardship Council (FSC) lead auditor trainer and has trained more than 50 FSC accredited lead auditors in the past 4 years. Ugo also has auditor training for several other environmental certification including ISO 14001 (since 2011). He holds a master's in forest ecology focused on impact mitigation of forest harvesting for wildlife species associated with dead wood. His Master's degree study was sponsored by the forest industry and conducted at University of Quebec in Montreal with the Centre for Forest Studies a university-based research centre. He also holds a bachelor's degree in biology from the University of Montreal, university-level training in civil and corporate mediation. Ugo is a member of the Association of Quebec biologists (ABQ #3484).</p>		

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
October 3 th , 2018	Desk	Preparatory call
October 5 th , 2018	Desk	Stakeholder notification
November 1	Desk	Preparatory call to finalize sites and schedule
Nov 7, 2018	On site	<ul style="list-style-type: none"> •Opening meeting at 8:00 AM •Overview of key issues/evidence by Canfor •Finalize field site logistics •Document review, staff interviews, CoC •Stakeholder interviews
Nov 8, 2018	On site	Field visits
Nov 9, 2018	On site	document review, staff interviews Closing meeting at 3 PM
Dec 7, 2018	Desk	Draft report to Canfor for comments
January 22, 2019	Desk	Comments provided to Rainforest Alliance
February 5 th , 2019	Desk	Report completion and posting of public summary
March 7 th , 2019	Desk	Report updated to consider additional input from Canfor.
Total number of person days used for the audit:13.5 = number of auditors participating 2 X average number of days spent in preparation, on site and post site visit follow-up including stakeholder consultation		

3.3. Sampling methodology

The auditors worked with the Canfor staff to identify potential field sites based on the scope of the annual audit. Site selection was based on harvest activity from past year, especially fire salvage harvesting, operations where forest operators and contractors were active, sites that had been silviculturally treated and recent major water crossing installations. Both auditors went into the field accompanied by Canfor staff. The two auditors travelled together in the morning and then separated in the afternoon to permit the coverage of additional sites and locations. It is to be noted that the recent snowfall, short day (due to the time of year) and distance to operations were factors that restricted the sample size this year. Notes have been issued to subsequent auditors to more fully sample some types of sites.

3.3.1 List of FMUs selected for evaluation

FMU/Group Member Name	Rationale for Selection
Canfor East Kootenay	Primary forest included in the scope of this certificate.

3.4. Stakeholder consultation process

Stakeholder type (i.e. NGO, government, local inhabitant etc.)	Stakeholders notified (#)	Stakeholders consulted or providing input (#)
Community stakeholders, tourism providers, trappers	20	4
First Nations	4	3
Workers	0	7

ENGO	1	2
Provincial government	2	1

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	FSC Regional Standards for British Columbia (2005)
Revisions to the standard since the last audit:	<input type="checkbox"/> No changes to standard. <input checked="" type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	<p>PSU has issued a notice concerning the protection of Intact Forest Landscapes (IFL) on January 1st 2017: FSC-DIR-20-007 ADV18.</p> <p>This Advice note forbids certificate holders to disturb more than 20% of areas of IFLs included in their FMU and to reduce individual IFLs below 50 000ha in the landscape.</p>
Implications for FME:	Conformance to new requirements verified

3.6. Review of FME Documentation and required records

a) All certificate types

Required Records	Reviewed
Complaints received by FME from stakeholders, actions taken, follow up communication	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: The audit team reviewed the Incident Tracking System (ITS) records from January 2017 to October 2018. The Company received one public complaint regarding pooling of water on roads and responded by grading the road and a second complaint regarding roads was not specified in the ITS but the issue is reported as resolved.	
Accident records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: Canfor Kootenays October 2018 safety record review presentation was examined. This reported monthly and YTD safety statistics and compared them against the Company's objectives. Medical Incident Rate (MIR) was higher (worse) compared to 2017 however below (i.e. better than) the Company target, while the Hazard and Near Miss incident ratio for staff was improved compared to 2017 while the same ratio for contractors was mixed compared to 2017.	
Training records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
The SFMP sets out the Organization's training strategy, which involves the development of a training matrix for each full-time and hourly employee. Training is delivered by a combination of on-line modules (Eclipse), especially developed in-house training material and local course offerings. A CSA internal audit on March 2, 2018, identified that some staff have completed mandatory training and Eclipse training reports are not properly set up to query all mandatory courses by job function.	
Operational plan(s) for next twelve months	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: These were reviewed during the assessment of the sites visited in the field.	
Inventory records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: Silvicultural inventory documents were reviewed (tracking treatment histories, areas not-satisfactorily restocked etc.). Vegetation Resource Inventory (forest inventory) data, including tracking of forest health/unsalvageable losses were reviewed.	
Harvesting records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>

Comments: FSC Defined Forest Area harvest records (and projections) by tenure were reviewed relative to the long term sustainable harvest level for the time period between 2013 and 2017.

APPENDIX I: FSC Annual Audit Reporting Form:

(NOTE: form to be prepared by the client prior to audit, information verified by audit team)

Forest management enterprise information:			
FME legal name:	Canadian Forest Products Ltd		
FME Certificate Code:	RA-FM/CoC – 001348		
Reporting period	Previous 12 month period	Dates	November 2017 – November 2018

1. Scope Of Certificate	
Type of certificate: single FMU	SLIMF Certificate: not applicable
New FMUs added since previous evaluation	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

2. FME Information	
<input checked="" type="checkbox"/> No changes since previous report (if no changes since previous report leave section blank)	
Forest zone	
Certified Area under Forest Type	
- Natural	hectares
- Plantation	hectares
Stream sides and water bodies	Linear Kilometers

3. Forest Area Classification	
<input checked="" type="checkbox"/> No changes since previous report (if no changes since previous report leave section blank)	
Total certified area (land base)	ha
1. Total forest area	ha
a. Total production forest area	ha
b. Total non-productive forest area (no harvesting)	ha
- Protected forest area (strict reserves)	ha
- Areas protected from timber harvesting and managed only for NTFPs or services	ha
- Remaining non-productive forest	ha
2. Total non-forest area (e.g., water bodies, wetlands, fields, rocky outcrops, etc.)	ha

4. High Conservation Values identified via formal HCV assessment by the FME and respective areas			
<input type="checkbox"/> No changes since previous report (if no changes since previous report leave section blank)			
Code	HCV TYPES ¹	Description:	Area
HCV1	Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).	Polygons updated through HCV process in 2018.	342,026 ha
HCV2	Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist	Polygons updated through HCV process in 2018.	169,990 ha

¹ The HCV classification and numbering follows the ProForest HCVF toolkit. The toolkit also provides additional explanation regarding the categories. Toolkit is available at <http://hcvnetwork.org/library/global-hcv-toolkits>.

	in natural patterns of distribution and abundance.		
HCV3	Forest areas that are in or contain rare, threatened or endangered ecosystems.	Polygons updated through HCV process in 2018.	36,812 ha
HCV4	Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).		ha
HCV5	Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).		ha
HCV6	Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).		ha
Number of sites significant to indigenous people and local communities			

5. Workers

Number of workers including employees, part-time and seasonal workers:		
Total number of workers	586 workers	
- Of total workers listed above	540 Male	46 Female
Number of serious accidents	0	
Number of fatalities	0	

6. Pesticide Use

<input checked="" type="checkbox"/> FME does not use pesticides.
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