

UPDATE

Forest Certification



Canadian Forest Products Grande Prairie FMA #9900037

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 FMA in August 2003:

- Periodic assessment of Grande Prairie Forest Management Agreement #9900037 (FMA) to the Canadian Standards Association's standard for Sustainable Forest Management Systems (CSA-SFM);
- Field assessment of the FMA as part of a corporate-wide periodic assessment to the ISO 14001 standard for Environmental Management Systems (EMS); and
- Completion of an assessment of the FMA to the ForestCare "Health and Safety" Codes and Standards. In addition, an assessment against the ForestCare "Woodlands" Codes and Standards was completed in November 2002.

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. Additionally, the assessment determined strong performance in relation to the ForestCare Codes and Standards.

The combination of ISO 14001, CSA-SFM and ForestCare assessments demonstrates a strong commitment to sustainable forest management and the health and safety of personnel working 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 1 082 100 cubic meters (630 400 m³ coniferous and 451 700 m³ deciduous).

Background

- The ISO 14001 and CSA-SFM standards require regular audits by the registrar to assess ongoing conformance with the standards and the implementation of action plans related to previous assessments.
- A team of two auditors conducted the ISO 14001 and CSA-SFM assessments in August 2003. The ForestCare assessment was completed by 3 auditors over 2 separate field visits in November 2002 and August 2003.
- The team conducted interviews with staff, contractors and stakeholders and examined EMS, CSA and ForestCare records, monitoring information and public involvement information.
- The assessment involved visits to 37 field sites to assess operational planning, harvesting, silviculture, road construction and camp management.



Noteworthy comments

- The sustainable forest management system has been effectively implemented. Continuous improvement was noted in operational planning, SFM objectives and field practices. One CSA-SFM minor nonconformance and 3 opportunities for improvement were identified during the audit.
- The operation demonstrated strong performance in relation to the Forest Care Codes and Standards for both the Woodlands and Health and Safety components, conforming with all indicators at the “C” Performance level and achieving overall average scores across “A”, “B” and “C” levels of 95% for Woodlands and 97% for Health and Safety.
- The operation has effectively addressed all nonconformances identified during previous assessments.
- The Company’s commitment to enhanced public involvement opportunities continues through its public advisory group, the Forest Management Advisory Committee (FMAC). Interviews with FMAC members indicated strong support for this process.
- The operation provides good public access to its Sustainable Forest Management plans and reports through the corporate website.
- Continued progress has been made in upgrading fuel storage facilities in camps.
- Field maps used by machine operators were of exceptional quality and provided clear guidance on resource issues and features.

Minor nonconformances

CSA-SFM:

- Given the lack of a current caribou recovery plan and habitat supply analyses and given the ongoing logging activities in the vicinity of high use caribou areas, there is a need to update the SFMP to clearly reflect emerging objectives and establish clear target dates for implementation of a caribou recovery plan and habitat supply analysis. To the extent that the recovery plan takes more than 1 season to establish, the precautionary approach would dictate that additional interim measures should be clearly described in the SFMP.

Subsequent to the audit Canfor has committed to the completion of a habitat supply analysis by September 30, 2004 and has implemented additional interim measures to minimize any potential impact on caribou until a recovery plan is in place.

August 2003 CSA-SFM Reregistration Assessment	
Major nonconformances	0
Minor nonconformances	1
Opportunities for improvement	3

August 2003 Forest Care Assessment	
Major nonconformances	0
Minor nonconformances	0
Opportunities for improvement:	
-Woodlands	4
-Health and Safety	2

DEFINITIONS

Major nonconformances:

- Are pervasive or critical to the achievement of the EMS/SFM Objectives.

Minor nonconformances:

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

All nonconformances require an action plan within 30 days and must be addressed by the operation.

Major nonconformances must be addressed immediately or registration cannot be achieved/maintained.

Opportunities for Improvement:

- Are not nonconformances but are comments on specific areas of the EMS or SFM where improvements can be made.

Opportunities for improvement

CSA-SFM:

- There is an opportunity to formally incorporate commitments in the Detailed Forest Management Plan into existing SFMP objectives and indicators and associated implementation plans.
- Isolated opportunities for improvement were noted in implementation of planting prescriptions.
- Although the Company’s fuel management standard was generally well implemented, there was one incident where a breakaway valve was improperly installed on a pump meter in a camp diesel fueling facility.

Forest Care:

- Strategies for retaining stand level ecosystem components, including variable retention strategies, have yet to be (a) developed in operating plans and (b) implemented in the field.
- Visual impact issues are not generally explicitly considered during development of operational plans.
- Although the operation has substantial controls for minimizing the risks associated with the management of fuels and other controlled materials, the operation has yet to generate and maintain a list identifying the types and storage locations of hazardous goods.
- Although Material Safety Data Sheets (MSDS) were available at most locations where controlled products were stored, the assessment found an aerial herbicide spray operation without the required MSDS for the herbicide “Vision”.
- Most personnel interviewed had a working knowledge of occupational health and safety regulations. However, a first aid attendant at one of the camps inspected was not clear on how to interpret the regulatory requirements respecting remote sites. In addition, another contractor in charge of first aid kits lacked clarity on the required contents of first aid kits.



The company has shown a strong commitment to providing opportunities for public involvement through its Forest Management Advisory Committee.

Through KPMG PRI, KPMG’s Vancouver based forestry specialist group is accredited to register forest companies to ISO 14001, CSA-SFM and AF&PA SFI certification standards. The group is led by Mike Alexander and consists of a highly qualified team of professional foresters and industry experts.

Contacts:

Mike Alexander, RPF, CEA (604) 691-3401
 Chris Ridley-Thomas, RPBio, CEA (604) 691-3088
 David Bebb, RPF, CEA (604) 691-3451

This issue may only be reproduced by the intended client Canadian Forest Products Ltd., with the express consent of KPMG. Information in this issue is of a general nature with respect to audit findings and is not intended to be acted upon without appropriate professional advice.