



Fort St. John Pilot Project – 2011 Re-certification Audit

September 2011

In September 2011, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out a CSA Z809 re-certification audit of the Fort St. John Pilot Project (FSJPP) Participants' woodlands operations against the requirements of the 2008 version of the CSA Z809 sustainable forest management (SFM) standard. In addition, an audit of the FSJPP Participants' compliance with the requirements specified in the *Fort St. John Pilot Project Regulation* occurred at the same time. This Certification Summary Report provides an overview of the process and KPMG's audit findings.

Description of the FSJPP Participants' Defined Forest Area

The FSJPP area encompasses the Fort St. John Timber Supply Area (TSA) in the Peace region of northeast BC. The combined assessment on the FSJPP area applies to a defined forest area (DFA) of approximately 4.1 million hectares with an allowable annual harvest of over 2.06 million m³.

Scope of Certification

The FSJPP was implemented across the Fort St. John TSA in 2001 as a pilot project for an improved regulatory framework for forest practices. The main components of the project include regulatory flexibility to facilitate adaptive approaches to forest management, landscape level planning through an SFM plan, ongoing public involvement through a Public Advisory Group (PAG) and the adoption and implementation of certification systems as surrogates for the existing administrative process.

The FSJPP Participants include BC Timber Sales (BCTS), Cameron River Logging Ltd., Canadian Forest Products Ltd. (Canfor), Dunne-Za Ventures LP, Louisiana-Pacific Canada Ltd. and Tembec Inc. However, all field operations along with planning are carried out by Canfor and BCTS. All of the participants have consented in writing to take part in the pilot project and be subject to the terms and conditions of the FSJPP Regulation.

The FSJPP Participants were originally certified to the 2002 version of the CSA Z809 standard for the entire DFA on October 17, 2003 and have maintained their CSA Z809-02 certification ever since. The September 2011 re-certification audit was conducted against the new 2008 version of the CSA Z809 standard and a replacement CSA Z809-08 certificate was granted to the FSJPP Participants on December 14, 2011, which is valid until December 13, 2014.

Audit Scope

The audit was conducted against all of the requirements of the CSA Z809-08 standard, including those related to:

- The public participation process;
- Development and maintenance of the SFM plan;
- Monitoring of SFM performance, and;
- Implementation of the various management system components (e.g., training programs, operational controls, monitoring and inspections, internal audits, etc.) that are required under the CSA Z809 standard.



The Audit

- **Audit Team** – The audit was conducted by Craig Roessler, RPF, EP(EMSLA) and Michael Alexander, RPF, EP(EMSLA). Craig Roessler, who acted as the lead auditor on this engagement, is an employee of KPMG PRI and has conducted numerous forest management audits under a variety of standards including ISO 14001, CSA Z809, SFI and FSC. Michael Alexander is an independent consultant who also has experience in conducting forest management certification audits against ISO 14001, CSA Z809 and SFI.
- **CSA Z809 Re-certification Audit** – The audit included an off-site review of selected SFM system documents and an on-site assessment of the FSJPP Participants' implementation of their SFM systems. Conclusions regarding conformance with the requirements of the standard were based on the collection of sufficient and appropriate audit evidence drawn from the following sources: (1) review of various SFM system procedures and records and responses to questionnaires sent to public advisory group (PAG) members and local First Nations, (2) interviews with a sample of Participant staff and contractors as well as PAG members and First Nations representatives and (3) visits to several field sites to evaluate conformance with the applicable requirements of the CSA Z809 standard.
- **Surveillance Audits** – Annual surveillance audits are conducted by the audit team to ensure that CSA Z809 requirements continue to be met.
- **FSJPP Participants' Certification Program Representatives** – Andrew Tyrrell, RPF, Forestry Supervisor at Canfor and Jason Pederson, RFT, Certification Standards Officer at BCTS served as the FSJPP Participants' representatives during the audit.

Audit Objectives

The following audit objectives were included within the scope of the audit:

- A CSA Z809 re-certification audit to evaluate the FSJPP Participants' conformance with the requirements of the 2008 version of the CSA Z809 standard.
- An audit of the FSJPP Participants' compliance with the requirements of the *Fort St. John Pilot Project Regulation*.
- Evaluation of the extent to which the FSJPP Participants have addressed the open findings from previous CSA Z809 audits.

Audit Conclusions

The audit found that the FSJPP Participants' SFM systems:

- Were in full conformance with the requirements of CSA Z809-08 included in the scope of the audit, except where noted otherwise in this report;
- Continue to be effectively implemented, and;
- Are sufficient to systematically meet the commitments included in the Participants' environmental and SFM policies, provided that the systems continue to be implemented and maintained as required.

As a result, a decision has been made to certify the FSJPP Participants to the 2008 version of the CSA Z809 standard.

FSJPP Participants' 2011 CSA Z809-08 Audit Findings

Open nonconformities from prior audits	0
New major non conformities	0
New minor non-conformities	4
Now opportunities for improvement	6

Types of audit findings

Major nonconformities:

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

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.

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

Opportunities for Improvement:

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

Good Practices

A number of good practices were identified during the course of the audit. Examples included:

- CSA Z809 elements' 7.4.3 and 7.5.1: The field audit observed that the comprehensive pre-work and inspection processes established and implemented by the Participants have led to the identification and subsequent site plan amendments to protect special sites or habitat features.
- CSA Z809 element 7.4.2: Contractor staff interviewed demonstrated good awareness of operation-specific environmental issues and the relevant environmental management procedures to be followed in order to limit the environmental impacts of their operations.
- CSA Z809 element 7.3.2: There is good coordination between the Participants and the Oil & Gas Commission (O&GC) during development planning of roads, helping to minimize unnecessary permanent road development.
- CSA Z809, Criterion 3, Element 3.2: The field audit observed numerous examples of well placed and configured blocks and roads designed to avoid streams and the need for crossings.

Follow-up on Findings from Previous Audits

At the time of this assessment there were a total of 2 open nonconformities from previous audits. The audit team reviewed the implementation of the action plans developed by the FSJPP Participants to address these issues, and found that they had been effectively implemented. As a result, all nonconformities identified during previous audits have now been closed.

New Areas of Nonconformance

A total of 4 minor nonconformities were identified during the CSA Z809 recertification audit of the FSJPP Participants' woodlands operations, as follows:

- CSA Z809 element 6.3: The new version of the SFM Plan (SFM Plan #2) does not fully address the following two core indicators:
 - 2.2.1 – Additions and deletions to the forest area – The most relevant SFM Plan indicator restricts the measure of deletions to the landbase to permanent access structures within cutblocks (i.e., roads developed outside of cutblocks are not included in this measure).
 - 5.2.3 – Level of direct and indirect employment – While there are a number of surrogate indicators in the SFM Plan that relate to economic development, there is no indicator(s) in the plan that measures employment.
- 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.



Pre-work and inspection procedures were found to be comprehensive and well implemented, and typically include block walk-throughs with logging contractors and licensees. This has led to the identification and protection of additional habitat features such as raptor nests that had not been identified during cutblock planning.



The Participants continue to focus much of their conifer harvest development in lodgepole pine stands that have been attacked by mountain pine beetle. This picture shows pitch tubes on the bark surface at the site of attack.

- CSA Z809 element 7.5.4: While both Canfor and BCTS are ensuring that annual internal audits are being carried out in accordance with their procedures, the most recent internal audit conducted for Canfor (in June 2011) was not conducted against the 2008 version of the CSA Z809 standard despite the SFM Plan being approved in November 2010. Consequently, there has been no internal audit to date that has assessed whether the participants' conform to the SFM requirements of the CSA Z809:08 standard which can be provided to management for their review.
- CSA Z809 element 7.4.6: On one BCTS block field reviewed, logging debris was left in one stream and was partially occluding another (both at pulled crossings) while the inclined roads approaching these streams were heavily rutted and were insufficiently cross-ditched to effectively manage the water and sediment flowing down the inclined portions of the roads from entering the streams.

Corrective action plans have been developed by the Participants to address all of the nonconformities identified during the audit.

New Opportunities for Improvement

A total of 6 new opportunities for improvement were also identified during the audit, as follows:

- CSA Z809 element 7.3.3: The representatives of two First Nation groups expressed dissatisfaction with the existing consultation processes established around the implementation of Canfor's pest management plan and affiliated notices of intent to treat and the fact that the resulting 2011 spray program proceeded despite their opposition to it. In assessing consultation processes related to herbicide use, it was noted that Canfor has, in consultation with one of the First Nation Groups, committed that it will implement treatment regimes for future blocks proposed under the new Forest Operations Schedule within the Group's critical community use area that will enhance conifer seedling survival and growth without herbicides. Notwithstanding this commitment, an opportunity exists for Canfor to explore and establish an enhanced consultation process for identifying and addressing the two Groups' areas of concern and interests and which likewise fosters a more cooperative, open and mutually satisfactory relationship while dealing with such issues.

Subsequent to the audit, Canfor has contacted the two groups in an effort to establish a new consultation process.

- CSA Z809 element 5.2: While the Participants could demonstrate that the information respecting the list of interested parties invited to participate on the PAG is available if one reviews a variety of scattered sources, there is no consolidated list of interested parties or, alternatively, a consolidated file which contains all of the information required of this list.
- CSA Z809 element 5.3: While both the latest SFM Plan and PAG Terms of Reference meet the content requirements of CSA Z809:08, both still reference the 2002 version of the CSA Z809 standard.
- CSA Z809 element 6.1: The SFM Plan does not clearly convey how the core indicators underlying each CSA SFM Element are being met by the suite of



The field audit included an assessment of the full range of operational practices and activities implemented by the Participants, including the deactivation of on-block roads at the completion of harvesting.



This picture depicts the retention of biodiversity on a block in the form of standing trees and stubs.

indicators in the plan (i.e., there is no mention of the core indicators and there are a number of SFM indicators which do not appear in the matrix in relation to particular CSA SFM Elements for which they have relevance).

- CSA Z809 element 7.4.6: The audit determined that Canfor harvest inspection results are not always being documented on the form established for this purpose, but rather on occasion are documented in supervisor's day timers, introducing the risk that a consolidated record of the inspections is not always being maintained within the management system.
- CSA Z809 element 7.5.2: Review of the BCTS Incident Tracking System (ITS) database identified isolated instances where the identification of root causes, progress details, follow-up status and effectiveness of corrective and preventive actions were not fully or clearly documented, as well as instances where actions were not closed in ITS despite the overlying nonconformity or incident being closed in the database.

Corrective Action Plans

Corrective action plans designed to address the root causes of the nonconformities identified during the audit have been developed by the FSJPP Participants 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.

Focus Areas for the Next Audit

The following issues/topics have been identified as focus areas for the next audit:

- Completion of the spatial identification of draft Old Growth Management Areas in the DFA.
- Implementation of action plans developed by the FSJPP Participants to address the nonconformities identified during this audit and follow-up on the status of identified opportunities for improvement also identified during this audit.
- Any areas of increasing public debate or elevated environmental risk identified at the audit planning stage.
- Any changes to the FSJPP Participants' activities, operations, forest practices and management systems (including any changes to the SFM Plan).
- Any significant changes in regulatory requirements.



The audit confirmed that the Participants have implemented silviculture programs that emphasize prompt site preparation (where prescribed) and planting of recently harvested stands planned for conifer reforestation.



The field audit of active operations included interviews with operators to assess their awareness levels of operational and management system issues and requirements. Operators' awareness levels were found to be very strong.

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