



TFL 48 – Canfor and BC Timber Sales – 2014 CSA Z809 Re-certification Audit Public Summary Report

Between February 15th and March 5th, 2014 KPMG Performance Registrar Inc. (KPMG PRI) carried out a CSA Z809 re-certification audit of Canadian Forest Products Ltd. (Canfor)'s and B.C. Timber Sales (BCTS)' operations within the Tree Farm Licence 48 Defined Forest Area (DFA). This certification summary report, which covers both the Canfor and BCTS certifications, 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. near 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

The TFL 48 DFA has been certified to the CSA Z809 standard since the year 2000. In 2011, the DFA was re-certified to the current CSA Z809-08 standard. Canfor and BCTS hold separate CSA Z809-08 certificates covering their operations on the TFL, each of which is valid until December 20, 2014. The successful completion of the 2014 re-certification audit will result in the issuance of replacement CSA Z809-08 certificates to Canfor and BCTS that are valid for an additional 3 years.



Audit Scope

The 2014 re-certification audit was a full scope assessment against the following sections of the CSA Z809-08 standard:

1. Sustainable forest management (SFM) requirements (general SFM requirements).
2. Public participation requirements (e.g., basic requirements, interested parties, process, etc.).
3. SFM performance requirements (e.g., SFM criteria, elements and core indicators).
4. SFM system requirements (e.g., SFM policy, rights and regulations, SFM plan, operational controls, corrective and preventive action, etc.).

In addition, the audit also included an assessment of several additional issues, including:

- Open action plans from previous audits.
- New activities, operations and forest practices.
- Significant changes in regulatory requirements.
- Public claims and communication, including logo use.
- Areas of elevated audit risk.
- Complaints made by third parties.
- Areas of audit priority identified in the previous audit report.





The Audit

- **Audit Team** – The audit was conducted by Bodo von Schilling, RPF, EP(EMSLA), Mike Alexander, RPF, EP(EMSLA) and Yurgen Menninga, RPF, EP(EMSLA). Yurgen is an employee of KPMG PRI while Bodo and Mike are contract auditors. All members of the audit team have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **Document Review** – An off-site document review was completed prior to the field audit in order to assess the 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.
- **PAC and First Nations Questionnaires** – Questionnaires were sent to all PAC members and First Nations whose traditional areas overlap the DFA in advance of the audit in order to obtain their views regarding the public participation process and Canfor’s and BCTS’ forest management activities on TFL 48. However, very few responses to these questionnaires were received.
- **Field Audit** – The on-site field audit included 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 BCTS’ planning, road, harvesting and silviculture practices on TFL 48.
- **Number of field sites visited during the audit:**

	<u>Canfor</u>	<u>BCTS</u>
Roads:	4	2
Harvesting:	3	2
Silviculture:	0	1
- **Audit interviews** – A sample of Canfor and BCTS staff and contractors were interviewed during the audit. In addition, interviews with a sample of PAC members and representatives of 2 local First Nations (Saulteau First Nations and McLeod Lake Indian Band) were also conducted.
- **Client Representatives** – Jolene Fellhauer, FIT, Canfor Planning Forester, and Jason Pederson, RFT, BCTS Certification Standards Officer served as the client representatives during the audit.

Audit Objectives

The objective of the audit was to evaluate the 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 Z809-08.

Good Practices

A number of good practices were noted during the 2014 audit. The following list highlights some of the examples noted:

- CSA Z809 element 7.4.6: On one of the harvest blocks inspected the logging contractor had done a good job of leaving large diameter stub trees tied into the vegetated understory of the machine free zone of a riparian area. (Canfor)

2014 Canfor/BCTS TFL 48 CSA Z809 Re-certification Audit Findings	
Major non-conformities	0
Minor non-conformities	2
Opportunities for improvement	4

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 7.4.6: The audit found that a skidder operator had avoided a sensitive soil area in a cutblock by arranging for the loader to move wood out of the area. (Canfor)
- CSA Z809-08 element 7.5.2: Incident investigations consider root cause and result in preventive and corrective actions that are well managed in the Incident Tracking System (ITS). Canfor Chetwynd personnel also benefit from Canfor-level reviews of issues such as the Kaizen process. (Canfor)

Follow-up on Findings from Previous Audits

At the time of this assessment there was only one open minor non-conformity (which related to the absence of a 2013 BCTS CSA Z809 management review) from the 2013 TFL 48 surveillance audit. An approved action plan to address this finding was developed by BCTS following the 2013 audit that requires the completion of a management review regarding BCTS's operations on TFL 48 by the end of July 2014. At the time of the 2014 CSA Z809-08 re-certification audit this action plan had yet to be completed and the finding remains open.

New Areas of Nonconformity

Two new minor non-conformities were identified during the 2014 re-certification audit, as follows:

- CSA Z809-08 element 7.4.6 requires that operational controls be established and maintained in cases where their absence could lead to deviations from the SFM requirements or environmental objectives. However, the audit found that a loader operator working on an active cutblock did not have a copy of the block map for the two months he had been working on the block. (Canfor).
- CSA Z809-08 element 7.4.6 requires the organization to identify and implement the operational procedures and controls needed to meet the SFM requirements. Site plans and harvest plans are two of the operational controls that are used by BCTS to address this requirement. Most of the BCTS site plans and related harvest plan and background information reviewed during the audit were found to accurately define the planned harvest system to be used. One of the BCTS blocks inspected during the audit was originally planned and laid out for conventional harvesting (100 % feller buncher and 100% grapple skidder). However, subsequent to the sale of the block (but prior to the commencement of harvesting) it was determined by the timber sale licensee that a significant proportion of the block was much steeper than the BCTS Harvest Plan and Safety Report indicated. Had the block been harvested using conventional harvesting as originally prescribed, this inaccuracy in the BCTS Harvest Plan and Safety Report had the potential to result in an adverse environmental impact and an unacceptable risk to worker safety. NB. Based on the information regarding the actual steepness of the block that was provided by the licensee, the plans were amended to change the harvest system on the steeper portions of the block from conventional to cable, which required that additional changes be made to wildlife tree patch (WTP) and road locations prior to the commencement of harvesting. (BCTS)



The audit team conducted assessments of a sample of field sites (6 roads, 5 harvesting blocks and 1 silviculture site) to assess Canfor and BCTS planning, harvesting, silviculture, and road construction, maintenance and deactivation practices against the requirements of the CSA Z809 standard.

Opportunities for Improvement

Four new opportunities for improvement were also identified during the 2014 re-certification audit, as follows:

- CSA Z809-08 element 5.2 requires the organization to obtain Public Advisory Committee (PAC) representation from a broad range of interested parties and invite them to participate in developing the public participation process and SFM plan. However, since 2011 the TFL 48 PAC has had only 5 meetings and one field trip with public participation ranging from only 3 to 8 representatives at meetings. In addition, there was no PAC meeting in 2013. (Canfor and BCTS)
- CSA Z809-08 element 6.1 requires the organization to set performance standards (values, objectives, indicators and targets) for the DFA that address all of the SFM elements contained in the standard. However, review of Indicator 5 of the TFL 48 SFM plan identified a discrepancy where the indicator statement references tree diameter limits of 17.5 cm dbh while the target statement references tree diameter limits of 23.0 cm dbh. (Canfor and BCTS)
- CSA Z809-08 element 7.3.3 requires the organization to demonstrate that Aboriginal title and rights and treaty rights have been identified and respected. The audit considered a variety of evidence in evaluating Canfor's conformance with this requirement, including correspondence provided by Sauteau First Nations (SFN) who have participated with Canfor over the past several years on the PAC. Interviews were held with First Nations and Canfor representatives during the audit, and KPMG PRI also considered correspondence between the parties and other documents. During the audit SFN stated that their Aboriginal/Treaty rights were not being identified and respected by Canfor. The audit team followed up on the specific issues raised by the SFN but did not identify any issues that would support a finding of non-conformance at this time. Examples were noted where Canfor has dropped proposed blocks and demonstrated a willingness to mitigate issues of concern raised by First Nations by making adjustments to proposed developments. There was also considerable correspondence from Canfor to SFN in which they had attempted to address the general forest management and site specific concerns raised by SFN. However, the audit did identify a number of aspects to the relationship between Canfor and SFN that have the potential to negatively affect the achievement of sustainable forest management on TFL 48 (e.g., timeliness of responses by Canfor to forest management concerns raised by SFN, a belief by SFN that Canfor has not adequately addressed a number of general forest management and site specific concerns raised by SFN in recent correspondence and meetings, differing views between the parties regarding the role that SFN should play in the forest management planning process, etc.). Taken collectively, the above issues represent an opportunity for Canfor to improve its working relation with SFN. (Canfor)
- CSA Z809-08 element 7.4.6 requires the organization to identify and implement the operational procedures and controls needed to meet the SFM requirements. The 2013 Canfor Emergency Preparedness and Response Plan (EPRP) states that the EPRP applies to employees, contractors, and subcontractors performing work for Canfor. However, a subcontractor mechanic was interviewed on an active cutblock who demonstrated a lack of understanding that subcontractor mechanics fall under these requirements. (Canfor)



Review of the 2012 TFL 48 SFM plan monitoring report and supporting silviculture records during the audit confirmed that Canfor and BCTS continue to meet the applicable reforestation requirements for regeneration declaration and free growing stands.

Corrective Action Plans

Written corrective action plans to address the non-conformities identified during the audit have been developed by Canfor and BCTS and approved by KPMG PRI. The 2015 audit will include an assessment of all open non-conformities and opportunities for improvement to determine whether they have been satisfactorily addressed.

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 noted otherwise 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 continue to be registered to the CSA Z809 standard within TFL 48. Replacement CSA Z809-08 certificates covering an additional 3 years will be issued to Canfor (immediately) and BCTS (once the open minor non-conformity from 2013 discussed earlier in this report has been satisfactorily addressed).

Focus Areas for the Next Audit

The following issues/topics have been identified as focus areas for the 2015 audit:

- Implementation and effectiveness of the action plans developed by Canfor and BCTS to address the findings of the 2014 audit.
- Canfor and BCTS efforts to identify and address concerns raised by local First Nations regarding forest management activities on TFL 48.
- Canfor's implementation of its procedures for tracking correspondence and meetings with third parties and related commitments regarding forest management on TFL 48.
- Completion and government approval of TFL 48 Management Plan #5 and the supporting timber supply analysis and the subsequent updating of the TFL 48 SFM plan.

Date of the Next Audit

The next CSA Z809 audit of Canfor's and BC Timber Sales' operations within the Tree Farm Licence 48 DFA will take place in the summer of 2015.



After harvesting and silviculture operations are complete on-block roads are deactivated (removal of bridges and culverts, installation of cross-ditches, revegetation of ditchlines) to help minimize risks to riparian values. In order to help ensure public safety, signs are installed on deactivated roads to notify potential users.

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