

REPORT Forest Certification



BC Timber Sales Skeena Business Area SFI Certification Audit – October 2007

In September 2007, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out a SFI certification audit of the BC Timber Sales Skeena Business Area (Skeena BA) woodlands operations in northwestern British Columbia against the requirements of the 2005 - 2009 edition of the Sustainable Forestry Initiative® (SFI) standard. To provide for a more efficient audit, an ISO 14001 surveillance audit was conducted at the same time. This Certification Summary Report provides an overview of the process and KPMG's findings.

Description of Skeena's Crown Land Forest Operations:

BC Timber Sales is an autonomous organization within the Ministry of Forest and Range, with financial and operational independence from regional and district operations. This organization is comprised of 12 business areas across the province and supports the Ministry's goal of providing British Columbians with sustainable benefits from the commercial use of public forests. BC Timber Sales provides these benefits by planning, developing, and selling through auction a substantial and representative portion of the province's annual available timber volume. The bid prices received from auctioned timber drive the Market Pricing System for setting stumpage in coastal and interior operating areas of the province. The organization manages about 20% (16 million m³) of the provincial allowable annual cut (AAC).

The Skeena BA, situated in northwestern British Columbia (B.C.), encompasses the Kalum, Skeena Stikine and North Coast forest districts. Within these forest districts, the Skeena BA operates in the Kalum, Nass, Kispiox, Cassiar and Cranberry Timber Supply Areas (TSAs) and Tree Farm Licences (TFLs) 1 and 41.

Six statutes form the legal framework for forest management on Crown lands in B.C.: the Forest Act, the Forest Practices Code of British Columbia Act, the Ministry of Forests Act, the Forest and Range Practices Act (FRPA), the Wildfire Act, and the Foresters Act. Numerous other provincial and federal acts, regulations, guidelines and policies also have implications for forestry operations on Crown lands. BC Timber Sales offices issue timber sale licences to successful bidders under the authority of the Forest Act. The AAC of each TSA is determined by the provincial chief forester, every 5 years, under authority of Section 8 of the Forest Act. The AAC allocated to Skeena BA in the five TSAs and two TFLs is 1,014,191 m³.

FRPA and its regulations in particular set the requirements for planning, road building, logging, reforestation, and grazing. FRPA prescribes levels of protection for forest values including watersheds and wildlife habitat, and defines planning processes. BC Timber Sales has developed Forest Stewardship Plans (FSP) to meet the requirements of FRPA.



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Findings – BC Timber Sales Skeena Business Area SFI Certification Audit – October 2007

The Skeena BA has developed a Sustainable Forest Management Plan (SFMP) which describes how the operation will achieve the broad objectives of higher level plans, such as the Kalum Sustainable Resource Management Plan (SRMP), developed through various public involvement processes. It also guides the development and content of other planning documents including the FSP. The SFMP reflects the bounds established by higher level plans and through the regulatory framework described above. TSK ensures that all lower-level plans it is responsible for developing (e.g.: the FSP, and all site level plans) are consistent with the commitments made in their SFMP.

Skeena BA crown land woodlands operations are managed from the timber sales office in Terrace, B.C. with four field teams located in offices in Terrace and New Hazelton.

Audit Scope

The audit was conducted against the requirements of the 2005-2009 edition of the SFI standard, and incorporated an assessment against the SFI program objectives for:

- Land management;
- Forestry research, science and technology;
- Training and education;
- Legal and regulatory compliance;
- Public and landowner involvement in the practice of sustainable forestry; and,
- Management review and continual improvement.

The scope of the 2007 SFI certification audit of the Skeena BA's operations included all of the woodlands operations noted above. Fibre procurement activities were not included in the scope of the certification as BC Timber Sales functions solely as a provider of Crown timber to other wood suppliers.

The Audit

- *Audit Team* – This certification audit was conducted by Sylvi Holmsen, RPF, CEA(SFM), EMS(LA) and Michael Alexander, RPF, CEA(SFM), EMS(LA). Both team members are KPMG PRI auditors and have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, and CSA Z809.
- *SFI Certification Audit/ISO 14001 Surveillance Audit* – This SFI certification audit involved an on-site assessment of all elements of the Skeena BA's SFI program in conjunction with KPMG PRI's surveillance audit of the ISO 14001 system, which has been registered to the ISO 14001:2004 standard since late 2005. The audit included visits to a number of field sites to evaluate the extent to which the operation's forest management plans and practices conform to the requirements of the SFI standard.
- *Surveillance Audits* – Annual surveillance audits are conducted by the audit team to ensure that SFI requirements continue to be met.
- *SFI Program Representative* – Doug Davies, RPF served as Skeena BA's SFI program representative during the audit.

Audit results

Minor non-conformities from previous audits that remain open	1
New major non-conformities	0
New minor non-conformities	2
New opportunities for improvement	7

Types of audit findings

Major nonconformities:

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

Major non-conformities must be addressed immediately or registration cannot be achieved / maintained.

Minor nonconformities:

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

All non-conformities (major and minor) require an action plan within 30 days and must be addressed by the operation.

Opportunities for Improvement:

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

Findings – BC Timber Sales Skeena Business Area SFI Certification Audit – October 2007

Use of Substitute Indicators

The audit was based on the indicators included in the 2005-2009 version of the SFI standard. No substitute indicators were used during the 2007 certification audit.

Audit Objectives

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

- An SFI certification audit to evaluate the operation's conformance with the requirements of the 2005-2009 version of the SFI standard.
- An ISO 14001 surveillance audit against selected requirements of ISO 14001:2004.

Audit Conclusions

The audit found that:

- The operation's B.C. woodlands operations meet the requirements of the 2005-2009 version of the SFI standard in all material respects. As a result, a decision has been made to grant certification to the SFI standard for the next 5 years. SBA's SFI certification is valid until October 24, 2012.
- The operation's EMS continues to be effectively implemented, and all elements of the EMS meet the requirements of ISO 14001:2004 in all material respects.

Good Practices

During the course of the audit, a number of good practices were identified. The following list outlines some of the more notable examples of good practices that were observed by the audit team:

- The operation has developed a best management practice (BMP) for Heavy Rainfall Shutdown. While the operation has yet to fully implement the procedures, field inspection of an active road construction project indicated that the crew were aware of the site conditions and had voluntarily ceased operating heavy equipment on the project following heavy rain.
- There has been a significant improvement in awareness of EMS requirements on the part of BCTS and LPC staff since the last assessment.
- Most LPCs have made significant improvement in their conformance with fuel management requirements since the last assessment.

Follow-up on Findings from Previous Audits

The 2007 audit found that the Skeena BA continues to make adequate progress towards addressing the findings of previous ISO 14001 audits. However, one minor non-conformity which also relates to the SFI standard has yet to be adequately addressed by the operation.

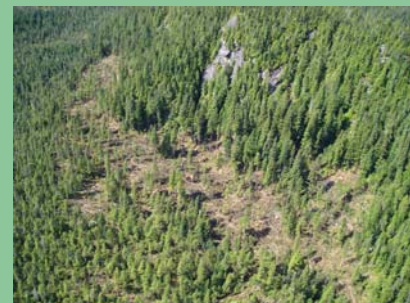
Performance Measure 4.1 requires the organization to implement programs related to the management of biodiversity. During a previous assessment, the lack of programs for the management of species at risk was identified as a finding. While action plans have been



BCTS operations in the Skeena Business Area cover a wide geographic range including coastal and inland areas.



BCTS is responsible for completing assessments such as forest health during planning activities.



Where ecologically appropriate, BCTS plans include retention of mature and immature trees to maintain structural diversity and visual quality.

Findings – BC Timber Sales Skeena Business Area SFI Certification Audit – October 2007

developed and there has been significant progress in implementing these to address the underlying issue, actions related to the development of operational controls and information on species identification have not yet been completed.

The next surveillance audit will include a follow-up assessment of this issue to confirm that the remaining corrective action plans have been implemented as required.

Areas of Nonconformance

Full conformance was found in relation to 95% of the indicators included in the Skeena BA SFI audit protocol. A total of 2 minor non-conformities were however identified during the combined SFI certification/ISO 14001 surveillance audit of the Skeena BA's crown land forest operations. These findings are being reported at the SFI Performance Measure level and as a result an issue identified during the audit may apply to more than one SFI indicator under the Performance Measure. The non-conformities identified during the audit were:

- Performance Measure 3.1 of the SFI standard requires organizations to monitor their activities for conformance with the SFM requirements. Visits to field operations indicated that the Skeena BA's procedures for the documentation of inspections were generally being implemented as required. However several weaknesses were identified with the implementation and monitoring of practices related to water control on one block.
- Performance Measures 10.1 and 11.2 of the SFI standard require the organization to have written commitments to the SFM system and a written policy demonstrating a commitment to comply with social laws. The Skeena BA relies on its environmental policy (dated June 11, 2005) to address these requirements, however, there is no clear commitment to these requirements in the policy.

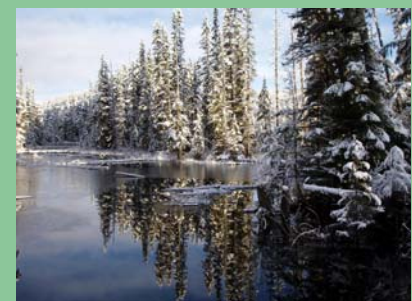
Opportunities for Improvement

The following opportunities for improvement were identified during the audit:

- The audit identified an opportunity to improve implementation of the operation's fuel management procedures on active harvesting operations. Isolated instances were noted of fire extinguishers missing inspection tags, discharged fire extinguishers, incomplete spill kits and several mislabeled fuel drums.
- The audit identified an opportunity to improve the linkage between the SFMP, the SFI Roles Responsibilities Matrix and existing government policies addressing the commitment to compliance with social laws. While there are government policies that address all of the commitments, the SFMS does not provide a clear link to these.
- The audit identified an opportunity to improve the tracking of research activities to ensure that all relevant projects are identified and documented.
- Several weaknesses were identified with respect to the emergency response procedures and testing in relation to staff roles and responsibilities, assessment of the effectiveness of the procedures and evaluating the results of licences and contractors testing in terms of improving the procedures.



In addition to managing the timber resource within the business area, BCTS is committed to protecting other forest resource values such as scenic areas and fisheries.



Findings – BC Timber Sales Skeena Business Area SFI Certification Audit – October 2007

- The audit identified an opportunity to improve the Skeena BA program for ensuring compliance. As the Skeena BA has no control over the activities of outside agencies, monitoring by those agencies cannot be relied on for ensuring compliance with legal requirements and should only be considered as an input into Skeena BA's overall evaluation of compliance.
- Several isolated weaknesses were identified in the documentation of the Skeena BA's commitments to SFI in the SFMP and the SFI Roles Responsibilities Matrix.
- The audit identified an opportunity to improve the documentation of the Skeena BA's program for implementing and monitoring best management practices beyond the legal requirements addressed in the EMS.

Corrective Action Plans

Corrective action plans designed to address the root cause(s) of the non-conformities identified during the audit have been developed by the Skeena BA 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.



Activities for which BCTS has responsibility include planning, road and bridge construction, maintenance and deactivation, silviculture and monitoring of the implementation of these activities.

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