

## Atco Wood Products Ltd—2014 Re-certification Audit

From May 5-7, 2014, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI re-certification audit of Atco Wood Products Ltd's Fruitvale, BC, woodlands operations against the requirements of the 2010-2014 edition of the Sustainable Forestry Initiative® (SFI) standard. This Certification Summary Report provides an overview of the process and KPMG's findings.

### Description of Atco Wood Product's Woodlands Operations

Atco's Crown land woodlands operations are situated in south central BC, Canada and comprise forest licences FL A20193 in the Arrow Timber Supply Area (TSA) and FL A20218 in the Kootenay Lake TSA. Atco's Crown land woodlands operations are managed by the Company from offices in Fruitvale, BC.

Atco has developed a Sustainable Forest Management Plan (SFMP) which describes how the company will achieve the objectives of higher level plans developed under public involvement processes such as the Kootenay Boundary Land Use Planning Process. It also guides the development and content of other planning documents including the Forest Stewardship Plan.

### Audit Scope

The audit was conducted against the requirements of the 2010-2014 edition of the SFI standard, and incorporated an assessment against the SFI program objectives for:

- Forest management planning;
- Forest productivity;
- Protection and maintenance of water resources;
- Conservation of biological diversity;
- Management of visual quality and recreation benefits;
- Protection of special sites;
- Efficient use of forest resources;
- Fibre sourcing (landowner outreach, adherence to best management practices, promotion of conservation of biological diversity, etc.);
- Legal and regulatory compliance;
- Forestry research, science and technology;
- Training and education;
- Community involvement in the practice of sustainable forestry;
- Public land management responsibilities;
- Communications and public reporting, and;



- Management review and continual improvement.

The scope of the 2014 SFI certification audit of Atco Wood products Ltd’s operations included all of the company’s crown tenures as well as fibre procurement activities for the company’s veneer mill in Fruitvale BC.

### The Audit

- **Audit Team** – The audit was conducted by Yurgen Menninga, Registered Professional Forester, Environmental Professional (Environmental Management Systems Lead Auditor) and Michael Alexander PRF, EP(EMSLA). Yurgen is an employee of KPMG PRI and Michael is a contractor; both have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **SFI Certification Audit** – The audit involved an on-site assessment of all elements of the Company’s SFI program, and included visits to several field sites to evaluate conformance with the requirements of the current SFI standard.
- **SFI Surveillance Audit** – Annual SFI surveillance audits are conducted by KPMG to ensure that SFI requirements continue to be met.
- **Atco Wood Products Ltd. SFI Program Representative** – Craig Stemmler RPF served as the company SFI program representative during the audit.

### Audit Objectives

The objectives of the audit were to evaluate the sustainable forest management system to:

- Determine its conformance with the requirements of SFI 2010-2014;
- Evaluate the ability of the system to ensure the Company meets applicable regulatory requirements;
- Evaluate the effectiveness of the system in ensuring the Company meets its specified objectives, and;
- Where applicable, identify opportunities for improvement.

### Audit Conclusions

The audit found that:

- The Company’s B.C. woodlands operations meet the requirements of the 2010-2014 version of the SFI standard in all material respects. As a result, a decision has been made to re-certify the operation to the SFI standard.

<b>Atco Wood Products Ltd. SFI Certification Audit Findings</b>	
Major non-conformities	0
Minor non-conformities	0
Opportunities for improvement	0

### Evidence of Conformity with SFI 2010-2014

Primary sources of evidence assessed to determine conformity with the SFI 2010-2014 standard are presented in Table 1 below.

SFI Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	Forest Stewardship Plan (FSP), Sustainable Forest management (SFM) Plan, Kootenay-Boundary Higher Level Plan Order, Cut Control Performance Summaries, Annual Allowable Cut (AAC) apportionment, Timber Supply Review documentation, Innovative Forest Practices Agreement Rationale for AAC Increase in Arrow TSA.
2. Forest Productivity	SFM Plan, FSP, approved stocking standards, site plans, silviculture reports, environmental instructions, field inspections.
3. Protection and Maintenance of Water Resources	SFM Plan, FSP, field inspections of riparian areas, review of site plans.
4. Conservation of Biological Diversity	SFM Plan FSP, site plans, field inspections.
5. Management of Visual Quality and Recreational Benefits	SFM Plan, FSP, harvest plans, visual impact assessments, field inspections.
6. Protection of Special Sites	SFM Plan, FSP, harvest & site plans.
7. Efficient Use of Forest Resources	SFM Plan, government waste & residue reports, field inspections.
8. Landowner Outreach	SFM Plan, Atco Wood Procurement Information Package, Purchase wood inspections, Purchase Wood Contracts.
9. Use of Qualified Resource and Logging Professionals	SFM Plan, Atco Wood Procurement Information Package, Qualified Logging Professionals Contact List
10. Adherence to Best Management Practices	SFM Plan, Atco Wood Procurement Information Package, Qualified Logging Professionals Contact List, Purchase wood inspections

Table 1 continued next page

#### 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.

Table 1 continued

SFI Objective #	Sources of Key Evidence of Conformity
11-13—apply to fibre sourcing from tropical forests	N/A
14. Legal and Regulatory Compliance	SFM Plan, environmental instructions, management review meeting minutes, inspection records, field inspections, non conformity report.
15. Forestry Research & Technology	SFM Plan, records of involvement with research projects, Arrow Innovative Forest
16. Training and Education	SFM Plan, training records.
17. Community Involvement in the Practice of Sustainable Forestry	SFM Plan, Atco Wood Procurement Information Package, Records of Relevant Public Inquiry, Records of Education and Outreach.
18. Public Land Management Responsibilities	SFM Plan, site plans, First Nations correspondence records.
19. Communications and Public Reporting	SFM Plan, Certification summary report, records supporting information in the annual 2013 SFI Progress Report, interviews with
20. Management Review and Continual Improvement	SFM Plan, SFI Program Indicators Matrix, inspection records, management review meeting minutes.

### Good Practices

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

- **SFI Objective 2 (forest productivity)** — Continuing excellent silviculture program including site preparation, trail re-contouring, diverse tree species planting program and prompt mechanical brushing resulting in the rapid establishment of diverse and robust free-growing stands.
- **SFI Objective 2 (Forest Productivity) and Objective 3 (Water Quality)** - The practice of the woods manager completing a detailed field review of all planned road and harvest areas in order to check that potential impacts to soil and water are minimized.



The company continues to have an excellent silviculture program that results in the rapid establishment of free-growing stands.

*Good Practices continued*

- **SFI Objective 7 (Efficient Use of Forest Resources)** – Atco continues to undertake its’ program of harvesting Grade 4 (pulp) logs to achieve improved utilization efficiency. Grade 4 logs are not typically utilized in the West Kootenay region.
- **SFI Objective 16 (Training and Education)** – The company practice of reviewing audit results with contractors at training sessions provides an effective feedback loop.
- **SFI Objective 18 (Public Land Management Responsibilities)** - The “In-house tracking sheet” is effective at documenting how various requirements and stakeholders are addressed i.e. First Nations, domestic water users, recreation groups, Regional Districts.

Also in regards to this objective, the company made significant efforts in accommodating the concerns of a local ecological/environmental group, amending plans to retain larger diameter stems immediately prior to harvest.

- **SFI Objective 20 (Management Review and Continual Improvement)** – The management review was found to be thorough and well documented.

**Areas of Nonconformance**

No non-conformities were identified.

**Opportunities for Improvement**

No opportunities for improvement was identified during the audit.

**Next audit**

The next annual audit will occur in mid-2015.



Photo of a recently harvested block where the company delayed harvest at the last minute to address a local ecological/environmental group’s concerns around the retention of large diameter stems.

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