

REPORT Forest Certification



West Fraser Mills Ltd. – B.C. and Alberta Woodlands – 2015

Between February and July 2015 an audit team from KPMG Performance Registrar Inc. (“KPMG” or “KPMG PRI”) carried out a re-certification audit of West Fraser Mills Ltd. (West Fraser’s B.C. and Alberta Woodlands Operations and associated production facilities against the requirements of the Sustainable Forestry Initiative® (SFI) 2015-2019 forest management and fiber sourcing standards. To provide for a more efficient audit, ISO 14001, PEFC and FSC chain of custody surveillance audits were conducted at the same time. This Certification Summary Report provides an overview of the process and KPMG’s findings regarding the Company’s conformance with the SFI 2015-2019 forest management and fiber sourcing standards.

SFI Forest Management and Fiber Sourcing Certifications

All of West Fraser’s B.C. and Alberta Woodlands Operations are included within the scope of multi-site ISO 14001 and SFI (forest management and fiber sourcing) certificates issued by KPMG PRI. The Company’s current ISO 14001 certification expires on July 11, 2017, while its SFI certifications are valid until August 12, 2018.

West Fraser’s B.C. and Alberta Woodlands Operations

The area included within the scope of the Company’s combined ISO 14001/SFI forest management certifications includes the following 10 West Fraser Woodlands Operations:

- Alberta Plywood Woodlands
- Blue Ridge Lumber Woodlands
- Chetwynd Forest Industries Woodlands
- Fraser Lake Woodlands
- High Prairie Forest Products Woodlands
- Hinton Wood Products Woodlands
- Pacific Inland Resources Woodlands
- Quesnel Woodlands
- South Caribou Woodlands
- Sundre Woodlands

The above West Fraser woodlands operations currently cover a total of approximately 6.9 million hectares (gross area), and provide the Company with a combined allowable annual cut (AAC) of 12.7 million m³ per year. The audit found that Company continues to conform to the AACs applicable to these operations (for 2014 the actual harvest level from company tenures was 10.6 million m³).

West Fraser’s B.C. and Alberta Woodlands operations are all covered by a corporate sustainable forest management (SFM) plan that addresses the Objectives of the SFI forest management standard and includes a variety of targets in relation to them. In addition, government-approved forest stewardship plans (for all B.C. Woodlands) and forest management plans (for all Alberta woodlands) that address both timber and non-timber values are also in place. In addition, various higher level plans developed by government (e.g., Land and Resource Management Plans, etc.) also provide direction to forest management within the areas managed by the Company.

The Company’s B.C. and Alberta woodlands operations fall within the following ecoregions: (1) Fraser Plateau and Basin Complex, (2) North Central Rockies Forest, (3) Cascade Mountains Leeward Forest, (4) Central British Columbia Mountain Forests, (5) Okanagan Dry Forests, (6) Alberta-British Columbia Foothills Forests, (7) Alberta Mountain Forests, (8) Canadian Aspen Forests and Parklands, (9) Mid-Continental Canadian Forests, and (10) Northern Cordillera Forests. The above ecoregions also represent the area of B.C. and Alberta from which the Company procures fibre from third parties to supplement supplies harvested from its own woodlands operations.



The forests managed by the Company are dominated by the following commercial tree species: *Pinus contorta* var. *latifolia* (Lodgepole pine), *Picea glauca* (White spruce and hybrids), *Picea engelmannii* (Engelman spruce and hybrids), *Picea mariana* (Black spruce), *Pseudotsuga menziesii* (Interior Douglas-fir), *Abies balsamea* (Balsam Fir), *Abies lasiocarpa* (Sub-alpine fir), *Populus tremuloides* (Trembling aspen), *Populus balsamifera* (Balsam poplar), *Betula papyrifera* (Paper birch).

The forest management approach employed by the Company at its B.C. and Alberta woodlands operations is based on even-aged management, ground-based harvesting systems, clearcut harvesting with the retention of reserves of standing trees either within or adjacent to harvest areas, replanting of harvest areas within a few years with a mix of ecologically suited tree species and control of competing vegetation through the use of government-approved chemical herbicides (only some woodlands operations) and/or mechanical means. Controls are in place to help reduce reliance on chemical brush control where feasible to do so.

West Fraser’s B.C. and Alberta Woodlands Manufacturing Facilities

The mills included within the scope of the Company’s SFI fibre sourcing certification includes the following West Fraser manufacturing facilities:

- 100 Mile Lumber sawmill
- Alberta Plywood sawmill
- Blue Ridge Lumber sawmill
- Chasm sawmill
- Chetwynd Forest Industries sawmill
- Edson Forest Products sawmill
- Fraser Lake sawmill
- Hinton Wood Products sawmill
- Pacific Inland Resources sawmill
- Quesnel sawmill and plywood mill
- Slave Lake pulpmill
- Sundre Forest Products sawmill
- West Fraser LVL mill
- Williams Lake sawmill and plywood mill

The Company’s fiber sourcing needs vary considerably between facilities. While the majority of fiber is sourced directly from the Company’s own woodlands, approximately one-third (5.0 million m³ in 2014) is purchased from third parties, a small portion of which is purchase stumpage that is logged by West Fraser contractors under the Company’s environmental management system.

West Fraser participates in the WCSIC Purchase Wood Monitoring Program by completing risk assessments for all wood purchases and purchase wood inspections as necessary. The results are then collated by WCSIC (of which West Fraser is a member) in order to identify trends in performance and opportunities for improvement. The large majority of wood purchases are from other organizations (forest companies and B.C. Timber Sales) who hold their own SFM certifications, with a small percentage coming from uncertified private land and oilfield salvage operations.

West Fraser Mills Ltd.—B.C. and Alberta Woodlands 2015 SFI Re-registration Audit Findings

Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	4
New opportunities for improvement	11

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. Corrective action plans to address major non-conformities must be fully implemented by the operation within 3 months or certification cannot be achieved / maintained. Corrective action plans to address minor non-conformities must be fully implemented within 12 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.

Audit Scope

The ISO 14001 portion of the audit included a limited scope assessment of the West Fraser B.C. and Alberta Woodlands Operation's Environmental Management System (EMS) against selected requirements of the ISO 14001:2004 standard. The SFI portion of the audit entailed a full scope assessment against the requirements of the 2015-2019 edition of the SFI forest management and fibre sourcing standards, involving the SFI program objectives for:

- Forest management planning;
- Forest health and 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 fibre resources;
- Recognize and respect Indigenous Peoples' rights;
- Legal and regulatory compliance;
- Forestry research, science and technology;
- Training and education;
- Community involvement and landowner outreach;
- Public land management responsibilities;
- Communications and public reporting, and;
- Management review and continual improvement.

The Audit

- *Audit Team* – The audit was conducted by Dave Bebb, RPF, EP(EMSLA), Neil MacEachern, RPF, Yurgen Menninga, RPF, EP(EMSLA). Members of the audit team have conducted numerous forest management audits under a variety of Standards including SFI, ISO 14001, CSA Z809 and FSC.
- *Combined ISO 14001 and SFI Surveillance Audit* – The audit involved an on-site assessment of the West Fraser B.C. and Alberta Woodlands Operation's environmental management system (EMS) and SFI program. Site visits were made to a total of 4 out of the 12 woodlands divisions included within the scope of the Company's ISO 14001 and SFI certifications (High Prairie, Alberta Plywood, Pacific Inland Resources and South Caribou) as well as the Company's Quesnel, B.C. Corporate Office. This sample size is consistent with IAF requirements regarding audit sampling for multi-site certifications. The audit involved a review of selected EMS and SFI records, interviews with a sample of staff and contractors and visits to a sample of field sites (49 roads, 41 cutblocks, 18 silviculture sites, 1 camp and 15 wood procurement sites) to evaluate SFM system implementation and the adequacy of forest management plans and practices. The SFI/ISO 14001 portion of the 2015 West Fraser audit took a total of 48 auditor days to complete, 33 days of which were spent on-site at the operations included in the audit sample. The balance of audit time was spent preparing the audit plan, completing an off-site review of selected Company documents and records and completing various audit checklists and preparing the main and public summary audit reports.
- *West Fraser's SFI Program Representative* – Stephen Vinnedge, RPF (West Fraser's Stewardship Forester and Corporate EMS Coordinator) served as the Company's SFI program representative during the audit.



The audit involved a review of selected EMS and SFI records, interviews with a sample of staff and contractors and visits to field sites (49 roads, 41 cutblocks, 18 silviculture sites, 1 camp and 15 wood procurement sites) to evaluate SFM system implementation and the adequacy of forest management plans and practices.

Audit Objectives

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

- A full scope re-certification audit against the requirements of the 2015-2019 version of the SFI forest management and fibre sourcing standards.
- A limited scope surveillance audit against the requirements of the ISO 14001:2004 standard.

Use of Substitute SFI Indicators

The SFI portion of the audit involved an assessment of conformance against the applicable objectives, performance measures and indicators included in the 2015-2019 version of the SFI forest management and fiber sourcing standards. None of the indicators included in the SFI standards were modified or substituted for the purpose of this audit.

Audit Conclusions

West Fraser’s EMS and SFI program were found to be effectively implemented by the Company’s B.C. and Alberta Woodlands Operations, and continue to meet the requirements of ISO 14001:2004 and the 2015-2019 versions of the SFI forest management and fibre sourcing standards except where noted otherwise in the balance of this report. As a result, West Fraser’s B.C. and Alberta Woodlands Operations will continue to be certified to the ISO 14001 and SFI Standards.

Evidence of Conformity with SFI 2015-2019 Standards

Primary sources of evidence assessed to determine conformity with the SFI 2015-2019 forest management and fiber sourcing standards are presented in Table 1 below.

SFI Forest Management Objective	Sources of Key Evidence of Conformity
1. Forest Management Planning	SFM plan, FSPs, DFMPs, GDPs, AOPs, TSR AAC Rationales, GIS, review of site plans, harvesting records interviews with a sample of staff and contractors, inspection of a sample of field sites.
2. Forest Health and Productivity	SFM plan, FSPs, DFMPs, EMS operational controls, review of site plans, interviews with a sample of staff and contractors, review of silviculture records for selected operations, inspection of a sample of field sites.
3. Protection and Maintenance of Water Resources	SFM plan, FSPs, DFMPs, divisional operational controls, conformance with the results of watershed assessments, review of site plans & harvest plans, inspection of a sample of field sites with riparian features.
4. Conservation of Biological Diversity	SFM plan, FSPs, DFMPs, interviews with planning staff, divisional operational controls, review of wildlife and biodiversity information and strategies contained in divisional GIS, site plans, inspection of a sample of field sites with wildlife habitat features.



The audit found a high level of compliance with applicable regulatory and EMS requirements on the sites included in the 2015 audit sample. In the example depicted above, a temporary bridge over an S4 fish stream was removed by the Company following completion of harvesting.

5.	Management of Visual Quality and Recreational Benefits	SFM plan, FSPs, DFMPs, review of site plans and associated VIA results, interviews with a sample of staff and contractors, inspection of a sample of field sites.
6.	Protection of Special Sites	SFM plan, FSPs, DFMPs, interviews with planning staff, review of site plans and stakeholder consultation records, inspection of a sample of field sites with special sites.
7.	Efficient Use of Fibre Resources	SFM plan, divisional waste survey results, government-issued cut control letters, final block inspections, inspection of a sample of recently completed harvesting areas.
8.	Recognize and Respect Indigenous Peoples' Rights	Company policy on Indigenous Peoples' rights, records of consultation with local Indigenous Peoples, pre-audit questionnaire responses, interviews with Company staff and representatives of local Indigenous Peoples.
9.	Legal and Regulatory Compliance	SFM plan, corporate environmental, social and health & safety policies, Corporate Stewardship Report, corporate and divisional management review records, divisional non-compliance records, inspection of a sample of field sites, interviews with regulatory agency personnel.
10.	Forestry Research, Science & Technology	SFM plan, Corporate Stewardship Report, corporate and divisional management review records, divisional research records, interviews with divisional staff.
11.	Training and Education	SFM plan, EMS and SFI awareness training materials and records, WCSIC minutes & resources, interviews with a sample of staff and contractor employees.
12.	Community Involvement and Landowner Outreach	SFM plan and related monitoring results, WCSIC meeting minutes & resources, community and landowner outreach records, staff interviews.
13.	Public Land Management Responsibilities	SFM plan, FSPs, DFMPs, GDPs, AOPs and related agency and stakeholder referral correspondence, review of site plans, review of selected stakeholder consultation records, responses to questionnaires sent to local public advisory committees, staff interviews, inspection of a sample of field sites.
14.	Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
15.	Management Review and Continuous Improvement	SFM plan, corporate and divisional management reviews, internal audit reports and associated action plans, divisional EMPs, interviews with a sample of corporate and divisional staff.



The audit included site visits during both winter and late spring/early summer operating seasons as a means to observe forest practices under as broad a range of conditions as possible.

SFI Fibre Sourcing Objective	Sources of Key Evidence of Conformity
1. Biodiversity in Fibre Sourcing	Program to promote biodiversity in fibre sourcing, records of involvement in local or regional conservation efforts, interviews with procurement staff.
2. Adherence to Best Management Practices	Fibre sourcing policy and records of its distribution to wood producers, written fibre sourcing agreements, records of implementation of the BMP monitoring system, inspection of a sample of procurement sites.
3. Use of Qualified Resource and Logging Professionals	List of Qualified Resource and Logging Professionals, records of proportion of fibre delivered by QLPs, interviews with procurement staff.
4. Legal and Regulatory Compliance	SFM plan, corporate environmental, social and health & safety policies, Corporate Stewardship Report, corporate and divisional management review records, divisional non-compliance records, inspection of a sample of procurement sites, interviews with regulatory agency personnel.
5. Forestry Research, Science & Technology	SFM plan, Corporate Stewardship Report, corporate and divisional management review records, divisional research records, interviews with divisional staff.
6. Training and education	SFM plan, EMS and SFI awareness training materials and records, WCSIC minutes & resources, interviews with a sample of procurement staff and contractor employees.
7. Community Involvement and Landowner Outreach	WCSIC minutes & resources, community and landowner outreach records, staff interviews.
8. Public Land Management Responsibilities	Records of cooperative public land planning processes, records of plan referrals to local stakeholders, procurement staff interviews.
9. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
10. Management Review and Continual Improvement	SFM plan, corporate and divisional management reviews, internal audit reports and associated action plans, interviews with a sample of corporate and divisional procurement staff.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas	Program with direct suppliers to promote the principles of sustainable forestry (POSF), records of direct supplier implementation of the POSF, interviews with procurement staff.
12. Avoidance of Controversial Sources including Illegal Logging	Controversial sources risk assessment, procedures to address any significant risks that have been identified, interviews with procurement staff.
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	Controversial sources risk assessment, procedures to address any significant risks that have been identified, interviews with procurement staff.



The sample of bridges inspected at the throughout divisions were generally found to have been effectively installed to avoid impacts to streams and riparian areas (e.g., use of longer span 40 foot bridges on small streams that could have sustained shorter bridges in order to ensure that the installation and associated rip rap are well back of the wetted perimeter).

Follow-up on Findings from Previous Audits

At the time of this assessment there were a total of 6 open minor non-conformities from previous KPMG PRI ISO 14001 and SFI audits, 4 of which were specific to the previous HPFP single site SFI certification. The 4 HPFP-specific minor non-conformities were closed during the February 24-27, 2015 HPFP site visit. The audit team reviewed the status of the action plans that were developed by the Company to address the 2 remaining multi-site audit findings and concluded that the action plans developed to address these findings: (1) had been implemented as required, and (2) were effective in addressing the root cause(s) of these non-conformities. As a result, all of the previously identified minor non-conformities have now been closed.

Good Practices

A number of good practices were identified during the course of the 2015 audit. Examples included:

SFI Standards: The High Prairie operation was acquired by West Fraser Mills Ltd. less than a year ago. The operation has made significant improvements in the content and implementation of its SFM system in the short period of time since the change in ownership. (HPFP)

SFI Forest Management Objective 1 - Forest Management Planning: The PIR and South Cariboo operations are advocating that government incorporate actual free growing survey results into TSR growth and yield modeling. If accepted, this would have the effect of replacing the modeling assumptions regarding the growth of young stands with actual data. (PIR and South Cariboo)

SFI Forest Management Objective 2 - Forest Health and Productivity: Under the province's Wildfire Reforestation Program (WRP) the Alberta Plywood operation has voluntarily taken on the responsibility to reforest a significant area (approximately 8,500 hectares) of previously reforested blocks that were burned during the 2011 Slave Lake Fire. (APL)

SFI Forest Management Objective 8 - Recognize and Respect Indigenous Peoples' Rights: The Alberta Plywood operation provides an easy to read summary of its annual operating plan and general development plan to local First Nations as a means to obtain information on any general or site specific concerns regarding the operations forest management plans and practices. (APL)

SFI Forest Management Objective 8 - Recognize and Respect Indigenous Peoples' Rights: The audit observed that there has been a good level of accommodation of First Nations interest resulting from the information sharing process as well as a number of working relationships with First Nations, specifically in the Tahlo Lake area. As well, the Lake Babine Nation provided a positive review of its working relationship with PIR on the First Nations questionnaire that was sent to local First Nations prior to the audit. (PIR)

SFI Forest Management Objective 9 - Legal and Regulatory Compliance: The audit found a high level of compliance with applicable regulatory and EMS requirements on the sites included in the 2015 audit sample. (All woodlands divisions included in the 2015 audit sample)

SFI Forest Management Objective 10 - Forestry Research, Science and Technology: The PIR division is participating in a research trial for broadcast burning entitled the "Horetsky Mountain Grizzly Bear and Berry Habitat Restoration Project" with the Society for Ecosystem Research of Northern BC. This project will also involve other parties and cover fire severity and vegetation response, and contribute to First Nations capacity building. (PIR)



West Fraser has been proactive in combatting an outbreak of the Douglas-fir bark beetle in the South Cariboo by felling trap trees to attract the insects and subsequently disposing of them.

SFI Forest Management Objective 13 - Public Land Management Responsibilities: The PIR operation is involved in the local Community Resources Board, which was originally set up as part of the LRMP process and continues to function in reviewing proposals by all industries for conformance with the LRMP constraints.

SFI Forest Management Objective 13 - Public Land Management Responsibilities: West Fraser contributes funding to the “Kamloops TSA Planning Base”, a publicly available web-based GIS that shows completed, permitted, and pre-permitted planned blocks by the major licensees operating in the area. This allows stakeholders to see the cumulative impacts of harvesting on the landbase. (South Cariboo)

SFI Forest Management Standard Objective 15 - Management Review and Continual Improvement: The 2014 internal audit program was very thorough and well documented. (All woodlands divisions included in the 2015 audit sample)

NB: The above list of good practices is not intended to be comprehensive. Rather, they are simply observations made by the audit team that were deemed worthy of inclusion in this public summary report in support of our assessment of the Company’s commitment to continuous improvement.

Minor non-conformities

The following 4 minor non-conformities were identified during the audit in relation to the requirements of the SFI 2015-2019 forest management and fiber sourcing standards:

SFI Forest Management Objective 15; Fibre Sourcing Objective 10 - Management Review: High Prairie Forest Products failed to use the divisional management review template developed by West Fraser. As a result, the division’s 2014 management review lacked evidence of having included a comprehensive review of the operation’s performance in relation to the requirements of the SFI 2010-2014 standard. (HPFP)

SFI Forest Management Objective 9 - Legal and Regulatory Compliance: Two instances of regulatory non-compliance were identified (relating to harvesting outside of approved boundaries and failure to adequately protect a watercourse during bridge construction) that had not been identified and addressed through the Company’s internal inspection processes. (South Cariboo)

SFI Fibre Sourcing Objective 2 - Adherence to Best Management Practices: Although the current West Fraser purchase wood contract template used by the Company’s woodlands operations includes a requirement to adhere to all applicable environmental and social laws, it does not include a requirement to use Best Management Practices during forest operations, as required by the SFI fiber sourcing standard. (Corporate)

SFI Fibre Sourcing Objective 6 - Training and Education: The current West Fraser purchase wood contract template used by the Company’s woodlands operations does not include a requirement for applicable wood producers to use Qualified Logging Professionals and/or Certified Logging Professionals (where available) during forest operations, as required by the SFI fiber sourcing standard. (Corporate)

Opportunities for improvement

The following 11 opportunities for improvement were identified during the audit in relation to the requirements of the SFI 2015-2019 forest management and fiber sourcing standards:

SFI Forest Management Objective 1 - Forest Management Planning: The forest inventory for the HPFP/Tolko FMA is based on aerial photography from 1997-98 and is becoming dated. An updated inventory will be required for the upcoming timber supply analysis and new DFMP. (HPFP)

SFI Forest Management Objective 13 - Public Land Management Responsibilities: The High Prairie Public Advisory Committee is no longer functioning (it stopped when Tolko curtailed their operations several years ago). As such, opportunities for stakeholder input into the development and monitoring of forest management plans are fewer than would otherwise be the case. (HPFP)



The company has been experimenting with alternative silvicultural techniques such as direct seeding to improve seedling survival in reforested cutblocks.

SFI Forest Management Objective 13 - Public Land Management Responsibilities: The HPFP division lacks a formal process to track stakeholder and First Nations consultation efforts in relation to herbicide treatment proposals. (HPFP)

SFI Forest Management Objective 3 - Public Land Management Responsibilities: A bridge removal project by the HPFP division did not involve adequate pull-back/contouring or stabilization measures, raising the risk of slumping or sedimentation during spring freshet. (HPFP)

SFI Forest Management Objective 2 - Forest Health and Productivity: The HPFP division was not making use of the corporate Emergency Response Procedure drills documentation forms, and reviews of the results of drills were not documented in the management review minutes. (HPFP)

SFI Forest Management Objective 9 - Legal and Regulatory Compliance: Field inspection forms in use at the HPFP division did not include a field to record the date of inspection, resulting in a number of undated inspections. (HPFP)

SFI Forest Management Objective 9 - Legal and Regulatory Compliance: Although West Fraser has developed a non-conformance and corrective action procedure that requires the completion of a Non-conformance Record, no timeline for the completion of a Record is specified. (Corporate)

SFI Forest Management Objective 9 - Legal and Regulatory Compliance: Review of the Company's 2014 internal audit action plans found that the corporate template does not contain a space to document the results of a root cause analysis, and that audit finding root causes had not been identified by divisions that were audited in 2014. (Corporate)

SFI Forest Management Objective 11 - Training and Education: In one block visited during the audit, an operator had left green attack beetle killed trees on the edge a retention patch, potentially facilitating the spread of infestation. Staff interviews found that beetle awareness is not currently a part of contractor training. (Alberta Plywood)

SFI Forest Management Objective 2 - Forest Health and Productivity: In the South Cariboo division, two instances were noted on block where redundant parallel roads had been constructed, unnecessarily increasing the level of soil disturbance due to roads and landings. (South Cariboo)

SFI Forest Management Objective 3 - Protection and Maintenance of Water Resources: On one block, a bridge Crossing Assurance Statement covering the bridges constructed on the block was completed several months after hauling began. The statement declares the structures to be sound and is intended to be completed and signed prior to hauling, (although not a formal part of the division's EMS/SFI program). (South Cariboo)

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 West Fraser 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.



West Fraser has recently partnered with the UBC research forest in the South Cariboo to implement partial retention trials under different levels of canopy cover.

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