



Audit Report

Project No. 009680-07

June 1, 2012

Mr. Michel de Bellefeuille, RPF
Western Forest Products Inc.
Timberlands Head Office
118 - 1334 Island Highway
Campbell River, British Columbia
CAN, V9W 8C9

SUBJECT: REGISTRATION PROGRAM

Dear Mr. de Bellefeuille,

Please find attached the Audit Report raised as a result of our 12 Month Surveillance Audit of your management system to the CAN/CSA - Z809-2008 standard conducted of your Timberland Operations on May 22-29, 2012.

We thank you and your organization for the support and co-operation given during the audit.

Best Regards,

A handwritten signature in black ink, appearing to read "Nathan Ryant". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nathan Ryant, RPF
QMI-SAI Global Team Leader
Encls.

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SUSTAINABLE FOREST MANAGEMENT SYSTEM

CAN/CSA-Z809-2008

Auditee: Western Forest Products Inc.
Address: 118 - 1334 Island Highway Campbell River British
Columbia
CAN V9W 8C9

Contact: Mr. Michel de Bellefeuille
Date(s) of Audit: May 22, 2012 to May 29, 2012
Audit Team Leader: Nathan Ryant
Type of Audit: 12 Month Surveillance Audit
Audit Frequency: 12 Months
SIC / NACE Code: 0811 0831 0851/A02.0 A01.1 A02.0

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2. Introduction to CAN/CSA Z809
3. Description of the Defined Forest Area (DFA)
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REPORT DISTRIBUTION

Western Forest Products Inc.
QMI-SAI GLOBAL File
Nathan Ryant

Statement of Confidentiality

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SECTION 1 - EXECUTIVE SUMMARY

Scope #	Scope Description
1	The Sustainable Forest Management requirements and activities as they apply to the Defined Forest Areas of TFL 37 at Englewood F.O.; TFL 39 Blk 2 at Mid Island F.O.; TFL 44 at Port Alberni F.O.; TFL 39, Blk. 1 at Stillwater F.O.; and, TFL 6, TFL 39 Block 4, FL A19244, MF 29, MF 31, MF 61 and various Timber Licenses at Holberg F.O. and Port McNeill F.O.

Site:

Western Forest Products Inc.
118 - 1334 Island Highway
Campbell River
British Columbia
CAN, V9W 8C9

Summary of Audit Findings:

The 2012 Surveillance audit found no non-conformities, 5 Areas of Concern and 17 Recommendations.

Recommendations:

As a result of the 12 Month Surveillance audit including the review of the performance of the Western Forest Products Inc. Management System over the past 3 years, indicate that Western Forest Products Inc.'s Management System meets the following criteria for maintenance and registration to the CAN/CSA - Z809-2008 standard. WFP will be recommended for continued registration to the CAN/CSA - Z809-2008 standard.

2012 Audit Plan

Reference	CAN/CSA Z809:2008, ISO 14001:2004 and PEFC ST2002:2010	Nate	Will
1.1	Scope & Use Of Certificates & Logos		
4.1	General Requirements		
4.2	General Activities		
4.2	Environmental Policy		
4.3.1	Environmental Aspects		
4.3.2	Legal and Other Requirements	X	X
4.3.3	Objectives Targets and Programs		X
5.1	Basic Requirements (Public Participation)		
5.2	Interested Parties	X	
5.3	Basic Operating Rules (Process)		
5.4	Content		
5.5	Communication	X	
6	SFM Performance Requirements – CCFM Criterion 1 through 6	X	X
7.2	SFM Policy		



7.3.1	Defined Forest Area	X	
7.3.2	Shared Responsibilities	X	
7.3.3	Rights & Regulations	X	X
7.3.4	Incorporation of Public Participation Requirements	X	
7.3.5	SFM Plan		
4/7.4.1	Structure & Responsibility		
4/7.4.2	Training, Awareness, Qualifications & Knowledge	X	X
4/7.4.3	Communication		X
4/7.4.4	SFM Documentation		
4/7.4.5	Document Control	X	X
4/7.4.6	Operational Procedures & Control	X	X
4/7.4.7	Emergency Preparedness & Response	X	X
4/7.5.1	Monitoring & Measurement	X	X
4.5.2	Evaluation of Compliance	X	X
4.5.3/7.5.2	Corrective & Preventive Action	X	X
4.5.4/7.5.3	Records		
4.5.5/7.5.4	Internal Audits to the SFM Requirements	X	
4/7.6	Management Review	X	
PEFC ST2002:2010	Chain of Custody	X	

SECTION 2 - INTRODUCTION TO CAN/CSA Z809-2008

The Canadian Standards Association (CSA) developed Canada's National Standard on Sustainable Forest Management CAN/CSA Z809, in response to heightened awareness about forest management practices. The Standard was developed by a SFM Technical Committee in an open and inclusive process managed by CSA. The SFM Technical Committee is required to review the Standard periodically to ensure it incorporates knowledge gained through time and implementation. As the first edition of the Standard was published in 1996, the committee has published a revised version in 2008. The Standards Council of Canada (SCC) accredits CSA to write standards and approves them as National Standards.

Sustainable Forest Management (SFM) refers to the way a defined forest area is managed to maintain and enhance the long-term health of forest ecosystems for current and future generations. This Standard, which utilizes a continual improvement approach, requires public participation, practical demonstration of sustainable forest management practices, and a management commitment to a management system. SFM takes into account environmental, social and economic factors.

Public Participation - The CSA Standard requires organizations to seek comprehensive and continuing public participation, including a special effort for Aboriginal Peoples, at the local community level for each defined forest areas. The public identifies forest values of specific importance to their environmental, social and economic concerns and needs. The public also takes part with the organization to identify and select SFM goals, indicators and objectives to ensure these values are addressed.

Performance - By following a SFM plan that incorporates the values, objectives, indicators and targets, identified by the public process, which can be traced back to the



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Canadian Council of Forest Ministers (CCFM) set of Sustainable Forest Management Criteria, together with other legal requirements, performance can be demonstrated on the ground.

Systems and Continual Improvement- The CSA Standard has system requirements, which are consistent with the internationally recognized ISO14001 Environmental Management System Standard. The system follows the concept of “plan – do – check – act”. The system framework helps an organization implement, track and monitor their progress towards meeting the economic, social and ecological performance objectives for the defined forest area. The Standard uses adaptive management procedures with recognize that SFM is a dynamic process that must incorporate new knowledge acquired through time, experience and research. The Standard requires there be an annual report on the indicator objectives with an annual review of the system and performance in the forest to identify areas for continual improvement.

Third Party Independent Audits - To become certified to the Standard is strictly voluntary but the organization must go through a third party independent audit of the SFM Requirements in the Standard. The audit is conducted by a Registrar accredited by the Standards Council of Canada. In addition the individual auditors employed or contracted by the Registrar have the requisite forestry expertise and are certified as environmental management systems auditors by the Canadian Environmental Auditing Association.

SECTION 3 - DESCRIPTION OF THE DEFINED FOREST AREA (DFA):

North Vancouver Island

The forests of the DFA lie within the wetter maritime Coastal Western Hemlock biogeoclimatic zones. Annual precipitation levels reach 3,000 to 5,000mm. The climate is characterized by mild, wet winters with daily mean minimum temperatures of 0 to 2 degrees Celsius (December to February). Summers are generally cool and moist, with mean daily maximum temperatures of 18 to 20 degrees Celsius during July and August. However, local climates within the DFA can vary significantly due to topographic influences and the movement of low cloud and fog from offshore areas onto northern Vancouver Island. The dominant timber species is western hemlock, which occurs in conifer stands mixed with varying amounts of amabilis fir and western red cedar. Lesser amounts of Sitka spruce, yellow cedar, Douglas fir, alder, shore pine and mountain hemlock also occur.

The topography within the DFA is variable. Relatively low relief and undulating terrain characterizes the easterly and westerly sections of the DFA. The central and inland portions of the DFA are characterized as mountainous and steep. Numerous rivers and streams drain the area. Most streams support significant anadromous and resident fish populations. Large animals, such as Columbia black-tailed deer, cougar and black bear, are abundant throughout the DFA area. Numerous other large and small mammals, amphibians, fish and birds can also be found.



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Description of DFA Tenures and Lands

Tree Farm License 6: Tree Farm License 6 (TFL 6) is located on northern Vancouver Island in the vicinity of Quatsino Sound. In 2006, 44,747 hectares of the Defined Forest Area in TFL 6 and FL A19240 was “taken back” under the Bill 28 Forest Revitalization Act.

Tree Farm License 39, Block 4: Block 4 is on east Vancouver Island in the Vicinity of Port McNeill in the Keogh and Marble Landscape Units. In 2006, TFL 39 Block 4, FL A19244, and Timber Licences were added to the DFA, as a result of the Western Forest Products acquisitions of Cascadia Forest Products.

Area of DFA:

Tenure	Area (ha)	AAC (m ³)
TFL 6	171,531	1,243,958
TFL 39-4	46,794	248,690
MF 61	2,296	125,000
MF 31	11,000	
MF 29	2,210	
L 188	35	
FLA19244	3,339	10,000
T0860	3,584	N/A
Other TL*	17,490	N/A
Total	241,824	1,267,628

Legal Tenure / Licence Description:

Western Forest Product’s (WFP) North Vancouver Island consists of forest operations at Port McNeill, Jeune Landing, and Holberg; while contract operations include Mahatta River, Winter Harbour, Koprino, and Quatsino.

The NVI defined forest area consists of three different forest tenures, including Tree Farm License 6, and Managed Forest 61 (See Figure 3). These operations encompass approximately 246,789 hectares of managed forest land with an annual harvest of approximately 1,360,758 m³. Prior to the Bill 28 reduction in December 2004, the TFL 6 AAC was 1,446,758 m³. For more information on the Bill 28 “takeback”, please refer to the 2009 SFMP.

There are seven north island communities within or adjacent to these tenures that depend mostly, or in part, on economic activities generated by these tenures. These include Port McNeill, Port Alice, Port Hardy, Holberg, Coal Harbour, Winter Harbour, and Quatsino.

WFP harvesting operations in TFL 6, TFL 39 Block 4, and adjacent Forest Licenses and Timber Licenses are a major employment source for North Vancouver Island. Within the



North Island, there is also economic activity derived from other sources, such as other licensees, aquaculture, commercial and recreational fishing and expanding tourism.

Forest Licence A19244: This forest licence is in a number of small parcels near Colony Lake, Kaikash, and Klaskish.

Timber Licences T0596, T0615, T0626, T0326, T0632, T0306, T0293, T0830, T0216, T0592, and T0872: These are scattered around the DFA.

Timber Licence T0860: This TL was added to the DFA in 2006, as a result of the Western Forest Products acquisition of Cascadia Forest Products.

Forest License A19240: This licence was removed from the DFA after Bill 28 in 2005. The area is now operated by BC Timber Sales. This area is now shown as “takeback” on the map.

Managed Forest 61: The lands managed in Managed Forest 61 (MF 61) consist of fifty-four parcels of private land forming an almost continuous block totalling 2,542 hectares within the San Josef River drainage near Holberg on Northern Vancouver Island. The valley is fertile and provides a good growing site for Western Hemlock, Western Red Cedar, and Sitka Spruce. These lands are regulated under the Private Managed Forest Lands Regulations.

Managed Forests 29 and 31: In 2007, private lands in Managed Forests 29 and 31 were removed from Tree Farm Licence 6 and became regulated under the BC Private Managed Forest Land Regulations.

SECTION 4 - ORGANIZATION:

Description of the DFA Workforce:

Approximately 331 staff and employees not including the contractor workforce.

Management Objectives and Responsibilities on the DFA:

TFL 6, TFL 39 Block 4, and FL A19244 are renewable tenures on Provincial Crown land and administered by the Ministry of Forests (MoFR) under the Forest Act. These tenures are managed by WFP in conjunction with the MoFR, Ministry of Environment, Ministry of Agriculture and other agencies. The primary roles and responsibilities are defined under a variety of legislation including, but not limited to, the Ministry of Forests Act, Forest Act, and Forest and Range Practices Act.

The timber licences outside of TFL, are non-renewable licences within the Ministry of Forests and Range, Kingcome Timber Supply Area.

Managed Forests 29, 31, and 61 consist of fee simple private land owned and managed by WFP. Responsibilities are defined under a variety of legislation including, the Forest Land Reserve Amendment Act, Forest Land Reserve Act, Land Act, BC Assessment Act, and Private Land Forest Practices Regulation. The Forest Land Commission, BC Assessment Authority, and other agencies administer these regulations. A Management Commitment for the MFs is maintained by WFP.



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Volume and Species Harvested: Holberg 585,621 m³

Forest Types:

Species	Percentages by Volume
Ba	16.4
Cw	18.7
Cy	1.7
Fd	0.6
Hw	58.9
Ss	3.6

Area of DFA: 241,824 hectares

AAC Determination: 1,267,628 m³ per year

Products Produced and Mill Associated with the DFA Timber: Logs to company mills for dimension lumber and forest products.

First Nations Consultation Process : As per the consultation process administered by the Ministry of Forests and Range.

First Nations' peoples are provided opportunity and are encouraged to contribute their knowledge and concerns into the process of setting the objectives in this SFM Plan. WFP hosts a "First Nation Forest Information Exchange Group" and provides the Bands' minutes of VINWAG meetings related to the SFM Plan to facilitate awareness of the CSA process, but this is not considered involvement in the process and is not consultation. First Nations information sharing with respect to the CSA certification is without prejudice to their aboriginal and treaty rights.

First Nations related indicators are located within Criterion #6 in the SFM Plan.

The SFM system recognizes that Canadian forests have special significance to Aboriginal peoples. It further recognizes that the legal status of Aboriginal peoples is unique and that they possess special knowledge and insights concerning sustainable forest management derived from traditional practices and experience. First Nations peoples are provided opportunity and are encouraged to contribute their knowledge and concerns into the SFM Plan process.

SECTION 3 - DESCRIPTION OF THE DEFINED FOREST AREA (DFA):

Mid Island Operation

The Sustainable Forest Management (SFM) Plan for Mid Island Forest Operation (MIFO) (previously known as North Island Timberlands) is a "road map" to current and long-term SFM performance objectives and management strategies in the Mid Island operating area, referred to here as the Defined Forest Area or DFA.



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The DFA reflects the boundaries of TFL 39, Block 2 managed by Western Forest Products Inc. located within the Campbell River Forest District. This forest landbase is situated on the east coast of Vancouver Island some 38 km northwest of Campbell River along Highway 19. It extends from west of Robert's Lake to just east of the Eve River and from the Victoria Peak area in the south to Kelsey Bay on Johnstone Strait in the north, surrounding the community of Sayward. The DFA includes the drainages of Kunnum Ck., Montague Ck., Adam River and White River as well as portions of the Salmon River and Amor de Cosmos Ck.

The DFA excludes third party tenancies that have been granted by the Ministry of Forests and Range and other government ministries and agencies. These include the Bill 28 take back areas at Eve River and near Brewster Lake, woodlots, as well as other private land ownership along the Sayward valley.

The Mid Island Forest Operation consists of road construction and maintenance, harvesting, hauling logs, dryland sorting and booming operations, a maintenance shop, administrative offices and forest renewal and tending activities.

Logs harvested within the DFA are hauled to the log sort located at Menzies Bay, some 15 km northwest of Campbell River, where they are boomed and towed to WFP sawmills on southern Vancouver Island. The management offices and shop for MIFO are also located at Menzies Bay.

The gross landbase of the DFA in 2008 was 157,500 hectares of Crown forest land. Eighty five percent of the landbase is considered productive that supports the Allowable Annual Cut. The majority of the DFA lies within the Coastal Western Hemlock biogeoclimatic zone. The ecological description of the DFA by BEC variant is as follows:

CWHxm2	14.7%
CWHmm1	16.7%
CWHmm2	6.4%
CWHvm1	26.0%
CWHvm2	16.8%
MHmm1	17.3%
Alpine Tundra	2.1%

The MIFO log product mix by species percentage is:

Balsam	28%
Western redcedar	15%
Yellow cypress	6%
Douglas-fir	17%
Western hemlock	34%

The MIFO log production mix by sort is:

Chip & saw	5%
Gang	18%
Higrade/lumber	3%
Peelers	7%
Pulp	22%
Sawlog (merch)	35%
Shingle	4%



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Utility	6%
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Logs produced at the forest operation are sorted according to size, grade and species and distributed by WFP Log Supply to company sawmills located on southern Vancouver Island. Logs not suitable for WFP manufacturing facilities are sold on the open Vancouver Log Market. Pulp logs are committed under long-term fibre supply agreements and are either chipped at the Campbell River Fibre facility for use at the local Elk Falls pulp mill or forwarded to other pulp mills.

Area of DFA: 157,500 hectares

Legal Tenure / Licence Description: TFL 39 Block 2

SECTION 4 - ORGANIZATION:

Description of the DFA Workforce: Staff, Union Crew and Contract Work Force

Management Objectives and Responsibilities on the DFA:

The SFM Plan is an adaptation of planning processes that have been in place for more than 35 years on the DFA. These planning processes include strategic and operational plans, analyses, standards, monitoring and public review. Management of forest lands in the Campbell River/Sayward area has continued to evolve over time in response to learning and to changes in the values of society. Revised management plans, submitted at approximately five-year intervals, include objectives, management strategies and analyses of management impacts. Standards and operating plans have been updated as changes occur. As of January, 2007 an approved Forest Stewardship Plan (FSP) is in place in accordance with the Forest and Range Practices Act (FRPA). Monitoring has included forest operation reporting as well as Tree Farm License (TFL) 39 and corporate annual reports and compliance audits.

The results of the public participation processes over the past years have contributed to the development of the objectives, indicators and targets. Since 1998, the North Island Woodlands Advisory Group has helped to further develop the SFM performance framework for the DFA. In 2006, the name of the public advisory group was changed to the Mid Island Forest Lands Advisory Group (MIFLAG) to better reflect the name of the forest operation. A further description of MIFLAG through their Terms of Reference may be found at www.miflag.org. Note that First Nations rights will not be prejudiced by participation in the public process.

Ongoing public review and input is provided by the advisory group, the TFL Management Plan and operational plan reviews, and through other processes related to specific land use issues such as landscape unit planning and community water supply. Mid Island Forest Operation managers and employees understand and follow the values, objectives, targets and management practices for achieving SFM on the DFA, as described in this document. The SFM Plan is an evolving document, which is reviewed with MIFLAG on an ongoing basis and revised to reflect changes in the forest and the local community.



Volume Harvested: 1,133,671 m³

AAC Determination Process: Management Plan and government Timber Supply Review for the TFL.

Products Produced Associated with the DFA Timber: Logs for the company sawmills

First Nations Consultation Process : First Nation groups that claim traditional territories within the DFA include the Campbell River, Cape Mudge, K'omoks and Tlowitsis First Nations. The Forest Stewardship Plan and operational plans are referred to the First Nations groups and consultation occurs concurrently with the forest operations.

SECTION 5 - AUDIT FINDINGS:

Scope #	Scope Description
1	The Sustainable Forest Management requirements and activities as they apply to the Defined Forest Areas of TFL 37 at Englewood F.O.; TFL 39 Blk 2 at Mid Island F.O.; TFL 44 at Port Alberni F.O.; TFL 39, Blk. 1 at Stillwater F.O.; and, TFL 6, TFL 39 Block 4, FL A19244, MF 29, MF 31, MF 61 and various Timber Licenses at Holberg F.O. and Port McNeill F.O.

Audit Criteria: CSA Z809:2008

Description of QMI-SAI Global and the QMI-SAI Global Audit Team:

QMI-SAI Global is a third party management system certification Registrar. Established in 1984, QMI-SAI Global has worked with thousands of organizations in North America and around the world, issuing registration certificates to those that meet international and national management system standards.

The QMI-SAI Global Sustainable Forest Management audit team members bring with them considerable experience in the area of sustainable forest management and environmental management systems auditing. Audit teams are comprised of certified auditors and registered professional foresters. All audit team members are subject to strict confidentiality and conflict of interest agreements.

The following personnel conducted this audit:

Audit Team

<u>Position</u>	<u>Name</u>
Team Leader	Nathan Ryant, RPF
Team Member	Will Sloan, RFT



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Audit Coverage:

Holberg

- Holberg shop
- Michelson Log Dump
- 52-405: active harvesting
- 51-602a: active loading/hauling
- 61-526: active road building
- Koprino Log Dump
- NE Main Fish Stream Restoration
- 51-15: harvest complete
- 51-17: harvest complete, planting complete
- 51-602: harvest complete, planting complete
- Fish Hatchery

Mid-Island

- Menzies shop
- 21533-EC550: active harvesting
- 21534-EC560: active harvesting
- 21505-EC500: active road building
- 40269-AR103B2: active harvesting
- 22004: chemical and manual brushing
- 22012: chemical and manual brushing
- 21265: chemical and manual brushing
- 31511: harvest complete
- M Branch: active road construction
- Kelsey Bay Dryland Sort

Provincial Government personnel interviewed:

Harold Hosken: Natural Resource Officer – Ministry of Forests, Lands and Natural Resource Operations

Holberg Operation

- Inspect the operations about 1/week
- There are presently no compliance issues with the company
- The company is responsive to any concerns and has a good compliance record
- WFP is one of our higher performing clients and the best WFP performer on the North Island

Paul Sakney: Natural Resource Officer – Ministry of Forests, Lands and Natural Resource Operations



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Mid Island Operation

- Focus is now on the revenue side of our inspections
- There are presently no investigations or issues to report
- The company is responsive to any concerns and has a good compliance record
- WFP is one of our higher performing clients
- WFP has also self reported slides recently

Aboriginal People interviewed:

No interviews were requested by First Nations at either operation.

VOITs verified (field & office)

Holberg

Office:

1.1.4, 1.2.3, 1.4.1, 1.4.2, 1.4.3, 2.1.1, 2.2.3, 3.1.1, 3.1.2, 3.2.1, 5.1.1, 5.2.1, 5.2.2, 5.2.4, 6.1.1, 6.1.2, 6.1.3, 6.2.1, 6.3.1, 6.3.3, 6.4.3

Field Verified:

1.1.4, 1.2.3, 1.3.1, 1.4.2, 1.4.3, 2.1.1, 2.2.1, 2.2.3, 3.1.1, 3.1.2, 3.2.1, 6.3.1

North Vancouver Island Region Indicator List

Indicator 1.1.1 Ecosystem Area by Type

Indicator 1.1.2 Forest Area by Species Composition

Indicator 1.1.3 Forest Area by Age Class

Indicator 1.1.4 Degree of Within-stand Retention

Indicator 1.2.1 Degree of habitat protection for focal species

Indicator 1.2.2 Degree of suitable habitat in the long term for focal species

Indicator 1.2.3 Proportion of regeneration comprised of native species

Indicator 1.3.1 Percentage of the trees planted annually that are GMOs

Indicator 1.4.1 Proportion of identified sites with implemented management strategies

Indicator 1.4.2 Protection of identified sacred and culturally important sites

Indicator 1.4.3 Protection of identified karst features

Indicator 2.1.1 Reforestation success

Target 1: Reforestation

Target 2: Free Growing Commitments

Indicator 2.2.1 Additions & Deletions to the Forest Area

Target 1: Permanent Access

Target 2: Additions to the DFA

Indicator 2.2.2 Proportion of the LTHL that is actually harvested

Indicator 2.2.3 High Windfall Risk Edges Treated (non-core indicator)

Indicator 2.2.4 Hectares of land withdrawn from forestry uses

Indicator 3.1.1 Level of soil disturbance



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Target 1: Permanent Access Percent

Target 2: Grass Seeding Slides

Indicator 3.1.2 Level of downed woody debris

Indicator 3.2.1 Proportion of watershed with recent stand-replacing disturbance

Target 1: Roadside Re-vegetated Versus Roads Built

Target 2: Watershed Trends

Indicator 4.1.1 Net carbon uptake

Indicator 2.1.1 Reforestation success

Indicator 2.2.1 Additions and deletions to the forest area

Indicator 5.1.1 Quantity and quality of timber and non-timber benefits produced in the DFA

Indicator 5.1.2 Projected percent changes in AAC

Indicator 5.2.1 Level of investment in initiatives that contribute to community sustainability

Indicator 5.2.1 Level of investment in initiatives that contribute to community sustainability

Indicator 5.2.2 Level of investment in training and skills development

Indicator 5.2.3 Level of direct and indirect employment

Indicator 5.2.4 Level of Aboriginal participation in the forest economy

Indicator 5.2.5 Opportunity for local suppliers, contractors and consultants

Indicator 6.1.1 Evidence understanding of Aboriginal title and rights

Indicator 6.1.2 Efforts to obtain acceptance of management plans by Aboriginal communities

Indicator 6.1.3 Level of management/ protection of culturally important areas

Indicator 6.2.1 Aboriginal knowledge of identified sources/ values that are culturally important

Target 1: Use of First Nations Engagement Protocol or similar

Target 2: Management of Monumental Cedar Requests

Indicator 6.3.1 Cooperation with forest-dependent groups to strengthen and diversify the local economy

Target 1: Volume of Wood Sold Locally

Target 2: Visual Impact Assessments

Indicator 6.3.2 Cooperation with workers to improve safety standards and procedures

Indicator 6.3.3 Worker safety program implementation and review

Indicator 6.4.1 Level satisfaction with the public participation process

Indicator 6.4.2 Capacity development and meaningful participation

Indicator 6.4.3 Capacity development and participation for Aboriginal communities

Indicator 6.4.4 VINWAG meetings

Indicator 6.5.1 Educational outreach

Indicator 6.5.2 Availability of information on issues of concern to the public

Mid Island

Office:

1.1.4, 1.2.1, 1.2.3, 1.3.1, 1.4.1, 1.4.2, 2.1.A&B, 3.1.1, 3.1.2, 3.2.1, 5.2.4, 6.1.1, 6.1.2, 6.1.3, 6.2.1, 6.2.A, 6.3.3, 6.4.3



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Field Verified:

1.1.A, 1.1.2, 1.2.3, 1.3.1, 1.4.2, 2.2.1, 3.1.1, 3.1.2, 3.2.1

Mid Island Indicator List

Indicator 1.1.1 Ecosystem Area by Type

Indicator 1.1.2 Forest Area by Type or Species Composition

Indicator 1.1.3 Forest Area by Seral Stage or Age Class

Indicator 1.1.4 Degree of Within-stand Structure Retention

Indicator 1.1.A The average annual % of the non clearcut harvest area that is within one tree length of standing trees

Indicator 1.2.1 Degree of habitat protection for selected focal species and SAR

Indicator 1.2.2 Degree of suitable habitat in the long term for selected focal species, including species at risk

Indicator 1.2.3 Proportion of regeneration comprised of native species

Indicator 1.3.1 Percentage of the trees planted annually that are GMOs

Indicator 1.4.1 Proportion of identified sites with implemented management strategies

Indicator 1.4.2 Protection of identified sacred and culturally important sites

Indicator 1.4.3 Protection of identified karst features

Indicator 2.1.1 Reforestation success

Target 1: Reforestation Success

Target 2: Reforestation Performance

Indicator 2.2.1 Additions & Deletions to the Forest Area

Target 1: Additions and deletions to the forest area

Indicator 2.2.2 Proportion of the calculated long-term sustainable harvest level that is actually harvested

Indicator 3.1.1 Level of soil disturbance

Indicator 3.1.2 Level of downed woody debris

Indicator 3.2.1 Proportion of watershed with recent stand-replacing disturbance

Indicator 4.1.1 Net carbon uptake

Indicator 5.1.1 Quantity and quality of timber and non-timber benefits produced in the DFA

Indicator 5.2.1 Level of investment in initiatives that contribute to community sustainability

Indicator 5.2.2 Level of investment in training and skills development

Indicator 5.2.3 Level of direct and indirect employment

Indicator 5.2.4 Level of Aboriginal participation in the forest economy

Indicator 6.1.1 Evidence understanding of Aboriginal title and rights

Indicator 6.1.2 Efforts to obtain acceptance of management plans by Aboriginal communities

Indicator 6.1.3 Level of management/ protection of culturally important areas

Indicator 6.2.1 Aboriginal knowledge of identified sources/ values that are culturally important

Target 1: Use of First Nations Engagement Protocol or similar

Target 2: Management of Monumental Cedar Requests

Indicator 6.2.A The annual volume of old growth cedar made available to First Nations



Indicator 6.3.1 Cooperation with forest-dependent groups to strengthen and diversify the local economy

Indicator 6.3.2 Cooperation with workers to improve safety standards and procedures

Indicator 6.3.3 Worker safety program implementation and review

Indicator 6.4.1 Level satisfaction with the public participation process

Indicator 6.4.2 Capacity development and meaningful participation

Indicator 6.4.3 Capacity development and participation for Aboriginal communities

Indicator 6.4.A The percentage of PAG sector seats that have active representation

Indicator 6.4.B The annual total page hits on the MIFLAG website

Indicator 6.5.1 Educational outreach

Indicator 6.5.2 Availability of information on issues of concern to the public

Indicator 6.5.A The list of active research projects and the related categories (i.e., alternatives to herbicides, ecosystem management, operational, etc.)

Indicator 6.5.B The cumulative percentage of brushing activities that is done using herbicides over the term of the PMP

Review of Changes:

Changes to the system and documentation were reviewed and considered a measure of continual improvement.

Summary:

The findings were discussed with Mr. Michel de Bellefeuille. The Audit Team Leader commenced the closing meeting by thanking the Western Forest Products Inc. staff for the cooperation and courtesy extended to the audit team during the audit.

In addition, the Audit Team Leader detailed the registration process, the requirements for future surveillance audits, and the re-assessment process.

The official closing meeting was attended by the personnel listed in Attachment #2.

The QMI-SAI Global Audit Team recorded the following audit results:

Documentation Review:

The audit team reviewed the SFM documentation (draft SFM monitoring report, 2012 SFM plan).

Status of any previously recorded non-conformances (NCRs)

No previously recorded or outstanding NCRs.

Effectiveness of the Internal Quality Audit System:



The internal audit system is effective and maintained and identifies conformance issues which are effectively action planned within the EMS.

Significant Issues:

Compliance to TDG will be a focus area for 2013.

Holberg

Area of Concern

6 Performance Measures: Ensure all indicator targets are reported on prior to the next external audit.

Indicator 6.3.3: The audit found that the prime falling contractor for the Holberg operations was not SAFE certified and there is no process in place to verify that contractors are maintaining their certification.

7.3.3 Evaluation of Compliance: The audit found 7 of 14 truck mounted fuel tanks sampled that do not meet certification requirements and/or not secured in a proper manner at all operations audited. Inspections had not noted these tanks as being in non-conformance to the WFP requirements. Ensure that legal requirements for transportation of fuel are adhered to.

OFI

5.2 Interested Parties: Consider offering the pag members the opportunity to join the audit in the field.

7.3.2 Shared Responsibilities: The NVIR SFMP states that WFP will request information from BCTS annually and there was old SBFEP blocks in the DFA. The audit found this information was not correct.

7.5.1 Monitoring and Measurement: Consider implementing a more regular inspection schedule for bridge decks that have a potential to introduce sediment to a stream. The audit found one bridge deck with sediment that could enter a fish stream.

7.5.1 Monitoring and Measurement: Consider updating the Tracking of Inspection spreadsheet regularly to ensure inspections are completed as per the planned frequency.



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Indicator 3.1.2 for downed woody debris: consider reviewing to ensure it reflects the expectations of the Core indicator.

Positives

- Vinwag schedule of meetings and speakers well in advance to ensure attendance.
- Managers from either Holberg or Pt McNeill in attendance at meetings.
- The Holberg operation has an excellent compliance record with the MOF and a great working relationship with the C&E staff.
- Good performance in meeting free growing requirements was noted for the Holberg operations.
- The audit found that the Holberg operations was allowing contractors to drop off their used oil and clean up-materials at the shop so they can be handled as part of the WFP operations;
- Armouring of waterbars on completed blocks where there is the potential for water to run over the road surface.

Vinwag Interviews

- Representation from the recreation stakeholders would be beneficial on the group.
- Concern about social impacts to the community being worked on through a procurement from local suppliers indicator.
- Forestry tour advertisement in local paper may stimulate more interest in the group.
- Facilitator and WFP rep are excellent at listening, providing info and answering questions in a timely manner.
- Provincial Park and BCTS staff would be an excellent addition to the pag.
- A concise summary of the indicator performance would be beneficial as a marketing tool the Regional District could bring to their meetings as a promotional tool.
- The company's Private land development is an interest area of the group and a presentation by Brookfield would be excellent.

Mid Island

Area of Concern

7.4.6 Operational Control: The audit found that a grader had snowplowed dirt and snow over an S4 stream crossing (box culvert) and introduced some road material into the stream channel. Ensure the operational controls address the issue of snowplowing around streams.

7.3.3 Evaluation of Compliance: the audit found 7 of 14 truck mounted fuel tanks sampled that do not meet certification requirements and/or not secured in a proper



Audit Report

manner at all operations audited. Inspections had not noted these tanks as being in non-conformance to the WFP requirements. Ensure that legal requirements for transportation of fuel are adhered to.

OFI

5.2 Interested Parties: Consider other methods of trying to get FN participation to the PAG process as efforts have been unsuccessful to date.

5.2 Interested Parties: Consider offering the pag members the opportunity to join the audit in the field.

5.5 Communications: Consider addressing MIFLAG concerns or issues with documented responses and action plans.

7.3.1 Defined Forest Area: Consider fixing the link to the TFL Management Plan in the SFMP.

7.4.7 Emergency Preparedness & Response: Consider reviewing the forestry container located at the Menzies shop. The audit found:

- although there was no fuel at the time of the audit, there are indications that both fuel and fertilizer may be stored together;
- doors not secured;
- no ventilation;
- no proper signage that reflects the actual contents.

7.4.7 Emergency Preparedness & Response: consider reviewing with (company) crews the requirements to have suitable spill response supplies. The audit found one pickup with a fuel tank that only had white pads and one pickup with a fuel tank with no spill kit.

7.5.1 Monitoring & Measurement: when doing facilities inspections consider including contractor equipment when it is parked at the facility.

7.5.1 Monitoring & Measurement: when creating action items from inspections consider noting a specific due date rather than the "ASAP" that the audit noted on some action items.

7.5.2 NCR Corrective and Preventative Actions: Consider amalgamating the Parking Lot items with the Action Plans to ensure they have responsibilities and due dates. May want to attach the action plans to the meeng minutes so they can be discussed at all meetings.

Indicator 2.1.1b Regen failure: consider reviewing the target/variance as with the new calculation process based on current silviculture liabilities, regen failure of over 1,000 ha in one year could still result in meeting the target/variance as it's currently written.

Indicator 6.2.A Volume of Old Growth Cedar made available to FNs: consider reviewing the target to ensure it reflects the indicator.



Audit Report

Indicator 6.4.3 Efforts to promote capacity for FN communities: consider reviewing the reporting to ensure it accurately reflects the actual results.

Positives

- Indicator 6.4.A around MIFLAG stakeholder representation is an excellent measure of community involvement.
- Excellent compliance record with the MOFLNRO
- Good tracking of SAFE Companies status was noted, with annual review of the BCFSC web site
- Two contractors had their spill kits zipp tied, allowing for a quick check to see if the kit had been opened.

MIFLAG Interviews

- There seems to be some issues regarding completion of what has been said would happen and what actually gets done with some members (eg. horse trail and adjacent harvest area & the Kelsey DLS).
- Trust between WFP and MIFLAG goes up and down.
- WFP does an excellent job at managing silviculture.
- Would like to see the PAS indicator looked at in the field at a field trip.
- The group may want to go beyond the Facilitator for initiating contact with FN.

Stillwater CAG Interviews

- Process is effective, meaningful, maintained and educational
- 2 new members have been added to the group over the year
- Great speakers and group discussion of SFM issues

Head Office

OFI

7.4.3 Communication: The audit found that the corporate website link to “Contact Us” did not seem to be functional as a response to a query was not provided. Consider improving the functionality of the website link for the public to respond.

7.4.4 Documentation: Consider removing all references to the PEFC Annex 4 reference in the EMS manual.



7.5.1 Monitoring and Measurement: Consider developing a company wide user guide for (CENFOR/Other methods) indicator reporting to ensure consistent data gathering and record keeping.

7.6 Management Review: The MERC meeting did not discuss the SFM performance measures previously discussed at the operational management review and environmental review committee meetings. Consider an update to the Merc about the status of the performance measures.

Positives

Excellent communications between the operations and head office (Certification Forester) to support the certification processes.

“What’s New“ on company intranet site is an excellent source of info for staff of changes to the systems.

Please note that these Opportunities for Improvement will be reviewed as part of the preparation for the next audit.

SECTION 6 - GENERAL ASSESSMENT AND RECOMMENDATION:

Based on the review of the company’s SFM program, and the audit results, the following recommendation is made:

Surveillance Audit:

The results of the Surveillance Audit indicates that the Management System of Western Forest Products Inc. is suitable and effective and will continue to be recommended for registration to CAN/CSA-Z809-2008.

An effective inter-action exists between all elements of the management system;
The entire management system is effective in light of any changes and top management has demonstrated a commitment to maintain the effectiveness of the system.

Next Scheduled Audit: April 22-26, 2013 NVIR and Englewood Defined Forest Areas

Date(s): April 22, 2013 to April 26, 2013

Type of Audit: 24 Month Surveillance Audit



No. of Persons: 1

No. of Audit Days Required: 5 days

A handwritten signature in black ink, appearing to read 'Nathan Ryant', is positioned above the printed name.

Nathan Ryant, RPF
QMI-SAI Global Team Leader

Date: 06/01/2012