



# REPORT Forest Certification



## Atco Wood Products Ltd. SFI Surveillance Audit – July 2009

In July 2009, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out the third SFI surveillance audit of Atco Wood Products Ltd's woodlands operations in south central British Columbia (BC) 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 summary report provides an overview of the process and KPMG's findings.

### Description of Atco's Crown Land Forest Operations:

Atco's Crown land woodlands operations are situated in south central BC, Canada and currently comprise forest licences' FL A20193 in the Arrow Timber Supply Area (TSA) and FL A20218 in the Kootenay Lake TSA, which are part of the Southern Interior Forest Region of BC.

Four statutes form the legal framework for forest management on Crown lands in BC: the Forest Act, the Forest and Range Practices Act (FRPA), the Forest Practices Code of British Columbia Act (FPC) and the Ministry of the Forests Act. Numerous other provincial and federal acts, regulations, guidelines and policies also have implications for forestry operations on Crown lands. Replaceable forest licences in BC are tenures granted by the BC Minister of Forests under the authority of the Forest Act. The allowable annual cut (AAC) of each timber supply area (TSA) is determined by the provincial Chief Forester at least once every 5 years. The AAC for FL A20193 is 166,489 m<sup>3</sup> and for FL A20128 is 20,167 m<sup>3</sup>.

FRPA and its regulations in particular set the requirements for planning, road building, logging, reforestation and grazing and define planning processes and prescribe levels of protection for forest values. Forest licencees are required to develop a Forest Stewardship Plan (FSP) to meet the requirements of FRPA. Atco Wood Products Ltd. received approval of their first Forest Stewardship Plan on December 21, 2006.

FRPA took effect on Jan. 31, 2004. Any activities already approved under the pre-existing FPC were grandfathered and continue to be governed by the FPC Act and its regulations. Once transition is complete all forest licensees will operate solely under FRPA, with previous plans (i.e., Forest Development Plan (FDP)) being replaced by FSPs developed under FRPA.

Atco has developed a Sustainable Forest Management Plan (SFMP) which describes how the company will achieve the broad 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 FDP and FSP. The SFMP reflects the bounds established by higher level plans and through the regulatory framework described above. The company 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.

Atco's Crown land woodlands operations are managed by the company from offices in Fruitvale, BC.



## Findings – Atco Wood Products Ltd. SFI Surveillance Audit – July 2009

### Audit Objectives

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

- An SFI surveillance audit to evaluate the Company’s continuing conformance with the requirements of the 2005-2009 version of the SFI standard. Surveillance audits are designed to annually assess performance against selected elements of the SFI standard in the period between re-certifications, which occur every 5 years. In 2009, our surveillance audit focused on Objectives 6, 7, 10, 11 and 13.
- An ISO 14001 surveillance audit against selected elements of ISO 14001:2004.

In addition to the SFI indicators specified in the 2005-2009 SFI standard a number of supplementary indicators were used to help assess the intent of the SFI indicators and performance measures.

### The Audit Process

- *Audit Team* – The audit was conducted by a two-person audit team comprising a registered professional forester and a professional geologist. The lead auditor on the engagement was a Certified Environmental Auditor and Environmental Management System (EMS) Lead Auditor.
- *SFI Program Representative* – Andrea Vienneau, RPF served as Atco’s SFI program representative during the audit.
- The assessment of land management practices involved site visits to a sample of the Company’s Fruitvale, BC-based woodlands operations.

### Audit Conclusions

Based on the findings of our limited scope surveillance audit, the Company’s land management operations continue to meet the requirements of the 2005-2009 version of the SFI standard in all material respects.

As a result, Atco Wood Products was recommended for continued certification under the SFI standard.

Good Practices and opportunities for improvement were identified and are summarized in this report.

### Good Practices

- In relation to SFI Objective 13, the completed internal audit protocol provided an excellent record of what was reviewed and found in relation to a comprehensive set of audit questions.
- In relation to SFI Objective 10, the operation’s staff training program was being effectively implemented and excellent records maintained.
- In relation to SFI Objective 7, good levels of utilization were observed during the field audit of harvest blocks. Other noteworthy measures to promote the efficient use of forest resources were also observed during the audit (e.g., decreased peeler top sizes, multiple sorts made in the bush, adjustment of chipper settings to accept whole logs, marketing of cedar rejects and maintenance of markets for fir bark, firewood and building logs).

#### Types of audit findings

##### Major nonconformities:

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

Major nonconformities must be addressed immediately or certification cannot be achieved / maintained.

##### Minor nonconformities:

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

All nonconformities 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.

##### Opportunities for Improvement:

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

#### SFI Audit Results

Major non-conformances	0
Minor non-conformances	0
Opportunities for Improvement	1

## Findings – Atco Wood Products Ltd. SFI Surveillance Audit – July 2009

- In relation to the field audit, prudence was demonstrated in prescribing a 5 meter machine free zone and designated crossings on a non-classified drainage in a harvest block located in a community watershed.
- In relation to the field audit, effective deactivation of main road crossings on non-fish bearing streams were observed on a road recently deactivated.

### Follow-up on Findings from Previous Audits

At the time of this assessment there were 2 open minor nonconformities from previous audits. The audit team reviewed the implementation of action plans developed by Atco to address the nonconformities and found that they had been effectively implemented. As a result, all nonconformities from previous audits have now been closed.

### Areas of Nonconformity

The 2009 SFI surveillance audit of Atco's operations did not identify any major or minor nonconformities, indicating that the Company's SFI program continues to be effectively implemented.

### Opportunities for Improvement

During the 2009 SFI surveillance audit one opportunity for improvement was identified as follows:

- In relation to SFI Objective 2, the audit identified one small area (approx. 0.8 hectares) of a fire salvaged harvest block that had not been planted despite the records provided by the planting contractor suggesting that the entire block had been planted. An opportunity exists for the operation to explore opportunities to require from planting contractors enhanced records providing evidence of completion of planting obligations.



### SFI Objectives Sampled by the 2009 Surveillance Audit of Atco Wood Products' continuing operations:

- **Objective 6** – To manage Program Participant lands that are ecologically, geologically, historically, or culturally important in a manner that recognizes their special qualities
- **Objective 7** – to promote the efficient use of forest resources
- **Objective 10** – To improve the practice of sustainable forest management by resource professionals, logging professionals and contractors through appropriate training and education programs
- **Objective 11** – Compliance with legal and regulatory requirements
- **Objective 13** - Management Review and Continual Improvement

The field audit identified a number of good practices, including good utilization and efficient use of forest resources and a conservative approach to protecting streams and non-classified drainages in blocks located in community watersheds.

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