



# REPORT Forest Certification



## Atco Wood Products Ltd. – June 2012

On June 4 – 6<sup>th</sup>, 2012, an auditor from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of Atco Wood Products' 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 Products' 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. The Annual Allowable Cut for FL A20193 is 166,489 m<sup>3</sup> and for FL A20128 is 20,167 m<sup>3</sup>.

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. 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.

### 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:

- Protection and maintenance of water resources;
- Management of visual quality and recreation benefits;
- 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;
- Communications and public reporting, and;
- Management review and continual improvement.

The scope of the 2012 SFI surveillance audit of Atco's woodlands operations included all of the woodlands operations noted above, as well



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as fibre procurement activities for the Company’s veneer plant located within the community of Fruitvale, BC.

### The Audit

- **Audit Team** – The audit was conducted by Craig Roessler, RPF, EP(EMSLA). Craig Roessler is a KPMG staff member who has conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **SFI Surveillance Audit** – The audit involved an on-site assessment of selected elements of the Company’s SFI program, and included visits to several field sites to evaluate conformance with the requirements of the SFI 2010-2014 standard.
- **Atco Wood Product’s SFI Program Representative** – Andrea Vienneau RPF served as the company’s SFI program representative during the audit.

### Audit Objectives

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

- To evaluate the sustainable forest management system at Atco Wood Products Ltd., its implementation, effectiveness and conformance with the requirements of the SFI 2010-2014 standard.

### Audit Conclusions

The audit found that:

- The Company’s sustainable forest management system was in full conformance with the requirements of the SFI requirements included within the scope of the audit, except where noted otherwise in this report, continues to be effectively implemented and is sufficient to systematically meet the commitments included within the Company’s SFM policy. As a result, a decision has been reached to recommend that Atco Wood Products Ltd. continue to be certified to the SFI 2010-2014 standard.

#### Atco Wood Products Ltd. SFI Surveillance Audit Findings

Major non-conformities	0
Minor non-conformities	1
Opportunities for improvement	0

#### 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.

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### Evidence of Conformity with SFI 2010-2014

Primary sources of evidence assessed to determine conformity with the SFI 2010-2014 standard are presented in the following table:

SFI Objective #	Key Evidence of Conformity
1. Forest Management Planning	Not assessed during 2012 surveillance audit.
2. Forest Productivity	Not assessed during 2012 surveillance audit.
3. Protection and Maintenance of Water Resources	Sustainable Forest Management Plan (SFMP); SFI Program Indicators Matrix; Forest Stewardship Plan (FSP); Site plans; Harvest plans; GIS waterbody layers; Riparian assessments; Terrain stability assessments; Hydrological assessment report for a community watershed; Cutblock review planning records; Layout SOP; Road and bridge inspection and maintenance program/records; Logging and road construction agreements; Training records; Completed pre-works and inspection forms; Records respecting meetings with domestic water users; Field inspections of riparian areas; Interviews with planning, layout and field staff and contractors.
4. Conservation of Biological Diversity	Not assessed during 2012 surveillance audit.
5. Management of Visual Quality and Recreational Benefits	SFMP; SFI Program Indicators Matrix; FSP; Site plans; Harvest plans; Visual impact assessments (VIAs); VIA post harvest evaluations; 2011 SFI Progress Report; Field inspections of visual blocks; Interviews with planning, layout and field staff.
6. Protection of Special Sites	Not assessed during 2012 surveillance audit.
7. Efficient Use of Forest Resources	Not assessed during 2012 surveillance audit.
8. Landowner Outreach	SFMP; Atco Wood Procurement Information Package and Wood Purchase Program; Listing of log suppliers provided information package; Purchase wood inspection records; Purchase wood contracts; Western Canada SIC (WCSIC) 2011 Wood Purchase Monitoring Report; Field inspections of purchase wood blocks; Interviews with purchase wood staff and supplier representatives.



The field audit included inspections of purchase wood harvest blocks to verify that the Company's purchase wood inspection process is being effectively implemented.

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SFI Objective #	Key Evidence of Conformity
9. Use of Qualified Resource and Logging Professionals	SFMP; Atco Wood Procurement Information Package and Wood Purchase Program; Qualified Logging Professionals Contact List; Contractor training records. Field inspections of purchase wood blocks; Interviews with purchase wood staff and supplier representatives.
10. Adherence to Best Management Practices	SFMP; Atco Wood Procurement Information Package and Wood Purchase Program; Wood Purchase Program Risk Assessment; Qualified Logging Professionals Contact List; Purchase wood inspection records; Field inspections of purchase wood blocks; Interviews with purchase wood staff and supplier representatives.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas	NA – Atco does not source fiber outside of Canada or the US.
12. Avoidance of Controversial Sources including Illegal Logging	NA – Atco does not source fiber outside of Canada or the US.
13 Avoidance of Controversial Sources including Sources without Effective Social Laws	NA – Atco does not source fiber outside of Canada or the US.
14. Legal and Regulatory Compliance	SFMP; SFI Program Indicators Matrix; Subscription to and alerts from legal requirements service provider; Listing of applicable legal requirements; Hardcopy laws and regulations; Email correspondence respecting updates to legal and other requirements; Environmental Instructions; Occupational Health & Safety Policy, Regulatory Compliance Policy; Management review meeting minutes; Inspection records; Compliance, incident and action plan records; Field inspections; Interviews with staff and contractors.
15. Forestry Research & Technology	SFMP; SFI Program Indicators Matrix; Records of involvement with research projects, Arrow Innovative Forest Practices Agreement (IFPA) annual report 2011-2012; Interviews with key staff.



Contractor supervisors and employees interviewed during the field audit of active operations demonstrated good awareness of block-specific operational issues and resource values.

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SFI Objective #	Key Evidence of Conformity
16. Training and Education	SFMP; SFI Program Indicators Matrix; EMS; Environmental and Sustainable Forest Management Policy; Staff and contractor training records; WCSIC training policy; Atco Wood Procurement Information Package; List of Qualified Logging Professionals; Interviews with staff and contractors.
17. Community Involvement in the Practice of Sustainable Forestry	Not assessed during 2012 surveillance audit.
18. Public Land Management Responsibilities	Not assessed during 2012 surveillance audit.
19. Communications and Public Reporting	SFMP; SFI Program Indicators Matrix; Certification summary report; 2011 SFI Progress Report; Records supporting information in the annual 2011 SFI Progress Report; Interviews with key staff.
20. Management Review and Continual Improvement	SFMP, SFI Program Indicators Matrix; Management review meeting records; Quarterly review meeting records; inspection records; Interviews with management and staff.



The field audit observed noteworthy examples of effectively configured harvest blocks well designed to minimize the visual impact of the blocks.

### Good Practices:

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

- SFI Objective 3 (Protection and Maintenance of Water Resources)*** – Atco has established and implemented a well structured, planned out and rigorous risk-based road, bridge and major culvert inspection and maintenance program and is maintaining excellent records respecting the inspections, maintenance issues and completed actions.
- SFI Objective 5 (Visual Quality and Recreational Benefits)*** – Visual resource values were determined to be well managed by the Company in its planning, cutblock design and modeling work and visual impact assessments (VIAs). Field visits verified that visual resource management requirements were implemented as required for those harvest blocks falling within visually sensitive areas. The Company is also conducting post-harvest VIA evaluations to assess whether or not the visual quality objectives prescribed were met post-harvest and the VIA model accurately predicted the visual impacts.

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- SFI Objective 16 (Training and Education)** – The annual contractor training sessions are seen as an exemplary practice that promotes awareness amongst contractors and their employees. The training and associated comprehensive training packages were tailored to logging contractors and planting contractors (in two separate training sessions). The sessions were well attended. The sample of contractor supervisors and employees interviewed demonstrated good knowledge of on-site specific issues pertaining to the blocks they were working on.
- SFI Objective 20 (Management Review and Continual Improvement)** – The Company continues to conduct comprehensive management reviews that include detailed, useful input information, thorough documentation of the review in the meeting minutes (including performance against selected SFI Performance Measures and Indicators) and excellent output in the summary of actions table.



The protection and maintenance of water resources was a focus area during the 2012 field audit. This picture shows a stream which was well protected with no signs of disturbance when a temporary crossing was removed at the end of harvesting operations in this block this past winter.

### Areas of Nonconformity:

One nonconformity was identified during the SFI surveillance audit of the company's woodlands operations, as follows:

- SFI Objective 14 (Legal and Regulatory Compliance)** – The field audit observed two large (in excess of 450 liters) non-specification tidy tanks used to transport diesel fuel that were out of compliance with the Transportation of Dangerous Goods (TDG) regulations.

### Opportunities for Improvement

No new opportunities for improvement were identified during the audit.

### Corrective Action Plans

Corrective action plans designed to address the root cause(s) of the non-conformity identified during the audit have been developed by Atco Wood Products Ltd. 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.

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