

Atco Wood Products Ltd—2013 Audit

From June 24-26, 2013, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of Atco Wood Products Ltd's Fruitvale, BC, woodlands operations against the requirements of the 2010-2014 edition of the Sustainable Forestry Initiative® (SFI) standard. This Certification Summary Report provides an overview of the process and KPMG's findings.

Description of Company ABC's Woodlands Operations

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

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



The Audit

- **Audit Team** – The audit was conducted by Yurgen Menninga, Registered Professional Forester, Environmental Professional (Environmental Management Systems Lead Auditor). Yurgen is an employee of KPMG PRI, and 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 all elements of the Company's SFI program, and included visits to several field sites to evaluate conformance with the requirements of the current SFI standard.
Annual SFI surveillance audits are conducted by KPMG to ensure that SFI requirements continue to be met.
- **Atco Wood Products Ltd. SFI Program Representative** – Craig Stemmler RPF served as the company SFI program representative during the audit.

Audit Objectives

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

- An SFI surveillance audit to evaluate the Company's conformance with the requirements of the 2010-2014 version of the SFI standard.

Audit Conclusions

The audit found that:

- The Company’s B.C. woodlands operations meet the requirements of the 2010-2014 version of the SFI standard in all material respects. As a result, a decision has been made to continue certification to the SFI standard. Atco’s SFI certification is valid until June 28, 2014.

Evidence of Conformity with SFI 2010-2014

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

SFI Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	N/A (not in scope for this audit)
2. Forest Productivity	Sustainable Forest Management Plan, Forest Stewardship Plan, approved stocking standards, site plans, silviculture reports, environmental instructions, field inspections.
3. Protection and Maintenance of Water Resources	N/A
4. Conservation of Biological Diversity	SFM Plan FSP, Grizzly Bear GAR order, site plans, field inspections.
5. Management of Visual Quality and Recreational Benefits	N/A
6. Protection of Special Sites	SFM Plan, FSP, harvest & site plans.
7. Efficient Use of Forest Resources	N/A
8. Landowner Outreach	SFM Plan; Atco Wood Procurement Information Package; Purchase wood inspections; Purchase Wood Contracts.
9. Use of Qualified Resource and Logging Professionals	N/A

Table 1 continued next page

Atco Wood Products Ltd. SFI Certification Audit Findings

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

Types of audit findings

Major non-conformities:

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

Minor non-conformities:

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

All non-conformities require the development of a corrective action plan within 30 days of the audit, which must be fully implemented by the operation within 3 months.

Major non-conformities must be addressed immediately or certification cannot be achieved / maintained.

Opportunities for Improvement:

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

Table 1 continued

SFI Objective #	Sources of Key Evidence of Conformity
10. Adherence to Best Management Practices	SFM Plan; Atco Wood Procurement Information Package; Qualified Logging Professionals Contact List; Purchase wood inspections
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas	N/A
12. Avoidance of Controversial Sources including Illegal Logging	N/A
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	N/A
14. Legal and Regulatory Compliance	SFM Plan, environmental instructions, management review meeting minutes, inspection records, field inspections, non conformity report.
15. Forestry Research & Technology	N/A
16. Training and Education	SFM Plan, training records.
17. Community Involvement in the Practice of Sustainable Forestry	N/A
18. Public Land Management Responsibilities	SFM Plan, site plans, First Nations correspondence records.
19. Communications and Public Reporting	N/A
20. Management Review and Continual Improvement	SFM Plan, SFI Program Indicators Matrix, inspection records, management review meeting minutes.



The audit included an assessment of active as well a completed operations. This verified whether plans were achieved as intended, including leave tree retention, soil disturbance, water management at streams and ditches, etc.

Good Practices

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

- SFI Objective 2 (forest productivity) — The skid trail deactivation observed was done in a way that maximizes site productivity, manages erosion, and maintains natural drainage patterns.
- SFI Objective 4 (conservation of biological diversity) - The compliance memo that is completed for each block in the Grizzly Bear order area is an effective means to determine and document how each specific requirement is met.
- SFI Objective 18 (public land management responsibilities) – Good examples were provided in how the company works with groups during planning of operations i.e. snowmobile clubs, Trail Wildlife Association, water users, mountain biking clubs, etc .
- SFI Objective 20 (management review and continual improvement) - The company was found to have a well managed records program.

Areas of Nonconformance

No non-conformities were identified.

Opportunities for Improvement

One new opportunities for improvement was identified during the audit:

- SFI Objective 14 (legal and regulatory compliance) – In one of the contractor's pick-up trucks carrying a diesel slip tank, the legally required tank specification plate was partly covered.

Corrective Action Plans

N/A—only required for non-conformities.

Next audit

The next annual audit will be a full scope re-registration audit, and will occur in spring 2014.



Example of a stream within a harvest area. Along the stream, the harvest plan prescribed retention of certain trees and leaving of pre-existing woody debris in the stream, as shown in the photo. Also prescribed was a five meter machine free zone which was confirmed to have been maintained.



Deactivation of skid trails including this one shown was found to effectively manage erosion potential and also re-store soil productivity. Following deactivation, trails are re-planted.