

2016 CSA Z809 Public Summary Report

Western Forest Products Inc. CAN/CSA-Z809-08 Standard for Sustainable Forest Management

Date: November 7, 2016

Project Scope and Objectives

PricewaterhouseCoopers LLP (“PwC”) completed a multi-site Transfer and Maintenance Assessment on Western Forest Products Inc.’s (the “Company” or “WFP”) Sustainable Forest Management (“SFM”) of forest lands and operations located throughout Coastal B.C. to the Canadian Standards Association CAN/CSA Z809-08 SFM Standard (the “Standard”).

The primary objective of the assessment was to confirm that WFP’s management system complies with the applicable elements of the Standard; to confirm the WFP complies with its own SFM and supporting EMS policies and procedures; to confirm the management system is suitable and effective for the organization; and to confirm the management system enables WFP to achieve its own SFM objectives. WFP manages a number of public forest tenures on the coast of British Columbia including area based Tree Farm Licenses (“TFL’s”), volume and area based Forest Licenses (“FL’s”), private managed forest lands and other historical public tenure types (the “Timberlands”).

The assessment was conducted by PwC on a portion of WFP’s Timberlands located in the northern part of Vancouver Island. The 2016 Assessment sample covered the Port McNeill and Jeune Landing Operations of North Island Forest Operation (TFL 6 and associated private managed forest land) and the Englewood Operation (TFL 37) of Central Island Forest Operation. Activities assessed included the following forest management activities: planning, harvesting, road construction/maintenance and silviculture activities, including planting and other reforestation efforts. Other activities reviewed during the Assessment included the Public Advisory Group’s (“PAG’s”) associated with both the Port McNeill/Jeune Landing and Englewood Operations. The Vancouver Island North Woodlands Advisory Group (“VINWAG”) represents the interests of the communities of Holberg, Winter Harbour, Port Alice, Port Hardy and Port McNeill and the Nimpkish Woodlands Advisory Committee (“NWAC”) represents the communities of Woss and Port McNeill.

The assessment team included Shawn Ellsworth, RPF, EMS LA (Lead Assessor), James Lucas, RPF, EMS LA (Contract Assessor) and Nate Ryant, RPF (Contract Assessor). WFP’s SFM representative during the Assessment was Will Sloan, RFT, Certification Coordinator. The assessment involved field tours and office visits (interviews and file reviews) of the planning offices, as well as interviews with WFP staff at Saanich, Campbell River, Woss and Port McNeill, as well as contractors working on the Defined Forest Areas (“DFA’s”) and public advisory group members of the VINWAG and NWAC. Requirements assessed included the scope of WFP’s 2016 Sustainable Forest Management Plan and 2015 Indicator Results.

The CSA certification scope is:

The Forest management processes, including planning, harvesting, road construction, silviculture and transportation of logs managed through the Timberlands Corporate and the timberland offices¹ managing the Defined Forest Areas (DFA) of North Island, Mid-Island, Englewood, Port Alberni, and Stillwater.

DFA & Tenure Description

WFP manages Timberlands across Defined Forest Areas (DFA) under CSA on the North Island, Mid-Island, Englewood, Port Alberni operations on Vancouver Island and on its Stillwater Operation on the Sunshine Coast of British Columbia. The Company has rights to manage a large number of Crown land tenures including TFL 6, 19, 25, 37, 39 and 44 and Forest Licenses A16845, A16847, A19231 & A19244. In 2015, the total harvest volume from Crown land tenures was 5.1 million cubic meters.

The Assessment in 2016 was limited to the DFA's for the Port McNeill/Jeune Landing and the Englewood Operations. The Defined Forest Area for VINWAG includes TFL 6, Managed Forests 29, 31 and 61 and other related licenses. Maps of the DFAs can be found on the Western Forest Products website (<http://www.westernforest.com/>).

The North Island DFA encompasses approximately 241,000 hectares of Crown and private lands with an annual harvest of approximately 1,525,000 m³/year. For the Englewood DFA, the TFL area is approximately 159,500 ha with an AAC of 843,763 m³/year.

Indicators

As the Assessment was a Maintenance/Transfer Assessment, not all of the indicators within the CSA Z809-08 Standard were reviewed during the Assessment. The following indicators were not reviewed during the Assessment: 5.4, 7.1, 7.2, 7.3.2, 7.3.3.1, 7.4.1, 7.4.5 and 7.5.3. All other indicators were reviewed during the Assessment including a selection of Core Indicators and Indicators determined by each PAG. There were no substitute indicators.

Assessment Process

The Assessment took place over two weeks from May 24-26th and June 6-9th, 2016. The assessment on the Port McNeill and Jeune Landing Operations took place in late May and included an office review in Campbell River, an office review and field visits in Port McNeill. In early June, the assessment team visited the Saanich Forestry Center and conducted office and field activities in the Woss area at the Englewood Operation. The assessment team conducted interviews and reviewed appropriate documentation to assess policies and procedures, and tested the implementation of CSA Z809 program requirements at the Timberlands Head Office in Campbell River, BC. The assessment team conducted field assessments in the Port McNeill/Jeune Landing and Englewood Operations. During the field assessments, a total of thirty-seven sites were visited which included a mix of active or completed harvest sites, road construction or upgrade sites, silviculture sites and recreation sites (18 in Port McNeill/Jeune Landing, 19 in Woss). In total, the audit team spent 3 days at the Timberlands Head Office and 8.5 days on-site for field assessments (4 audit days in Port McNeill/Jeune Landing, 4 audit days in Woss and 1/2 day in Saanich).

The following sample of Values, Objectives, Indicators, and Targets (VOITs) were reviewed throughout the assessment process and found to be maintained and in conformance:

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 1.2.4 Percent consistency with management practices for habitat features (Indicator only applies to Englewood DFA)
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 2.1.1 Reforestation success
Indicator 2.2.1 Additions and Deletions to the Forest Area
Indicator 3.1.1 Level of Soil Disturbance
Indicator 3.1.2 Level of downed woody debris
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 5.2.4 Level of Aboriginal participation in the forest economy
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
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

The audit report was dated November 7, 2016.

Summary of Conformance, Findings, and Good Management Practices

Finding	Performance Measure	WFP Action Plan
Nonconformities		
480-A2-NC-01 - During shop and dry land sort (DLS) facility inspections it was noted that there were some housekeeping issues.	<i>CSA Z809-08 @ 7.4.6 requires that the organization shall (a) identify the operational procedures and controls needed to meet the SFM requirements; (b) establish and maintain documented procedures to cover situations in which the absence of such procedures could lead to deviations from the SFM requirements.</i>	<i>Changes in personnel, combined with weak inspection processes, resulted in issues not being identified during regular facility inspections. Corporate Forestry will work with all operations to ensure that facility inspections are being undertaken effectively in identifying issues. This will be done through regular site visits and the internal audit process.</i>
480-A2-NC-02 - The standard require that WFP staff have all required training and it would be up to date. A review of the training databases at Port McNeill (NIFO) and Englewood (EFO) indicated several SFM trainings were either past due or not completed. Further	<i>CSA Z809-08 @ 7.4.2 requires that the organization shall identify training needs. It shall also ensure that personnel receive training in accordance with the impact of their work on the DFA and their ability to ensure that SFM requirements are met.</i>	<i>Planning Administrator will enter all the outstanding Training Records into the Training Manager database. This audit finding was discussed at the most recent corporate MERC and Senior Management Review. The person(s) at the operations responsible for tracking training will</i>

<p><i>investigation by WFP indicated that many, if not all, of the training requirements were up to date but the databases were not being maintained.</i></p>		<p><i>be trained on how to use Training Manager to its capability, allowing for upcoming/overdue training to be scheduled in a timely manner.</i></p>
<p>480-A2-NC-03 - Nonconforming examples were identified in the field on two cut blocks where natural drainage patterns for small, non-fish bearing creeks were not maintained. In addition, on one block, an S6 stream was also not cleaned concurrently with the operations as per the harvest plan prescription.</p>	<p>CSA Z809-08 @ 7.4.6 requires that the organization shall (a) identify the operational procedures and controls needed to meet the SFM requirements; (b) establish and maintain documented procedures to cover situations in which the absence of such procedures could lead to deviations from the SFM requirements;</p>	<p>Operations staff to complete assessments and appropriate logging clean up in both blocks including debris removal from streams, cleaning the culvert inlets and outlets as well as the ditch lines. Corporate Forestry will remind all operations that operational plans and WFP procedures are to be followed, and inspection processes are expected to identify issues so they can be corrected in a timely manner. Internal audits and random spot checks by Corporate Forestry will evaluate the effectiveness.</p>
<p>480-A2-NC-05 - During the Assessment, the ITS monitoring report showed a large number of past due items existed in system.</p>	<p>CSA Z809-08 @ 7.5.2 requires that the organization shall establish and maintain procedures for (c) initiating and completing corrective and preventive action.</p>	<p>The ITS database will be queried for all instances of outstanding (overdue) items; the individual owners (or their managers for those no longer with WFP) will be informed of the overdue items and will be requested to review and update. The Systems Coordinator will review all overdue ITS Action Items across the Timberlands. The Operations will be provided a list and requested to review and update/close as appropriate; this will include the Action Items assigned to Corporate. Effectiveness will be monitored through internal audits and quarterly reporting to MERC.</p>
<p>Opportunities for Improvement</p>		
<p>480-A2-OFI-02 - While no legal requirements are currently in place for outflow water quality for WFP's facilities, WFP may wish to consider a process to monitor discharge of water from dryland sorts and consider opportunities to monitor/improve the quality of water discharged offsite if issues are identified.</p>	<p>CSA Z809-08 @ 7.5.1 a) establish and maintain documented procedures to monitor, on a regular basis, the key characteristics of its operations and activities that demonstrate progress towards SFM in the DFA. This shall include the recording of performance levels, relevant operational controls, and conformance with the SFM requirements;</p>	<p>WFP will consider implementing water quality monitoring of DLS discharge.</p>
<p>480-A2-OFI-03 - All facilities visited are using the corporate facilities check list to do monthly inspections. However, it was observed through interviews and site tours that there were areas of environmental risk specific to each operation (e.g. used oil tanks and</p>	<p>CSA Z809-08 @ 7.5.1 a) establish and maintain documented procedures to monitor, on a regular basis, the key characteristics of its operations and activities that demonstrate progress towards SFM in the DFA. This shall include the recording of performance levels,</p>	<p>WFP will review the current facility inspection forms with the operations and consider revising if they are found to be not meeting our requirements and expectations.</p>

<i>bilge water storage) that are not identified on the inspection checklist and it was unclear if they are being monitored. WFP may benefit from developing site specific items to be checked to accompany the WFP corporate checklist to ensure all areas of environmental risk are being regularly monitored.</i>	<i>relevant operational controls, and conformance with the SFM requirements;</i>	
480-A2-OFI-05 - WFP may wish to consider measuring all as-built wooden box culverts to ensure they are built to specified sizes and not greater than 6 m.	<i>CSA Z809-08 @ 7.4.6 a) identify the operational procedures and controls needed to meet the SFM requirements;</i>	<i>WFP will review the applicable operational controls for the installation of WBC's to determine when and if an as-built verification would be warranted.</i>
480-A2-OFI-06 - WFP may wish to consider requiring all garbage to be cleaned up concurrently with the operations. Observations were made that one contractor was not cleaning up the harvest unit concurrent with operations.	<i>CSA Z809-08 @ 7.4.6 a) identify the operational procedures and controls needed to meet the SFM requirements;</i>	<i>The contractor will collect all litter and wastes and dispose of them at the designated locations on a daily basis. In addition, the Cutblock Inspection Form has a requirement for "Site free of litter (cable, jugs, etc.)".</i> <i>WFP will remind the field operators of the SOP requirement and the operational staff to document in the Cutblock Inspection Form.</i>
480-A2-OFI-07 - WFP may wish to consider including coarse woody debris (CWD) requirements on the maps and reiterating the requirement to the hoe chucking operators on second growth stands where there is typically little residue compared to old growth harvesting.	<i>CSA Z809-08 @ 7.4.6 a) identify the operational procedures and controls needed to meet the SFM requirements;</i>	<i>The Operations will take this OFI under consideration and document their decisions in their MERC meetings minutes.</i>
480-A2-OFI-08 - WFP may wish to consider expanding the Falling SOP timeline to raise awareness of migratory birds considerations from March-May to the end of July.	<i>CSA Z809-08 @ 7.4.6 a) identify the operational procedures and controls needed to meet the SFM requirements;</i>	<i>WFP will consider revising the Falling SOP to better integrate with migratory birds considerations.</i>
480-A2-OFI-11 - WFP's Englewood Division measures satisfaction with the CSA Public Advisory Group by an annual survey. In the past three years however, only 2 (2015), 3 (2014) and 2 (2013) participants have completed the survey. WFP may wish to consider looking at new ways to help encourage more participation in this survey.	<i>CSA Z809-08 @ 5.3 a) xiv) Can the organisation demonstrate that the public participation process works according to clearly defined operating rules that contain provisions on a mechanism to measure participants' satisfaction with the process?</i>	<i>The 2016 survey and all annual surveys will be completed in the last scheduled meeting of the year. In this meeting there will be time assigned in the agenda to review feedback verbally within the meeting. This feedback will be incorporated into the participant satisfaction summary.</i>

Specific Good management practices are noted below:

- WFP is tracking non-government reportable spills at some operations and through an analysis at Port McNeill it was identified that a number of antifreeze coolant spills were occurring and a root cause analysis identified that a new fan blade type was failing causing leaks.
- At the Woss shop initiatives are underway to replace solvents with more ecofriendly products for cleaning parts.
- The use of seasonal staff to help complete facility inspections (along with full-time staff) is an effective training mechanism for the new staff members.
- The use of new technologies including iPad's at the Saanich Forestry Centre and the weather/fire danger monitoring systems at the Englewood Division has helped WFP staff be more efficient and productive in the field.
- The level of communication and control that WFP has with its company logging and roads crews allows very efficient and well-coordinated activities on the land base.
- The level of due diligence and resource protection on harvest unit NA017 (Karst features/CMT's/riparian zones/sensitive soils) showed excellent due diligence. Additionally, the technical quality of the harvest unit engineering on unit NA 203 was very high. This unit featured steep slopes, rock bluffs, riparian areas & UWR and was an oversize unit in the Enhanced Forestry Zone.
- Action items were noted that address a decrease in public satisfaction for the public advisory groups.
- Excellent documentation of road and harvesting inspection reports with action items and pictures supporting the action items were observed.
- Well documented meeting minutes for the public participation process showing individual member comments and responses to the questions.
- Excellent work was observed in relation to projects and studies being done by the company biologists on species at risk and migratory birds.

Conclusion

WFP has maintained conformance with the requirements of the CAN/CSA-Z809-08 Standard for Sustainable Forest Management. The Certificate can be obtained by contacting Will Sloan of Western Forest Products Inc. at (250) 202-5290. More information on WFP's Sustainable Forestry program can be found at: <http://www.westernforest.com/sustainability/environmental-stewardship/forest-environment/landbase-certification/>.

The next CSA Z809 Assessment will be a Re-Registration Assessment in early 2017, the registration expires on May 22, 2017.