



**Project No. 1046539-02**

March 2, 2008

Mr. Toby Jeffreys  
Gilbert Smith Forest Products Ltd.  
PO Box 689  
Barriere, British Columbia  
CAN, V0E 1E0

**SUBJECT: REGISTRATION PROGRAM**

Dear Mr. Jeffreys,

Please find attached the Audit Report raised as a result of our Re-Assessment Audit of your management system to the CAN/CSA - Z809-2002 standard conducted on your Defined Forest Area on February 25 - 27, 2008.

I 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', is written over a light grey circular background.

Nathan Ryant  
QMI Team Leader  
Encls.

QMI Confidential



Accreditation number No.19/06  
Validity of the accreditation  
from 2007/01/16 to the  
expiration date 2011/01/15

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**CONFIDENTIAL**

**SUSTAINABLE FOREST MANAGEMENT SYSTEM**

**AUDIT REPORT CAN/CSA-Z809-2002**

**Auditee:** Gilbert Smith Forest Products Ltd.  
**Address:** 411 Borthwick P.O. Box 689  
Barriere British Columbia  
CAN V0E 1E0

**Contact:** Mr. Toby Jeffreys  
**Date(s) of Audit:** February 25, 2008 to February 27, 2008  
**Audit Team Leader:** Nathan Ryant  
**Type of Audit:** Re-Assessment Audit  
**Audit Frequency:** 12 Months  
**SIC / NACE Code:** 0811 0851 A02.0 A02.0

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2. Introduction to CAN/CSA Z809
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**REPORT DISTRIBUTION**

Gilbert Smith Forest Products Ltd.  
QMI File  
Nathan Ryant

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## **SECTION 1 - EXECUTIVE SUMMARY**

<b>Scope #</b>	<b>Scope Description</b>
1	The sustainable forest management system as it applies to the forest management activities of Gilbert Smith Forest Products Ltd. including planning, harvesting, hauling, road construction and maintenance, and silviculture activities on the Defined Forest Area (Forest Licenses A56291 and A18692) and Timber License TO713.

### **Site:**

Gilbert Smith Forest Products Ltd.  
 411 Borthwick  
 P.O. Box 689  
 Barriere  
 British Columbia  
 CAN, V0E 1E0

**Summary of Audit Findings:** Gilbert Smith Forest Products has implemented and maintained an effective Sustainable Forest Management system to ensure the SFMP is suitably managed over the companies Defined Forest Area. The company has demonstrated that their management is commendable and they will be recommended for continued registration to the CAN/CSA Z809:2002 standard.

**Recommendations:** As stated in the audit findings section of this report.

## **SECTION 2 - INTRODUCTION TO CAN/CSA Z809-2002**

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 2002. 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, goals, indicators and objectives, identified by the public process, which can be traced back to the 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):**

**Geographic Locations:** Operations in the Kamloops and Headwaters Forest District.

**Area of DFA:** 139,042 hectares

Gilbert Smith Forest Products Ltd. holds a Non-Replaceable Partition Agreement. This license overlaps Canfor, Tolko, Weyerhaeuser, and BCTS operating areas. The license allows Gilbert Smith Forest Products Ltd. to harvest Cedar-Hemlock stands only. The partition agreement areas are shown on the map in Appendix I. The area of the Non-replaceable forest license has not been included in Table 1, as it is included in other licensees DFAs.

The Replaceable Forest License has a mix of age classes and species types (Figures 1,2). The distribution of age classes is weighted towards forests greater than 100 years of age (63%+), and 27% greater than 250 years. This distribution is possibly influenced by human intervention for fire suppression. Coniferous tree species comprise 95% of the forest types.



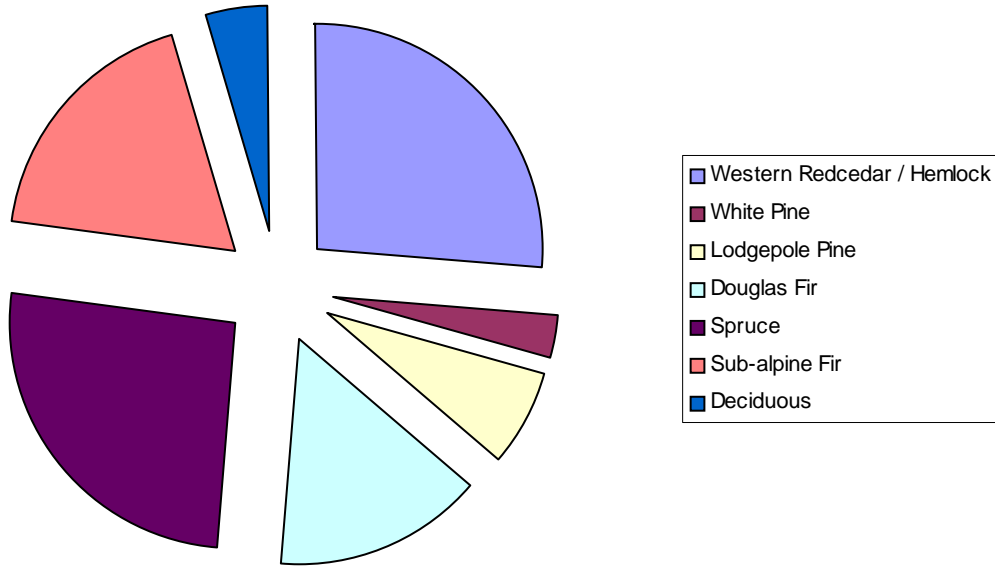
**Legal Tenure / Licence Description:**

<b><u>Total Defined Forest Area</u></b>	<b>139,042</b>
<b><u>Non Forest / Non Crown Land</u></b> <ul style="list-style-type: none"> <li>Alpine, rock, open range</li> </ul>	37,959.2
<b><u>Protected Areas</u></b> <ul style="list-style-type: none"> <li>Approved study areas / Areas of Interest</li> </ul>	995.6
<b><u>Streams, wetlands, lakes</u></b>	1,333.9
<b><u>Non-contributing forest</u></b> <ul style="list-style-type: none"> <li>Deciduous, problem forest type, ESA's, inoperable, NP, NPBR</li> </ul>	13,507.1
<b><u>Other Tenures</u></b> <ul style="list-style-type: none"> <li>Area covered by Forest Development Units that overlaps with other Forest Licensee Operating areas (i.e. BCTS)</li> </ul>	5,691.3
<b><u>Private Land</u></b> <ul style="list-style-type: none"> <li>Area covered by Forest Development Units that is privately owned.</li> </ul>	913.5



## DFA Species Type

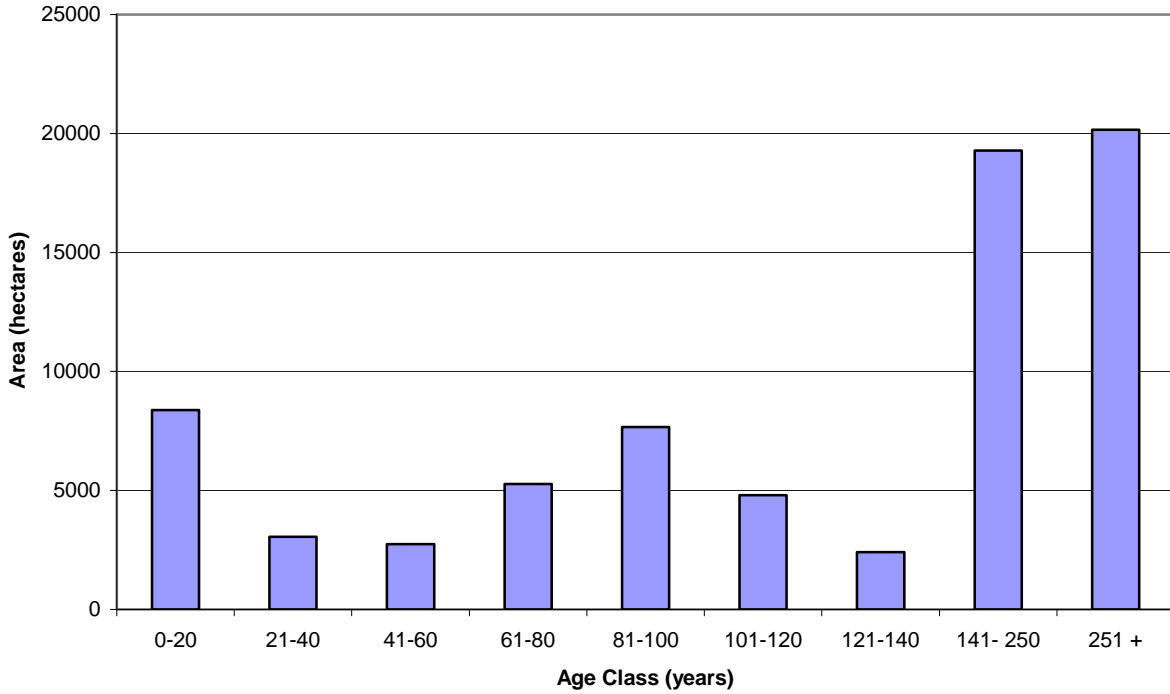
% Species Composition for FL 18692





**DFA Age Class Distribution**

**Age Class Distribution by Area for FL18692**



**SECTION 4 - ORGANIZATION:**

**Description of the DFA Workforce:**

Company planning and road building activities.  
Contract harvesting and silviculture activities.

**Management Objectives and Responsibilities on the DFA:** As described in the scope.

**AAC Determination Process:** Timber Supply Review and Chief Forester determination.

**Products Produced and Mill Associated with the DFA Timber:** Cedar dimensional lumber.

**First Nations Consultation Process :** Ministry of Forests and Range responsibility with company internal processes.



**SECTION 5 - AUDIT FINDINGS:**

<b>Scope #</b>	<b>Scope Description</b>
1	The sustainable forest management system as it applies to the forest management activities of Gilbert Smith Forest Products Ltd. including planning, harvesting, hauling, road construction and maintenance, and silviculture activities on the Defined Forest Area (Forest Licenses A56291 and A18692) and Timber License TO713.

**Audit Criteria:** CAN/CSA Z809:2002

**Description of QMI and the QMI Audit Team:**

Quality Management Institute (QMI) is a third party management system certification Registrar. QMI is a Division of the CSA Group. Established in 1984, QMI 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 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

**Audit Coverage:**

**Operations / Cut-Blocks Visited during the field audit include:**

- CP 70 Block 2 – Active harvesting
- 700 Road – 800mm culvert on S6 stream
- RP 15241 Rd 7000 – Active Road construction

**Personnel (ie contractors) interviewed in the field:**

Branche Contracting

Gilbert Smith Company Road Builder

**Indicators Reviewed:** All

- 1, 2, 3, 4, 5, 6, 7, 8, 9,10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30



**Members of the public participation process interviewed:**

Bert Parke – Shuswap Environmental Action Society

Peter Grauer – Science and Innovation

- ◆ Impressed with Gilbert Smith's operations.
- ◆ Licensees can dominate a meeting and have put the brakes on improving the process.
- ◆ Licensees have always used the excuse of added costs for maintaining the status quo.
- ◆ Licensees are always looking for new members although the efforts could be improved.
- ◆ PAG facilitator should keep the meetings on track and limit discussions by individuals to allow all to participate in the discussions.
- ◆ Licensees could present better information to the group to address SFM issues.
- ◆ A better communication role by the licensees towards the public would ensure the public is aware of the good forest practices they are all committed to.
- ◆ More emphasis could be put on improving the indicators, eg. why not also manage for Blue listed species.
- ◆ A good topic to attract more public members would be to have Nathan Matthew from NTIB address the group on First Nations values etc.
- ◆ PAG members due have an opportunity to add items to the meeting agendas.

**Provincial Government personnel interviewed:**

Mr. Brad Kope - Compliance and Enforcement Officer with the Ministry of Forests and Range, McBride Field Office

- ◆ Due to the good past history in terms of compliance, Gilbert Smith is not considered by the MOF as a high risk operation.
- ◆ Gilbert Smith also has been trusted to self report any compliance issues it may have.
- ◆ There is a good relationship between the MOF and Gilbert Smith.
- ◆ Minor issues in the past have been adequately addressed by both parties involved.
- ◆ Notification of Gilbert Smith operations in the area to the MOF good be improved in the future.

**North Thompson Indian Band:**

Observer Comments

- ◆ There are no existing treaty's or any plans for the First Nations communities to partake in treaty negotiations.
- ◆ Rights and title get stronger with each court case, eg. The recent Williams Case.
- ◆ The definition of First Nations rights and title also change with the court rulings.
- ◆ Rights equate to hunting, gathering, access to the resources, housing and existence.
- ◆ A treaty would limit our rights to specific areas which would potentially limit us.
- ◆ We work with forest companies to assess our cultural and heritage resources.
- ◆ The Simpcw First Nations have a very good relationship with Gilbert Smith and this is based on a long standing relationship of trust.
- ◆ The company respects our rights and it would be good if other forest companies had the same respect for our people.



**Summary:**

The findings were discussed with Mr. Toby Jeffreys. The Audit Team Leader commenced the closing meeting by thanking the Gilbert Smith Forest Products Ltd. 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 Audit Team recorded the following audit results:**

**Documentation Review:**

The audit team reviewed the SFM documentation (2007 interim SFM monitoring report, January 2008 SFM plan) and related documentation.

**Status of any previously recorded non-conformances (NCRs)**

No previously recorded or outstanding NCRs.

**Positive Aspects of the Management System:**

1. A very thorough review of the legal and other requirements documented in the legal registry.
2. A safety orientation was provided to the auditor by the Gilbert Smith contractor.
3. The implementation of rub trees and logs to protect the riparian values while skidding operations were conducted.
4. Gilbert Smith's positive relationship with the local First Nations.
5. The use of a SFM protocol during the company internal audit.
6. A well documented management review.
7. The implementation of indicator 4 strategy into the company FSP.
8. Consistently excellent, quick regeneration status of harvest areas.

**Effectiveness of the Internal Quality Audit System:**

The annual internal audit was performed according to the Gilbert Smith procedures and was adequate in verifying the implementation and maintenance of the SFM system.



## Opportunities for Improvement:

### Recommendations:

- Scope: Consider stating that the scope (EMS/SFM) includes all road activities on the DFA completed by the company.
- 7.4.3 Consider stating the type of internal communications (ie.meetings) that require meeting minutes and the frequency of the meetings in the communications section of the EMS.
- 7.4.4 Consider separating the actual documents from the records the company has listed in the Records Control Matrix.
- 7.4.5 Consider describing the 1 paper version of the EMS Manual and the electronic controls in place in the document control procedure of the EMS Manual.
- 7.4.6 Consider expanding on the criteria desired by the company if a SARA species is identified in the field.
- 7.5.2 Consider developing one action plan tracker to capture all the corrective and preventative actions that are generated by the company.
- 7.4.7 Consider including a requirement for antifreeze specific pads to be present at the field operations.
- 5.2 Consider including the documented statement that the company "recognizes Aboriginal and treaty rights and agree that Aboriginal participation in the public participation process will not prejudice those rights" in all First Nations communications sent by the company.
- 5.2 Consider engaging the trapper's and Blue River community for their input and membership into the public participation process.
- 5.3.1 Consider defining and documenting in the Terms of Reference the type of info sent out to partial and full members of the PAG.
- 5.3.1 Consider defining what is meant by the statement " the long standing rights and title of the First nations will be recognized in the development of the SFMP".
- 5.5 Consider expanding the PAG meeting minutes to capture the PAG member input and the licensees responses to demonstrate if all input is considered and a reponse provided.
- 7.3.7 Consider documenting and including the management outcomes and the conclusions drawn in the management review annually to the Gilbert Smith SFMP.
- 7.4.7 Consider stating the distances of the RMA's on the field maps to enable operators to discern the fueling distances from the stream type.
- Indicator 1 Consider implementing a more quantitative measure for comparing OGMA's, eg. area comparison from year to year.



- Indicator 2 Consider allowing a variance that is specific only to account for safety issues.
- Indicator 3 Consider updating the indicator description to include the new FRPA.
- Indicator 8 Consider improving the reporting criteria of all identified wildlife species.
- Indicator 12 Consider defining what would be classified as ‘meaningful ‘ communication with the First Nations communities.
- Indicator 14 Consider specifying the type of grass seed used to prevent noxious weeds, eg. Canada # 1 seed is certified to have less noxious weed content.
- Indicator 16 Consider including PAG attendance in the indicator since public attendance is poor.
- Indicator 17 Consider the value of this indicator as licenses change hands and the number of CSA registrants will likely decrease.
- Indicator 18 Consider the value of this indicator since the number is static and not likely to change.
- Indicator 19 Consider providing some measurables to this indicator in terms of the AUM’s listed in the indicator target.
- Indicator 20 Consider removing the variance on this indicator since it is governed by legislation.
- Indicator 28 Consider providing a more meaningful indicator on the measureables the licensees put forth.

**System Weakness:**

- 7.4.7 Ensure the antifreeze spill levels that require reporting match the legal requirements.
- 5.2 Ensure the efforts by all licensees is improved, and new techniques employed, to attract new PAG membership.
- 5.2 Ensure the communications regarding future PAG meetings include the First Nations listed on the partial participation list.

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:

**Re-Assessment:**

The results of the Re-assessment including the review of the performance of the Gilbert Smith Forest Products Ltd. Management System over the past 3 years and the Re-assessment Audit, indicate that Gilbert Smith Forest Products Ltd.'s Management System meets the following criteria for maintenance of registration to CAN/CSA - Z809-2002.

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

**Next Scheduled Audit:** 2009

**Date(s):** July 27 to 29, 2009

**Type of Audit:** 12 Month Surveillance Audit

**No. of Persons:** 1

**No. of Audit Days Required:** 2.5

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Nathan Ryant  
QMI Team Leader

**Date:** 03/02/2008