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Mr. Rick Cooper, RPF
Certification Standards Officer
BC Timber Sales
Kamloops Timber Sales Office
1265 Dalhousie Drive
Kamloops, B.C. V2C 5Z5

October 1, 2013

Dear Rick:

Re: 2013 ISO 14001, CSA Z809 and SFI Audit Report for BC Timber Sales – Kamloops Business Area

Our 2013 ISO 14001, CSA Z809 and SFI Audit Report for BC Timber Sales – Kamloops Business Area is attached. The report documents the results of the audit that took place during the period October 10-31, 2013.

As communicated to you previously, you are required to submit corrective/preventive action plans to address all identified non-conformities within 30 days of the date of this report. Upon receipt by KPMG PRI, these will be reviewed to verify that they adequately address the root cause(s) of the non-conformities identified during the audit, and either approved or returned to you for revision.

We value the ongoing working relationship that we have with BC Timber Sales – Kamloops Business Area, and appreciate the assistance provided to the audit team by BCTS staff and LPCs during the audit process. If you have any questions regarding the results of the audit or what is required in the way of corrective actions, please call me at the phone number listed below.

Yours truly,

Dave Bebb, RPF, EP(EMSLA)
Vice President, Registration Operations
KPMG Performance Registrar Inc.
604-691-3451

cc: Rein Kahlke, RPF, BCTS Certification Officer

Enc: 2013 ISO 14001, CSA Z809 and SFI Audit Report for BC Timber Sales – Kamloops Business Area



2013 ISO 14001, CSA Z809 and SFI Audit Report for BC Timber Sales – Kamloops Business Area

October 31, 2013

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A. Client Information

Client Name:	BC Timber Sales – Kamloops Business Area
Audit Criteria:	ISO 14001:2004, CSA Z809-08 and SFI 2010-2014 The processes and documentation defined in the BCTS Kamloops management system Applicable Laws and Regulations
Scope of Registration:	<p>ISO 14001: Kamloops Business Area Forestry operations on Crown forest land including planning and performance on active and completed timber sales as well as EMS conformance by individual participating B.C. Timber Sales licencees, permittees and contractors.</p> <p>CSA Z809: Nicola Thompson Fraser DFA Forestry operations on Crown forest land including planning and performance on active and completed timber sales as well as SFM system conformance by individual participating BCTS licensees, permittees and contractors within the Nicola Thompson Fraser (NTF) Defined Forest Area (BCTS operations within the Kamloops, Merritt and Lillooet TSAs and TFL 18).</p> <p>SFI: 100 Mile House TSA Sustainable forestry for BCTS planning and operations in the 100 Mile House Timber Supply Area (TSA).</p>
Client Representative:	Richard Cooper, RPF, Certification Standards Officer
Assessment Number:	ISO 14001: #2265.08 CSA Z809: #2265.16 SFI 100 Mile House TSA: #PRI-SFI-032

B. Document Review Findings

The 2013 BC Timber Sales – Kamloops Business Area (BCTS Kamloops) audit included a limited scope off-site review of various documents and records against selected requirements of the ISO 14001, CSA Z809 and SFI standards as a means to help improve the efficiency of the field portion of the audit. As a result, there was no requirement to issue a formal document review report in advance of the audit.

C. Audit Details

Type of Audit:	Certification audit: SFI (100 Mile TSA) Surveillance audit: CSA Z809 (Nicola Thompson Fraser DFA), ISO 14001 (entire Business Area)
Date(s) of Audit:	Document Review: October 10, 2013 Field Audit: October 28-31, 2013
Date of Next Assessment:	October 2014
Audit team:	Lead auditor: Dave Bebb Audit team members: Mike Alexander
Audit Report Distribution:	BC Timber Sales – Kamloops Business Area KPMG PRI audit files SFI Inc. (BCTS corporate SFI public summary report only)
Audit objective(s):	The objective(s) of the audit are to evaluate the environmental and sustainable forest management systems at BCTS Kamloops to: <ul style="list-style-type: none"> • Determine their conformance with the requirements of ISO 14001:2004, CSA Z809-08 and SFI 2010-2014; • Evaluate the ability of the system to ensure that BCTS Kamloops meets applicable regulatory requirements; • Evaluate the effectiveness of the system in ensuring that BCTS Kamloops meets its specified objectives, and; • Identify opportunities for improvement. These objective(s) were met.
Audit scope:	The scope of the audit included: The elements of the ISO 14001, CSA Z809 and SFI standards outlined in the audit plan. Activities conducted under the Operation’s management system during the period Nov 1, 2012 – October 31, 2013. Visits to the following Kamloops BA operations: Site 1. Kamloops Timber Sales Office Site 2. Merritt Field Team (Merritt TSA) Site 3. Lillooet Field Team (Lillooet TSA) Site 4. 100 Mile House Field Team (100 Mile House TSA)

Audit sample size:	Number of field sites visited during the audit:				
		Merritt	Lillooet	100 Mile House	Total
	Roads:	3	2	5	10
	Harvesting:	3	2	3	8
	Silviculture:	3	3	6	12

D. Audit Findings

Good Practices

The following good practices were noted during the audit:

1. The audit found a high level of compliance with the applicable EMS and regulatory requirements on the sample of roads, harvesting blocks and silviculture sites inspected during the 2013 BCTS Kamloops audit.
2. Inspection of a sample of BCTS blocks in the Merritt TSA (e.g., A89468, A89467) found that the licensee had done a good job of retaining on-block structure while providing visual cues to skidder operators to help them orient themselves on the block. Groups of stubs (and where available, non-merchantable trees and CWD) were retained at cruise plot centres, which skidder operators could use to help avoid resource features and areas of wet, sensitive ground.
3. Review of a sample of site plans and related supporting documents found that they were of a high quality and did a good job of addressing the resource management issues present.
4. An innovative approach was observed on the Meridian North road construction project (100 Mile TSA) where ditch water was directed through culverts placed on both sides of a new bridge to a vegetated settling area to prevent silt-laden ditch water from directly entering an S3 stream in an area of fine textured soils.

Follow-up on open non-conformities and opportunities for improvement from previous ISO 14001, CSA Z809 and SFI audits

At the time of this assessment there were a total of 2 open minor non-conformities and 9 opportunities for improvement from previous external BCTS Kamloops ISO 14001, CSA Z809 and SFI audits. The audit team reviewed the implementation of the action plans developed by BCTS Kamloops to address these issues, and found that adequate progress had been made towards addressing the majority of these findings. Of the 2 open minor non-conformities, 1 has been closed and the other remains open as a minor non-conformity. In addition, there are a total of 2 opportunities for improvement from previous BCTS Kamloops audits that have yet to be adequately addressed by the Operation and remain open. The current status of the non-conformities and opportunities from previous BCTS Kamloops ISO 14001, CSA Z809 and SFI audits are outlined on the following page.

Status of minor non-conformities from previous audits

- **TKA-2012-NC-01** (lack of adequate forecasting in relation to some of the indicators included in the NTF SFM plan, particularly those that relate to CSA SFM Criterion 1 – Biological Diversity) – The action plan that was developed to address this finding included a total of 3 action items. Review of the status of these action items during the 2013 audit found that 2 out of the 3 had been implemented as required (i.e., (1) re-wording of the section of the indicator matrices entitled “Forecast: Predicted Results or Outcome” to remove the previous multiple references to “forecasts” in the indicator matrices, and (2) revising the SFM plan definition of the BCTS “DFA” to include BCTS operations within TFL 18). However, BCTS has yet to work with the other signatory licensees to complete and/or adequately reference the required forecasting for those indicators under Criterion 1 where quantitative forecasting is feasible (e.g., Indicator 1.1.2 – Forest area by type or species composition, Indicator 1.1.3 – Forest area by seral stage or age class, etc.). In addition, although the SFM plan was recently revised (in section 5.0) to indicate that further information pertaining to assumptions and forecasting can be found on the government’s TSR website: (1) the assumptions and analysis that support the AAC Rationale for TFL 18 are not publicly available or specifically referenced in the applicable SFM plan indicator matrices, and (2) although the NTF website was recently updated to include a link to the current analysis for the Kamloops TSA (which was completed by Timberline but is not posted on the government’s TSR website), the SFM plan does not reference this information in the applicable indicator matrices, nor does it direct the reader to where the information can be found. **Based on the fact that BCTS has implemented 2 out of the 3 action items developed to address this finding, TKA-2012-NC-01 will remain as an open minor non-conformity at this time, subject to the requirement that BCTS prepare an updated corrective action plan to address it. However, if the issues that gave rise to this finding are not fully addressed by the time that the 2014 TKA audit takes place, TKA-2012-NC-01 will automatically be upgraded to a major non-conformity.**
- **TKA-2012-NC-02** (failure of the NTF SFM plan to adequately address 2 of the core indicators required under CSA Z809-08, including: (1) Indicator 2.2.1 – Additions and deletions to the forest area, and (2) Indicator 5.2.3 – Level of direct and indirect employment) – The NTF SFM plan was recently revised to address the weaknesses that were identified in relation to these 2 indicators. Although the target that relates to Indicator 2.2.1 is still restricted to on-block roads and landings, the strategy and monitoring sections of the applicable indicator matrix now speak to permanent access structures outside of harvest areas as these relate to impacts on the THLB. In addition, the indicator matrix for Indicator 5.2.3 now includes multipliers for direct and indirect jobs per 1000 m³ of harvest. **NC closed.**

Status of opportunities for improvement from previous audits

- **TKA-2010-NC-04** (lack of current status information in the NTF SFM plan in relation to several of the indicators included in the plan) – This NC was downgraded to an OFI during the 2012 TKA audit on the basis that there then only 3 remaining indicators in the NTF SFM plan for which current status had not been provided including: (1) Target 3 (forest age class distribution), (2) Target 9 (conserve or manage habitat for selected focal species), and (3) Target 19 (harvest the cut allocation). Review of the status of this finding during the 2013 audit found that although current status has now been provided in relation to Target 9, this information remains incomplete in relation to Targets 3 and 19. Specifically: (1) neither the NTF SFM plan nor the 2012 annual monitoring report provide current status information regarding the seral stage distribution for TFL 18, and (2) while the AAC targets in the NTF SFM plan apply to all licensees in the NTF DFA (major licensees, BCTS, NRFLs and small

scale salvage), the 2012 annual report continues the practice of only including harvest volumes for reporting licensees. **OFI remains open.**

- **TKA-2011-NC-01** (Weaknesses in the implementation of the requirements of EFP-06 relating to: (1) non-specification fuel tanks greater than 450 litres, and (2) transportation and TDG placarding of fuel tanks) – This NC was downgraded to an OFI during the 2012 TKA audit. Inspection of a sample of field sites during the 2013 audit did not identify any recurrence of the issues that gave rise to this finding. **OFI closed.**
- **TKA-2010-OFI-01** (lack of information in the Kamloops – North Thompson and Merritt TSA 2009 Annual Monitoring Reports regarding the actions that will be/have been taken by participating licensees to address those situations where SFM plan targets have not been met) – Review of the 2012 NTF Annual Monitoring Report did not identify any recurrence of the issues that gave rise to this finding. **OFI closed.**
- **TKA-2010-OFI-07** (weakness in the definition of the DFA to which the NTF SFM plan applies) – Contrary to CSA Z809-08 requirements, the current text of the NTF SFM plan continues to indicate that there are a total of 6 company-specific DFAs within the plan area. However, the NTF SFM has recently been revised to indicate that the BCTS “DFA” described in the plan does in fact include BCTS operating areas within TFL 18 (the previous version of the SFM plan did not reference BCTS operating areas within TFL 18). **OFI closed with respect to the inclusion of TFL 18 within the BCTS “DFA”.**
- **TKA-2012-OFI-01** (lack of detail in the NTF SFM plan table of contents to help the reader more easily locate the indicator matrices included in section 5.0 of the SFM plan) – Although this issue was apparently discussed by the licensee team during the past year, a decision was made to not act upon it. **OFI remains open. However, as it only relates to the readability of the SFM plan and not its technical merit, future audit reports will not include any further follow-up comments on this issue.**
- **TKA-2012-OFI-02** (weaknesses in the content of the 2011 NTF SFM plan annual monitoring report) – Review of the status of this finding during the 2013 audit found that the issues that gave rise to this finding had largely been addressed in the current (2012) annual monitoring report. **OFI closed.**
- **TKA-2012-OFI-03** (road site plan that contained recommendations from a terrain report that related to an outdated road location) – No recurrence of this issue was noted during the 2013 audit. **OFI closed.**
- **TKA-2012-OFI-04** (lack of BCTS oversight regarding contract monitors who are hired to conduct road inspections, as well as the absence of a provision for the use of contract monitors in the BCTS EMS) – The issues that gave rise to this finding have now been adequately addressed. **OFI closed.**
- **TKA-2012-OFI-05** (lack of awareness regarding the SFI requirements for imperiled and critically imperiled (G1 and G2) species among 100 Mile staff, as well the lack of a formal process for the periodic review of changes in species rankings for the district) – Follow-up on this issue during the 2013 audit did not identify any weaknesses regarding the SFI requirements for G1 and G2 species. In addition, the 100 Mile operation recently completed a detailed review of CDC changes in species rankings. **OFI closed.**

Major non-conformities

No major non-conformities were identified during the audit.

Minor non-conformities

No minor non-conformities were identified during the audit.

Opportunities for improvement

The following 2 opportunities for improvement were also identified during the audit:

- Opportunity for improvement: TKA-2013-OFI-01**
Standard/Element(s): ISO 14001: Elements 4.4.6 and 4.5.1; SFI Performance Measure 3.1
Client Procedure: Road Deactivation, EFP 04 – Roads, Bridges and Major Culverts; TSL Document
Location: 100 Mile TSA

EFP 04 outlines the requirements for road construction, maintenance and deactivation, including a requirement to minimize impacts on water quality and site productivity. Review of a sample of TSL files and field inspection of a sample of active and completed sites found that: (1) the requirements of EFP 04 had been implemented by LPCs as required in the large majority of instances, and (2) BCTS staff are generally monitoring harvesting and road construction operations as required by the BCTS EMS. However, TSL A87058 Road MHCH1011.01 0+000 to 0+984 showed evidence of erosion in the wheel tracks for most of this road section. The TSL document required that the road be deactivated to 4 wheel drive standards. However, there was no evidence that waterbars or other methods had been used to control the flow of water down this road section to date. (100 Mile)

- Opportunity for improvement: TKA-2013-OFI-02**
Standard/Element(s): ISO 14001: Element 7.4.3; CSA Z809 Element 7.4.6
Client Procedure: NTF SFM Plan; Site Plans
Location: Lillooet TSA

ISO 14001 element 4.4.6 and CSA Z809 element 7.4.6 require the organization to develop and implement operational controls to address those situations where their absence could lead to deviation from the SFM requirements. BCTS has developed a number of such controls under its EMS (e.g., EOPs, EFPs, site plans, etc.). In addition, the NTF SFM plan includes a number of indicators and targets that also help to ensure that SFM requirements are met (e.g., Target 21 – 100% conformance to soil disturbance measures contained within operational plans).

Review of a sample of active and recently completed sites found that BCTS operational controls were adequate and had been effectively implemented in the large majority of instances. However, the audit identified a concern related to elevated soil disturbance levels on 2 steep harvest blocks in the Lillooet TSA (A89057 Block 1 and A83033 Block 8 (6YA)) that was not adequately addressed through the application of existing operational controls. Both blocks had been logged with a mix of overhead cable and ground-based systems. Although these blocks were still likely under the 10% soil disturbance level specified in the applicable site plan, the LPCs who harvested these blocks had: (1) created a significant

network of excavated back-spar trails and stub spurs (the spurs were added to help improve deflection where the logging equipment being used by the LPC was not sufficient to harvest all of the block as currently designed), and (2) created additional dispersed soil disturbance on some portions of these blocks by using ground-based harvesting systems in areas that were more suited to overhead cable. Although in most cases the LPC had made an effort to rehabilitate the backspar trails and spur roads by replacing the excavated material and re-contouring the slope, the abundance of exposed C horizon material brings the effectiveness of these efforts into question.

Audit conclusions

CSA Z809-08 Surveillance Audit

The audit found that BC Timber Sales, Kamloops Business Area's environmental and sustainable forest management system for the Nicola Thompson Fraser DFA:

- Was in full conformance with the requirements of the CSA Z809 standard included within the scope of the audit, except where noted otherwise in this report;
- Has been effectively implemented, and;
- Is sufficient to systematically meet the commitments included within the Organization's environmental and SFM policy, provided that the systems continue to be maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that BC Timber Sales – Kamloops Business Areas operations within the Nicola Thompson Fraser DFA continue to be registered to the CSA Z809-08 standard.

SFI Re-certification Audit: 100 Mile House TSA

The audit found that BC Timber Sales, Kamloops Business Area's sustainable forest management system in the 100 Mile House TSA:

- Was in full conformance with the requirements of the SFI standard 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 environmental and SFM policies, provided that the system continues to be implemented and maintained as required.

ISO 14001 Surveillance Audit: BC Timber Sales – Kamloops Business Area

The audit found that BC Timber Sales – Kamloops Business Area's environmental management system:

- Was in full conformance with the requirements of the ISO 14001 standard 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 environmental policies, provided that the system continues to be implemented and maintained as required.

NB: Nothing has come to our attention during this assessment that would individually preclude a recommendation for continued registration of BCTS to the ISO 14001 and SFI standards. However, provincial level conclusions regarding conformance to the ISO 14001 and SFI standards cannot be made until the results of this assessment are consolidated with those of the other business units being sampled as part of the 2013/14 multi-site ISO 14001 and SFI surveillance audits.

NB: Our assessment by its nature is a sample and is not intended to be as comprehensive as your internal inspection and auditing procedures. It is possible for nonconforming issues to remain undetected. Our next assessment will verify that your internal inspection and auditing procedures have continued to operate as the primary mechanism to ensure that your environmental and sustainable forest management systems remain effectively implemented and continue to improve.

E. Corrective Action Plans

Written corrective action plans that are designed to address the root causes of all identified non-conformities are required within 30 days of the date of this report. These will be reviewed by KPMG PRI for adequacy, and either approved or returned for revision.

A template to develop the required corrective action plans will be provided to you for this purpose. Please complete the appropriate section of this template and e-mail your proposed corrective actions to the KPMG PRI lead auditor for review.

F. Focus Areas for Next Audit Visit

The following issues/potential concerns have been identified as focus areas for the next audit visit:

1. Completion of action plans developed to address the open findings from the 2013 and previous audits.
2. The BCTS Kamloops CSA Z809 certificate expires on November 30, 2014. In order to maintain the operation's CSA Z809 certification in good standing, a full-scope CSA Z809 re-certification audit will be required in 2014 at least 30 days in advance of certificate expiry.
3. BCTS Kamloops has 7 staff vacancies that they are currently unable to fill due to a hiring freeze imposed by government. Although the 2013 audit did not identify any gaps in EMS implementation as a result, the 2014 audit will include a review of the operation's efforts to ensure that reduced staffing levels do not negatively impact environmental performance.