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Darcie Annesley RFT, Certification Standards Officer
BC Timber Sales Okanagan-Columbia Business Area Sales Office
2501 – 14th Avenue
Vernon, BC V1T 8Z1

July 29, 2016

Dear Ms. Annesley:

**Re: 2016 SFI 2015-2019 Forest Management Re-registration and ISO 14001 & CSA Z809
Surveillance Audit Report for BC Timber Sales Okanagan-Columbia Business Area**

Our 2016 SFI 2015-2019 Forest Management Re-registration and ISO 14001 & CSA Z809
Surveillance Audit Report for BC Timber Sales Okanagan-Columbia Business Area is attached.
The report documents the results of the audit that took place during the period July 25, 2016 – July
29, 2016.

Note that the findings and good practices that relate to SFI are provided here for informational
purposes, as the final wording and classification of SFI findings will be presented in the province-
wide SFI audit report.

We value the ongoing working relationship that we have with BC Timber Sales Okanagan-
Columbia Business Area, and appreciate the assistance provided to the audit team by the
Okanagan-Columbia staff and contractors 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,

Neil MacEachern, RPF, EP(EMSLA)
KPMG Performance Registrar Inc.
Senior Assessor
(604) 646-6313

Enc: 2016 SFI 2015-2019 Forest Management Re-registration and ISO 14001 & CSA Z809
Surveillance Audit Report for BC Timber Sales Okanagan-Columbia Business Area



**2016 SFI 2015-2019 Forest Management Re-
registration and ISO 14001 & CSA Z809
Surveillance Audit Report**

**BC Timber Sales Okanagan-Columbia Business
Area**

July 25 – July 29, 2016

This audit report is the property of KPMG PRI. The information in this audit report is confidential and may be legally privileged. It is intended solely for the use of the intended recipient, BC Timber Sales Okanagan-Columbia Business Area. Access to this audit report by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful. Any opinions contained in this audit report are subject to the terms and conditions expressed in the governing KPMG PRI client engagement contract.



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A. Client Information

Client Name:	BC Timber Sales Okanagan-Columbia Business Area
Audit Criteria:	ISO 14001:2004, SFI 2015-2019 Forest Management and CSA Z809-08 standards The processes and documentation defined in the Company's management system Applicable Laws and Regulations
Assessment Number and Scope of Certification:	Insert assessment number and scope statement from client information form
Client Representative:	Ms. Darcie Annesley

B. Document Review Findings

An off-site document review was carried out against the requirements of the SFI 2015-2019 Forest Management standard. No areas of concern were identified. As the audit was a limited scope surveillance audit against selected elements of the current ISO 14001 and CSA Z809 standards, no formal document review was conducted for these standards.

C. Audit Details

Type of Audit:	Surveillance audit
Audit integration:	This was an integrated audit against the following standards: ISO 14001, CSA Z809, and SFI 2015-2019 Forest Management.
Date(s) of Document Review:	July 21, 2016
Date(s) of Audit:	July 25, 2016 – July 29, 2016
Date of Next Assessment:	Summer 2017
Audit team:	Lead auditor: Neil MacEachern, RPF Audit team members: Del Ferguson, P. Geo.
Audit observers:	There were no observers present during the audit.
Audit Report Distribution:	BC Timber Sales Okanagan-Columbia Business Area KPMG PRI audit files SFI Inc.

Audit objective(s):	<p>The objective(s) of the audit were to evaluate the environmental and sustainable forest management systems at BC Timber Sales Okanagan-Columbia Business Area to:</p> <ol style="list-style-type: none"> 1. Determine its conformance with the requirements of SFI 2015-2019 Forest Management, ISO 14001 & CSA Z809-08 standards; 2. Evaluate the ability of the system to ensure that BC Timber Sales Okanagan-Columbia Business Area meets applicable regulatory requirements; 3. Evaluate the effectiveness of the system in ensuring that BC Timber Sales Okanagan-Columbia Business Area meets its specified objectives, and; 4. Where applicable, identify opportunities for improvement. <p>These objective(s) were met.</p>
Audit scope:	<p>The scope of the audit included:</p> <ul style="list-style-type: none"> • The elements of the SFI 2015-2019 Forest Management, ISO 14001 & CSA Z809 standards outlined in the audit plan and organization’s activities and management system processes that pertain to them. • Activities conducted under the Company’s management system during the period August 6, 2015 – July 29, 2016. • Visits to the following Company operations: <ul style="list-style-type: none"> • Site 1. BC Timber Sales Vernon Office • Site 2. BC Timber Sales Revelstoke Field Office • Site 3. Selected field sites
Significant Issues Impacting the Audit Program	<p>No significant issues impacting the audit program were identified.</p>
Significant changes to the client’s management system since the previous audit:	<p>There were no significant changes to the management system since the last audit took place.</p>
Deviations from the audit plan:	<p>There were no deviations from the audit plan.</p>
Audit sample size:	<p>Number of field sites visited during the audit:</p> <p>Roads: 18 Harvesting: 9 Silviculture: 8</p>

D. Audit Findings

The audit findings are summarized in this section of the report. Further details regarding the evidence obtained during the audit, audit findings and conclusions are included in the applicable audit checklist(s), which are retained by KPMG PRI as part of the formal audit file.

Good Practices

The following good practices were noted during the audit:

1. On block BK3QN, excessively stocked post-fire regeneration was thinned in 3 m strips using mower attachments on heavy machinery as a cost effective alternative to motor manual brushing.
2. In Revelstoke area of the BA, monitoring efforts were found to be exceptionally effective in protection of water resources and other values, with clear and highly descriptive comments, and recommendations for improvement of baseline practices.
3. A high level of engagement in the entire management cycle was seen from practices foresters, who were actively involved in the planning, mapping, layout, and silviculture activities of licenses in the Revelstoke area.
4. In addition to maintaining trails and recreational areas, TOC conducted trail enhancements in the Mt. Macpherson area and road access improvements in the Shaketown climbing area to help address stakeholder concerns.
5. TOC provides additional training to staff, providing two team-field training days annually at a chosen operating area along a relevant theme.

Evidence of conformity with SFI 2015-2019 Forest Management Standard

The primary sources of evidence assessed to determine conformity with the SFI Forest Management Standard are presented in the following table:

SFI Forest Management Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	Forest management plan, geographic information system, forest inventory records, harvesting records, interviews with planning staff.
2. Forest Health and Productivity	Site plans, silviculture reports, field inspections.
3. Protection and Maintenance of Water Resources	Field inspections of riparian areas, review of site plans & harvest plans.
4. Conservation of Biological Diversity	Forest management plan, FSP, site plans, interviews with planning staff, field inspections.
5. Management of Visual Quality and Recreational Benefits	Forest management plan, FSP, harvest plans, field inspections.
6. Protection of Special Sites	Forest management plan, FSP, site plans, special site inspections.

SFI Forest Management Objective #	Sources of Key Evidence of Conformity
7. Efficient Use of Fibre Resources	Forest management plan, waste reports, field inspections.
8. Recognize and Respect Indigenous Peoples' Rights	Company policy on Indigenous Peoples' rights, records of consultation with local Indigenous Peoples, pre-audit questionnaire responses, interviews with Company staff and representatives of local Indigenous Peoples.
9. Legal and Regulatory Compliance	Forest management plan, environmental management plan (EMP), health & safety policy, field inspections, interviews with regulatory agency personnel.
10. Forestry Research, Science & Technology	Forest management plan, EMP, records of research projects and funding, staff interviews.
11. Training and Education	Forest management plan, EMP, training records, SIC minutes & resources, interviews with staff and contractors.
12. Community Involvement and Landowner Outreach	Forest management plan, EMP, SIC minutes & resources, community and landowner outreach records, staff interviews.
13. Public Land Management Responsibilities	Records of cooperative public land planning processes, forest management plan, FSPs and associated referral process, site plans, records of plan referrals to local stakeholders, staff interviews.
14. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
15. Management Review and Continual Improvement	Forest management plan, management review records, internal audit and related action plans.

Use of Certification Documents and Marks

The audit found that BCTS Okanagan-Columbia is effectively controlling the use of the certification documents and marks.

Follow-up on open non-conformities from previous audits

At the time of this assessment there were a total of 2 open non-conformities from previous audits. The audit team reviewed the implementation of the action plans developed by BC Timber Sales Okanagan-Columbia Business Area to address these issues, and found that they had been effectively implemented. As a result, all of the non-conformities identified during previous audits have now been 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 opportunities for improvement were identified during the audit:

1. **Opportunity for improvement: BCTS-TOC-OFI-2016-01**

Standard/Element(s): CSA Z809 @ 7.4.6, ISO 14001 @ 4.4.6

Client Procedure: Fuel Management

The CSA Z809 standard at 7.4.6 requires that an organization identify the operational procedures and controls needed to meet SFM requirements and establish and maintain documented procedures to cover situations in which the absence of such procedures could lead to deviations from the SFM requirements. Similarly, the ISO 14001 standard at 4.4.6 requires the maintenance of operational procedures and controls to prevent deviation from environmental policy and related objectives and targets.

The organization's fuel management procedures require that spill kits in machinery contain absorbent pads. The spill kit on an excavator on A91815-K6SG contained absorbent booms, but no spill pads.

2. **Opportunity for improvement: BCTS-TOC-OFI-2016-02**

Standard/Element(s): CSA Z809 @ 6.1

Client Procedure: SFM Performance Requirements

The CSA Z809 standard @ 6.1 requires that an organization establish DFA-specific performance requirements that address the SFM elements for each identified value, and that meaningful, and when feasible quantitative indicators be identified, including core and locally selected indicators.

Objectives for Net Carbon Uptake (indicator 4.1.1) are generally focused on the role of forest management activities on net carbon storage (e.g. harvest levels and timing). However, monitoring and measurement do not attempt to assess the impact of targeted activities on the carbon balance at the BA level. Additionally, one of the prescribed practices (concentration of harvest on stands with the most years beyond culmination) may have a deleterious effect on carbon storage in certain stand types (e.g. ICHv/w).

3. **Opportunity for improvement: BCTS-TOC-OFI-2016-03**

Standard/Element(s): SFI Forest Management @ 2.2

Client Procedure: Herbicide

The SFI Forest Management standard @ 2.2 requires that Program Participants minimize chemical use required to achieve management objectives while protecting employees, neighbors, the public and the environment, including wildlife and aquatic habitats.

In the Revelstoke part of the business area, chemical use (glyphosate) is minimized by focusing its use on site preparation (pre-planting), with manual brushing predominantly done post-planting to control competition (with little chemical treatment afterward). Trends in chemical use have been highly variable historically due to factors such as harvest sales and geographical location within the BA. Although TOC aims to minimize its chemical use, annual amount of chemical treatments are unpredictable.

Audit conclusions

The audit found that BC Timber Sales Okanagan-Columbia Business Area's environmental and sustainable forest management systems:

- Were in full conformance with the requirements of the SFI 2015-2019 Forest Management, ISO 14001 & CSA Z809 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 environmental and SFM policies, provided that the system continues to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor/audit team to recommend that BC Timber Sales Okanagan-Columbia Business Area continue to be certified to the ISO 14001 and CSA Z809 standards.

NB: Our assessment by its nature is a sample and is not intended to be as comprehensive as your internal audit. It is possible for nonconforming issues to remain undetected. Our next assessment will verify that your internal audits have continued to operate as the primary mechanism to ensure that your management system remains effectively implemented and continues 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 closing meeting. These will be reviewed by KPMG PRI for adequacy, and either approved or returned for revision.

A template for BC Timber Sales Okanagan-Columbia Business Area 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. Waste levels for cruise-based sales in the Skaha area.