

**Canfor Vavenby
2016 Limited Scope Audit Summary
May 27, 2016**

SUMMARY OF AUDIT FINDINGS

- Objectives
- Findings
- Conclusions



Note: This is not a formal audit report. Rather, it is a summary of divisional level observations/potential findings that is being provided to the Company in advance of the formal Corporate level audit report in August 2016. The relative significance of the potential audit findings noted in this audit summary may be adjusted depending on the nature of any similar findings that may be identified during site visits to the remaining divisions included in the 2016 audit sample. As such, the findings included in this audit summary should be considered tentative at this time.



2016 Audit Objectives

- **Limited scope surveillance audit of Canfor's multi-site CSA Z809-08 certification.**
- **Follow-up on the status on open findings from previous external audits.**



Findings

- **Operational Strengths (Good Management Practices)**
- **Status of previous Non-Conformities**
- **New Findings**



Operational Strengths

- **CSA Z809-08 Element 7.4.6 (Operational Control):**
The audit observed good levels of dispersed retention on 2 recently harvest cutblocks. Additional retention had been prescribed on these sites to address: (1) visual quality concerns (block W103), and (2) wildlife habitat concerns expressed by a local trapper (block R317).
- **CSA Z809-08 Element 7.4.6 (Operational Control):**
Field inspection of a sample of recently declared free growing blocks found that they had been reforested within required timeframes with a healthy mix of up to 5 different coniferous tree species.



Status of Previous Findings

Vavenby-2015-NC-01 (Included in Corporate Finding 2015-OFI-04): Failure to remediate a spill on block R306 or identify this issue in the final block inspection.

The action plan that was developed by the division to address this finding was found to have been: (1) implemented as required (including reviewing the FMS spill procedures with the logging contractor and remediating the spill), and (2) effective in reducing the potential for a recurrence. The 2016 audit did not identify unpremeditated spills on the blocks that were sampled. **Finding Closed.**

Vavenby-2015-NC-02 (Included in Corporate Finding 2015-NC-03): Failure to brush and fill-plant block R153, no final inspection completed to confirm that this work had been performed by the contractor.

Review of ITS and a 2015 free growing survey for block R153 and interviews with Canfor Vavenby staff found that this finding was in error (the auditor was apparently on the wrong block). The free growing survey report for this block notes that the brushing treatment was successful and the fill-planted Sx are performing well. The 2016 audit did not identify any recurrence of the issues that gave rise to this finding. **Finding Closed.**



Status of Previous Findings

Vavenby-2015-OFI-01 (Included in Corporate Finding 2015-OFI-03): Failure to identify a non-classified wetland on the site plan map for block S274.

The action plan that was developed by the division to address this finding was found to have been: (1) implemented as required (including discussing the issue with the layout contractor, mapping the wetland and amending the SP), and (2) effective in reducing the potential for a recurrence. The 2016 audit did not identify any recurrence of the issues that gave rise to this finding. **Finding Closed.**

Vavenby-2015-OFI-02: Lack of documented observations on the interim inspections for several blocks (S312, S274, S156, S287).

The action plan that was developed by the division to address this finding was found to have been: (1) implemented as required, and (2) effective in reducing the potential for a recurrence. Review of a sample of recent interim inspections found that: (1) they all included written observations of site conditions at the time of the inspection, and (2) the results of the inspections were an accurate reflection of conditions on the ground. **Finding Closed.**



Status of Previous Findings

Vavenby-2015-OFI-03 (Included in Corporate Finding 2015-OFI-02): Lack of detailed FMS orientation training for the new Vavenby FMS Coordinator.

The action plan that was developed by the division to address this finding (i.e. completion of FMS orientation training for the Vavenby FMS Coordinator) was found to have been: (1) implemented as required, and (2) effective in reducing the potential for a recurrence. The 2016 audit did not identify any recurrence of the issues that gave rise to this finding. **Finding Closed.**



New Audit Findings

Minor Non-conformities:

- **No new NCs were identified in relation to the requirements of the CSA Z809 standard during the 2016 Vavenby site visit.**

Divisional Level Opportunities for Improvement:

- **No new divisional level OFIs were identified in relation to the requirements of the CSA Z809 standard during the 2016 Vavenby site visit.**



Field Sample Coverage

	Number of field samples
Harvesting	3
Roads	3
Camps	0
Silviculture	2



Overall Conclusions

- Except where noted otherwise in this audit summary, the SFM system continues to:
 - Be effectively implemented at the operation, and;
 - Conform with the requirements of the CSA Z809-08 standard.
- Nothing has come to the auditor's attention during the 2016 Vavenby site visit that would individually preclude the continued certification of the Company's BC woodlands to the CSA Z809 standard.
- The conclusions reached during the Vavenby site visit are preliminary in nature, and will need to be considered with those from all of the other 2016 site visits before a corporate level conclusion is reached.



Reporting

- Our findings will be summarized in an ISO 14001/CSA Z809/PEFC CoC corporate audit report in August 2016 once all applicable site visits have been completed.
- A corporate ISO 14001/CSA Z809 public summary report will be made available for review and comment once all action plans have been approved.
- NB: Unless identified at other operations, isolated opportunities for improvement identified at the divisional level will not be brought forward to the corporate audit report. However, we will still be following-up on these operation-specific issues during future site visits.



Focus Areas for the Next Assessment

- **Implementation of action plans to address findings included in this report as well as the upcoming company-wide multisite report that apply.**
- **Canfor Vavenby's ongoing efforts to consult with the Upper Clearwater Referral Group regarding the Company's planned forest operations in the Upper Clearwater Valley.**

