



KPMG Performance Registrar Inc.

Box 10426, 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
(604) 691-3401
Telefax (604) 691-3031
www.kpmg.ca

Mr. Lorne Wood, RFT
Certification Standards Officer
BC Timber Sales
Kamloops Timber Sales Office
1265 Dalhousie Drive
Kamloops, B.C. V2C 5Z5

October 29, 2015

Dear Lorne:

Re: Revised 2015 ISO 14001, CSA Z809 and SFI Audit Report for BC Timber Sales – Kamloops Business Area

Our revised 2015 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 19-23, 2015.

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: 2015 ISO 14001, CSA Z809 and SFI Audit Report for BC Timber Sales – Kamloops Business Area



2015 ISO 14001, CSA Z809 and SFI Audit Report for BC Timber Sales – Kamloops Business Area

October 29, 2015

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A. Client Information

Client Name:	BC Timber Sales – Kamloops Business Area
Audit Criteria:	ISO 14001:2004, CSA Z809-08 and the SFI 2015-2019 Forest Management Standard The processes and documentation defined in the BCTS Kamloops management system Applicable Laws and Regulations
Scope of Registration:	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. 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). SFI: 100 Mile House TSA Sustainable forestry for BCTS planning and operations in the 100 Mile House Timber Supply Area (TSA).
Client Representative:	Lorne Wood, RFT, 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 2015 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:	ISO 14001: Re-certification audit – Entire Business Area CSA Z809: Surveillance audit (A1) – Nicola Thompson Fraser DFA SFI: Surveillance audit (A2)/Upgrade to SFI 2015-2019 Forest Management Standard – 100 Mile TSA
Date(s) of Audit:	Document Review: October 15/16, 2015 Field Audit: October 19-23, 2015
Date of Next Assessment:	Fall 2016
Audit team:	Lead auditor: Dave Bebb Audit team members: Adrienne Hegedus Observer: Branden Beatty (KPMG auditor in training)
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 2015-2019; • 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 October 10, 2014 – October 23, 2015. Visits to the following Kamloops BA operations: Site 1. Kamloops Timber Sales Office Site 2. Kamloops Field Team (Kamloops TSA) Site 3. Merritt Field Team (Merritt TSA) Site 4. 100 Mile House Field Team (100 Mile House TSA)

Audit sample size:	Number of field sites visited during the audit:				
		Kamloops	Merritt	100 Mile House	Total
	Roads:	5	3	5	13
	Harvesting:	2	2	5	9
	Silviculture:	2	2	6	10

D. Audit Findings

Good Practices

The following good practices were noted during the audit:

1. ISO 14001 Element 4.4.6/CSA Z809 Element 7.4.6: TKA is one of 2 BAs (TKA and TKO) who have agreed to serve as test locations for the BCTS Forest Professional Oversight and Certification (FPOC) pilot study.
2. ISO 14001 element 4.5.1/CSA Z809 Element 7.5.1: The 2015 TKA Road and Cutblock Review included a very thorough review of the level of LPC regulatory compliance on a sample of TSLs that were harvested during the past year.
3. ISO 14001 Element 4.4.6/CSA Z809 Element 7.4.6: 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. ISO 14001 Element 4.4.6/SFI Performance Measure 8.2- TKA continues to implement the preliminary field reconnaissance (PFR) process, which is a legacy process of the Kamloops LRMP. In this process, BCTS engages First Nations for cultural heritage and traditional use field assessments. This benefits both parties by providing employment for local qualified First Nations people while providing useful cultural heritage and traditional use information to BCTS without the need to hire an outside company to perform an AOA.
5. ISO 14001 Element 4.4.3/SFI Performance Measure 12.3: The 100 Mile House office uses Cengea to track public education activities, block specific issues, stakeholder commitments and other activities that can be queried with the rest of the block information. This makes Cengea more powerful as it centralizes the information.
6. ISO 14001 Element 4.4.6/SFI Performance Measure 3.2: Audit field visits around 100 Mile House included some TSLs where extensive additional buffers have been created around riparian features that don't legally require them. These buffers and other larger areas have been left intact by TKA in response to stakeholder concerns.

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	SFM 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	SFM Plan, FSP, site plans, interviews with planning staff, field inspections.
5. Management of Visual Quality and Recreational Benefits	SFM Plan, FSP, harvest plans, field inspections.
6. Protection of Special Sites	SFM Plan, FSP, site plans, special site inspections.
7. Efficient Use of Fibre Resources	SFM Plan, waste reports, field inspections.
8. Recognize and Respect Indigenous Peoples' Rights	BCTS 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	SFM Plan, environmental management plan (EMP), health & safety policy, field inspections, interviews with regulatory agency personnel.
10. Forestry Research, Science & Technology	SFM Plan, EMP, records of research projects and funding, staff interviews.
11. Training and Education	SFM Plan, EMP, training records, SIC minutes & resources, interviews with staff and contractors.
12. Community Involvement and Landowner Outreach	SFM 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	SFM Plan, management review records, internal audit and related action plans.

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 0 open minor non-conformities and 2 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 good progress had been made towards addressing both of these findings. The current status of the non-conformities and opportunities from previous BCTS Kamloops ISO 14001, CSA Z809 and SFI audits are outlined below.

Status of minor non-conformities from previous audits

There were no open minor non-conformities from previous audits at the time that the 2015 TKA audit took place.

Status of opportunities for improvement from previous audits

- **TKA-2013-OFI-01** (lack of adequate deactivation of an on-block road on TSL A87058 in the 100 Mile TSA) – Review of the status of this finding during the 2015 audit found that: (1) the action plan developed by TKA had been implemented as required, and (2) there was no recurrence of the issues that gave rise to this finding on the sites included in the 2015 audit sample. **OFI closed.**
- **TKA-2014-OFI-01** (lack of proposed corrective/preventive actions in either the 2013 NTF SFM Plan Annual Monitoring Report or the 2013 BCTS SFM Monitoring Summary to address those situations where BCTS had not met the SFM plan targets) – Review of the 2014 NTF Annual Monitoring Report found that the BA has now included corrective/preventive actions where appropriate in the 2014 BCTS NTF SFM plan monitoring summary. This document is included within the SFM plan annual monitoring report and provides the reader with an indication of how BCTS is addressing those situations where the SFM plan targets have not been met. **OFI closed.**

Major non-conformities

No major non-conformities were identified during the audit.

Minor non-conformities

The following minor non-conformities were identified during the audit:

1. Minor non-conformity: **TKA-2015-NC-01**

Standard/Element(s): ISO 14001 Element 4.4.6; SFI Performance Measure 9.1

Client Procedure: EFP 06

Location: Merritt TSA; 100 Mile TSA

EFP 06 requires that tidy tanks (fuel tanks >450L) must be inspected by a Transport Canada approved inspector every 5 years, and also states the requirement for WHMIS and TDG placards on the tanks. However, the audit noted the following deficiencies in meeting these requirements:

- On TSL A88792 block 006A a tidy tank did not include the required TDG 1202 placard and another had last been inspected in August 2009, which did not meet the 5 year inspection requirement. The licensee was unaware of the applicable TDG requirements. In addition, one pickup with a fuel tank did not have a spill kit. The audit also noted oil

leaking onto the road in this block from some containers in the back of one of the licensee's pickup trucks.

- On TSL A96188 block PH85W the audit found one tidy tank <450L that did not include the required TDG 1202 placard.
- 2 specification tanks on TSL A92573 blocks JI7HH and JI8FV (Clusko) did not show evidence of an inspection date, and no inspection records could be provided by the LPC.

Opportunities for improvement

The following 6 opportunities for improvement were also identified during the audit:

1. **Opportunity for improvement: TKA-2015-OFI-01**

Standard/Element(s): ISO 14001 Elements 4.5.5; CSA Z809 Element 7.5.4

Client Procedure: Internal Audit

Location: Kamloops Business Area

The internal audit action plan identifies corrective actions but does not identify any corrections where appropriate (i.e., actions to address the site specific issues that were noted on the field sites included in the 2015 internal audit sample). For example, NCR 05 included a number of deficiencies related to the implementation of EFP 06 by LPCs (e.g., lack of drip containment, fire extinguishers without proof of an annual inspection, tidy tanks that were missing the required TDG placard, etc.). However, although the action plan developed by TKA to address this finding included a corrective action (i.e., providing TDG training for BA staff) it did not include any proposed corrections to address the site specific deficiencies noted in the audit finding.

Note: Information provided by the TKA CSO indicated that corrections to address some of the site-specific internal audit findings had been identified and documented through other means (e.g., in the Progress Inspection Reports for the applicable blocks). However, these corrections were not discussed or referenced in the internal audit action plan.

2. **Opportunity for improvement: TKA-2015-OFI-02**

Standard/Element(s): ISO 14001 Elements 4.3.3 and 4.6; CSA Z809 Element 7.6

Client Procedure: Environmental Management Program; Management Review

Location: Kamloops Business Area

Review of the 2015/16 TKA EMP (Table 006-1) during the October 2015 external audit found that it did not include clear BA level targets in relation to all objectives (i.e., for many objectives the target is to reduce the metric "below BA target thresholds" without actually stating what those thresholds are). In addition, although interviews with the CSO and various senior staff suggested that monitoring of EMS targets had occurred, it was not clear from a review of the record of the 2015 TKA EMS/SFM management review that the BA had monitored its performance in relation to the targets that had been set in the prior year. Instead, the record of the management review is limited to a few general statements about the EMP. For example:

- Under point #5, the 2015 management review states that "The corporate EMP has been revised as of December 1st, 2013 and is available on the EMS website. The local EMP has not been revised".
- Under point 11D, the 2015 management review states that: "BCTS Kamloops continues to utilize the Corporate and Business Area EMPs".

Note: The 2015/16 TKA EMP was revised by the CSO to include BA level targets while the audit team was still on-site. However, these targets have yet to be reviewed and accepted by the TKA EMS Committee.

3. **Opportunity for improvement: TKA-2015-OFI-03**
Standard/Element(s): ISO 14001 Element 4.4.1; CSA Z809 Element 7.4.1
Client Procedure: Environmental Operating Procedures (EOPs)
Location: Kamloops Business Area

A number of BCTS EOPs (e.g., EOP 01, EOP 02, etc.) were revised in April 2015. The previous version of these documents (2009) identified the positions within TKA that are responsible for implementing the various tasks specified in the EOPs. However, review of the April 2015 versions of the TKA EOPs during the October 15, 2015 external audit that are included on the BA website found that they had yet to be updated to include staff responsibilities for implementation.

Note: The TKA version of the April 2015 EOPs were revised by the TKA CSO to identify staff responsibilities for implementing the various tasks specified in the EOPs while the audit team was still on-site. However, these have yet to be communicated to TKA staff.

4. **Opportunity for improvement: TKA-2015-OFI-04**
Standard/Element(s): CSA Z809 Element 7.4.3
Client Procedure: Nicola Thompson Fraser (NTF) SFM Plan Annual Monitoring Report
Location: NTF DFA

CSA Z809 element 7.4.3 requires the organization to make publicly available an annual report on its performance in meeting and maintaining the SFM requirements. A NTF SFM Plan Annual Monitoring Report for the period January 1, 2014 to December 31, 2014 was released in April 2015 and is available on the NTF SFM website. A review of the annual report found that it includes adequate monitoring information in relation to the large majority of SFM Plan targets. However, this is not the case for target #9 – Degree of suitable habitat in the long term for selected focal species, including species at risk. The species-specific targets included in the SFM Plan are based on government's FPPR section 7 notices and require that a specified area within each TSA be set aside for each species in WHAs (e.g., Kamloops TSA: Flammulated Owl – 3,300 ha; Lewis' Woodpecker – 650 ha; Spotted Bat – 120 ha, etc.). However, the annual report does not include any monitoring information to indicate whether or not these targets have been met, and if not, what the licensee team proposes to do to address this. Instead, reporting on these targets is limited to brief comments on whether or not the population of blocks harvested during the year included occurrences of the focal species for which SFM Plan targets have been set, and if so, whether or not the habitat was conserved or managed. As such, there is a disconnect between the targets that have been identified and the information that is being reported in the Annual Monitoring Report.

5. **Opportunity for improvement: TKA-2015-OFI-05**
Standard/Element(s): ISO 14001 Element 4.5.1; CSA Z809 Element 7.5.1
Client Procedure: EOP 02
Location: Kamloops Business Area

EOP 02 includes a requirement for BCTS staff to complete compliance and conformance inspections of LPC operations based on the level of risk associated with the project. However, there is currently no guidance in the BCTS EMS regarding when Final Harvest

Inspections should be completed. Review of a sample of TSL files found that there is considerable variation across the Business Area regarding the timing of Final Harvest Inspections. While some staff were found to have completed these at the completion of logging or soon thereafter, the audit noted some TSLs where logging had been completed more than a year ago but the Final Harvest Inspection had yet to be completed. Where there is a significant time lag between the completion of harvesting and the Final Harvest Inspection the utility of the Final Harvest Inspection as a tool to identify and address environmental concerns in a timely manner is significantly reduced.

6. **Opportunity for improvement: TKA-2015-OFI-06**
Standard/Element(s): ISO 14001 Element 4.4.7; SFI Performance Measure 2.4
Client Procedure: Emergency Response Tests
Location: 100 Mile TSA

The audit found that the licensee working on TSL A88792 had completed the test of their ERP as required by BCTS. However, the steps and sequence section of the emergency response test form had not been completed by the licensee.

Audit conclusions

CSA Z809-08 Surveillance Audit – Nicola Thompson Fraser DFA

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 Surveillance 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 Organization’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 Organization’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 2015/16 multi-site ISO 14001 re-certification and SFI surveillance/SFI 2015-2019 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 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 2015 and previous audits.
2. The multi-site BCTS SFI certificate expires on September 10, 2017. As a result, the 2016/17 BCTS audit will include a full-scope re-certification audit against the requirements of the SFI 2015-2019 Forest Management Standard.
3. Implementation and effectiveness of the FPOC pilot study within TKA.
4. Revisions to TKA planning and operational procedures to address the habitat needs of migratory birds.
5. Trends in waste levels related to recent changes in lumber markets.
6. Implementation of BCTS risk-based road maintenance inspections on FSRs for which the BA has maintenance responsibility.
7. Implementation and effectiveness of BCTS quality control procedures in relation to road and block layout completed by contractors, particularly on challenging terrain.