



Audit Report

Project No. 1607495-02

July 7, 2013

Mr. Logan Cochrane
Federation of Nova Scotia Woodland Owners
285 George Street
Stewiacke, NS
B0N 2J0

SUBJECT: REGISTRATION PROGRAM

Dear Logan,

Please find attached the Audit Report raised as a result of our Re-Registration of your management system to the CSA Z804: 2008 standard conducted in your Nova Scotia woodlots on May 31, 2013.

We 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 "Martin Litchfield".

Martin Litchfield

QMI-SAI Global Team Leader
Encls.



CONFIDENTIAL

SUSTAINABLE FOREST MANAGEMENT SYSTEM

CAN/CSA-Z804-2008

Auditee: Federation of Nova Scotia Woodland Owners
Address: 285 George Street
Stewiacke, NS
CAN B0N 2J0

Contact: Mr. Logan Cochrane
Dates of Audit: May 31, 2013
Audit Team Leader: Martin Litchfield
Type of Audit: Re-Registration
Audit Frequency: 12 Months
SIC / NACE Code: 0811 A02.0 Timber Tracts

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REPORT DISTRIBUTION

Federation of Nova Scotia Woodland Owners
QMI-SAI GLOBAL File
Federation of Nova Scotia Woodland Owners

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SECTION 1 - EXECUTIVE SUMMARY

Scope #	Scope Description
1	Forest management activities - planning, harvesting, transportation and silviculture on the defined woodlots enrolled in the 10,800 ha group certification

Site:

Federation of Nova Scotia Woodland Owners
285 George Street
Stewiacke, NS
B0N 2J0

Summary of Audit Findings:

The Federation of Nova Scotia Woodland Owners (FNSWO) has established, implemented and maintained a group certification program that has been determined to meet the requirements of CAN/CSA Z804-08.

Recommendations:

FNSWO is recommended for re-registration to CAN/CSA Z804-08.

SECTION 2 - INTRODUCTION TO CAN/CSA Z804-2008

This is the first edition of the CSA Z804, Sustainable forest management for woodlots and other small area forests. The Canadian Federation of Woodlot Owners established the Pan-Canadian Woodlot Certification Program and approached CSA to develop a sustainable forest management standard for woodlots through a multi-stakeholder process. The resulting Standard, CSA Z804 is intended for use by woodlot owners or managers of forests up to 4000 hectares, and has been developed in response to public expectations about responsible forest management. This Standard also addresses the desire of woodlot owners to gain recognition for the quality of their management, encourages improvement in the management of their lands, and strengthens their position in a market that increasingly demands forest products from lands where forest management has been certified. At the same time, it takes into consideration the small size of woodlots, their low net revenues, the limited resources of woodlot owners, and the fact that, in many cases, the requirements of CAN/CSA-Z809, Sustainable Forest Management: Requirements and Guidance are impractical for small forests.

This Standard addresses the sustainable forest management of defined woodlots, including the requirements for public consultation, performance, and system frameworks promoting continual improvement. It also lists the specific requirements that must be addressed, audited, and approved before certification can be achieved. Commitment of the woodlot owner to sustainable forest management and the adoption of appropriate practices to achieve it will ensure the perpetuation of woodlot forests along with their many economic, ecological, social, and cultural benefits. At the same time, the acquired and legal rights of private woodlot owners to set their own management objectives should be respected.



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Performance - By following a SFM plan that incorporates the objectives 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 Z804 Standard incorporates some specific system requirements which include Monitoring and corrective actions, emergency preparedness and response, training and record keeping and internal audit program in the case of Group certification.

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.

SECTION 3 - DESCRIPTION OF THE DEFINED WOODLOT AREA(S) (DWA):

The FNSWO Certification Program is developed for application to small- private forests and is not designed for use by industrial landowners whose main business is forest products manufacturing.

The FNSWO Certification Program is for a defined woodlot with a forest area of 15 to 5000-acres.

The defined woodlot is the area covered by the woodlot forest management plan.

The FNSWO reviews and approves all woodlot management plans before entry is granted into the group of certified woodlots to ensure all requirements are met.

The defined woodlot may comprise one or more contiguous, legally described lots under the same ownership with a single forest management plan, as long as they are close in geographical reference and do not exceed 5000-acres.

Non-contiguous, legally described lots under the same ownership must be covered with separate forest management plans.

The Certification Program is available to all small woodlot owners in Nova Scotia upon request.

Area of DWA:

The CSA program now totals 61 landowners and 78 woodlots covering 10,800 ha.

Legal Tenure / Licence Description:

The legal tenure of each woodlot is verified before the development of the Woodlot Management Plans. The planner requires a copy of the deed and PID information for each woodlot.



SECTION 4 – WOODLOT MANAGEMENT ORGANIZATION:

The FNSWO has prepared a Policy Manual that describes the system requirements for woodlot management organizations, woodlot management planners and woodlot owners wishing to be certified for practicing sustainable forest management. It describes the requirements for sustainable forest management on a defined woodlot, including the nature of the commitment, the requirements for public consultation, the performance requirements, and a system framework that promotes continual improvement. It also lists the specific requirements that must be addressed, audited and approved in order for certification to be achieved under the FNSWO program.

Respect for private property rights is an important value in Sustainable Forest Management. The legal rights of private woodlot owners to set their own management objectives are respected under the FNSWO certification program.

The defined boundaries for participating woodlots are as described in the woodlot management plans and are based on a legal description and appropriate supporting maps

Management Objectives and Responsibilities:

The management objectives are developed with the woodlot owner and are specific to the owner's wishes. All WMP's have a component of riparian protection and wildlife habitat protection. The 2013 audit verified the wide range of management objectives from ecological protection to optimum harvest production. The responsibilities of the owner, contractor, planner and NSFOW staff are identified in each WMP.

Volume and Species Harvested: 2011-2012

All Acadian Forest species of Hardwoods and Softwoods
Actual harvest was 3,968 m³

AAC Determination Process:

The AAC is determined for each individual woodlot
The cumulative AAC for the CSA woodlots is 8,850 m³

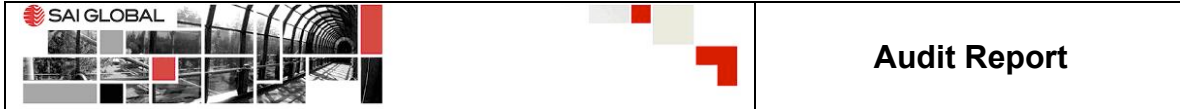
Products Produced:

- Softwood logs
- Softwood studwood
- Softwood pulp

- Hardwood logs
- Hardwood pulp
- Firewood

SECTION 5 - AUDIT FINDINGS:

Scope #	Scope Description
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- 1 Forest management activities - planning, harvesting, transportation and silviculture on the defined woodlots enrolled in the 10,800 ha group certification «P310»

Audit Criteria: CSA Z804:2008

Description of QMI-SAI Global and the QMI-SAI Global Audit Team:

QMI-SAI Global is a third party management system certification Registrar. Established in 1984, QMI-SAI Global 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-SAI Global 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>
<u>Team Leader</u>	Martin Litchfield RPF
<u>Team Member</u>	Daniel Martin

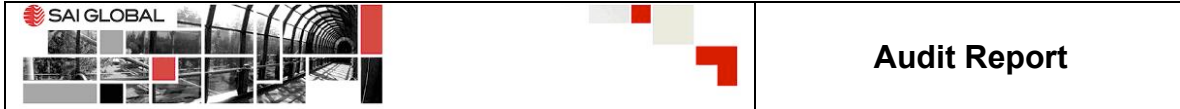
Audit Coverage:

Woodlots Visited During the Audit:

WMP No.	Owner/Location	Area (ha)
1084	McCarthy woodlot	46
1085	Moran woodlot	234
1029	Scott & Stewart woodlot	101
0925	Benjamin woodlot	218
1024	Stewart woodlot	30
1014	Five Islands woodlot	252

Personnel (ie Staff/contractors) interviewed in the field:

Woodlot owners: (3)
Contractors (2)



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Staff (2)

CCFM Criteria verified (field & office)

Criteria	Description	Field and/or Office	Improvement
1	Conservation of biological diversity	Field and Office	<p>Federation of Nova Scotia Woodland Owners, Woodlot Certification Program, Systems Manual, Revision 3A, May 2013</p> <p>Woodlot inspections observed riparian buffers and wildlife habitat protection. One woodlot had additional protection for wet sites with rare Showy Lady Slipper plants</p>
2	Maintenance and enhancement of forest ecosystem conditions and productivity	Field and Office	<p>Woodlot Management Plans Reviewed and verified activities in the field; #1014 and 1024. Lot 1014 practices mostly partial harvest with adequate abundant natural regeneration. 4 ha clearcut does show signs of a lack of natural regeneration. Owner does not have a clear strategy to ensure regeneration with species suited for the site.</p> <p>AOC CSA 7.2.4 - No defined timeframe for regeneration of woodlots with species suited to the site, climate, and soil conditions, at a density to maintain forest productivity.</p>
3	Conservation of soil and water resources	Field and Office	<p>All plans reviewed contained guidance for soil and water conservation and protection. Interviews with woodlot owner indicate a very good understanding of the importance of protecting the resource. Good understanding</p>



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			<p>of soil erosion prevention and prevention of rutting when logging</p> <p>OFI: Consider investigating road maintenance responsibilities and liabilities for Crown roads going through private woodlots</p>
4	Forest ecosystem contributions to global ecological cycles	Field and Office	<p>Woodlot Management Plans Reviewed and verified activities in the field; #1014 and 1024.</p> <p>No deforestation or conversion to non-forest use was witnessed in the course of the audit.</p>
5	Multiple benefits to society	Field and Office	<p>Woodlot Management Plans Reviewed and verified activities in the field; #1014 and 1024.</p> <p>Both woodlots showed use of silvicultural systems appropriate to the species and stand conditions (shelterwood harvest in mature spruce stands, pre-commercial thinning in pole stage hardwood stand, category 7 hardwood selection cut)</p> <p>Wood is milled and sold locally. Market for sawlogs in picking up according to the woodlot owner. This will result in a pick-up of harvest activities.</p>
6	Society's responsibility for sustainable development	Office	<p>Verified consultation with Aboriginal groups</p> <p>Verified contact with government agencies when determining special values and species at risk</p>

Review of Changes:

There was one new CSA woodlot plan since the 2012 surveillance audit



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Summary:

The findings were discussed with Logan Cochrane. The Audit Team Leader commenced the closing meeting by thanking the Federation of Nova Scotia Woodland Owners 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-SAI Global Audit Team recorded the following audit results:

Documentation Review:

The audit team reviewed the SFM documentation including the SFM systems manual, the SFM Annual Report, the WMP plans and the monitoring reports.

Non-conformances:

There were no non-conformances identified during the 2013 audit

Status of any previously recorded non-conformances (NCRs)

No previously recorded or outstanding NCRs.

The audit verified that the four Areas of Concern that were identified during the 2012 audit have been effectively resolved.

Significant Issues:

The 2012 harvest was lower than the AAC due to mill closures and a lack of demand for the lower grade products

Positive Aspects of the Management System:

1. The training programs for woodlot owners.
2. The effective use of the Silviculture budget that is exclusive to certified woodlots.
3. Objective setting in WMPs reflect personal approaches to forest sustainability.

Effectiveness of the Internal Audit Program:



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NSFWO has a risk based auditing program depending on the size of the woodlots. The company is exceeding their targeted auditing schedule

Opportunities for Improvement (OFI):

Consider investigating road maintenance responsibilities and liabilities for Crown roads going through private woodlots

7.2.4 – Consider adding SOP 12-19 to table 1 of section 7 of the systems manual as a response to the requirements of criteria 7.2.4 of the CSA Z804:2008 standard.

Areas of Concern (AoC):

8.8 The monitoring system does not consistently evaluate the legal compliance, BMP implementation and other monitoring requirements specified by the NSFWO

9.5 The systems manual has not been updated to reflect the change in positions

7.2.4 – There is no defined timeframe for regeneration of woodlots with species suited to the site, climate, and soil conditions, at a density to maintain forest productivity.

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 Federation of Nova Scotia Woodlands Owners Management System over the past 3 years and the Re-assessment Audit indicate that Federation of Nova Scotia Woodlands Owners Management System meets the following criteria for maintenance of registration to CSA Z804: 2008.

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



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Next Scheduled Audit: May 30, 2014

Date(s): May 30, 2014

Type of Audit: Year 1 surveillance

No. of Persons: 2

No. of Audit Days Required: 1

Martin Litchfield RPF
QMI-SAI Global Team Leader

Date: 07/07/2013