



Project No. 010960-10

May 5, 2007

Mr. Steve Chambers
Western Forest Products Inc.
Port Alberni Forest Operation
PO Box 2001, Bag 2001
Port Alberni, British Columbia, V9Y 7N3

SUBJECT: CAN/CSA Z809:2002 REGISTRATION PROGRAM: 12 Month Surveillance Audit

Dear Steve:

Please find attached the Audit Report raised as a result of our 12 Month Surveillance Audit of your management system to the CAN/CSA - Z809-2002 standard conducted in your Port Alberni Forest Operation on April 19 & 20, 2007.

We thank you and the staff of the Port Alberni Forest Operation for the support and co-operation given during the audit.

Best Regards

A handwritten signature in cursive script that reads "Wayne Coombs".

Wayne Coombs, RPF, EMS(LA)
QMI Team Leader
Encls.



QMI FILE NO.: 010960-10

**SUSTAINABLE FOREST MANAGEMENT SYSTEM
AUDIT REPORT
CAN/CSA-Z809:2002**

1. Executive Summary

Auditee : Western Forest Products Inc.- Port Alberni Forest Operation

Address : PO Box 2001, Bag 2001, Port Alberni, BC V9Y 7N3

Contact : Mr. Steve Chambers

Date(s) of Audit : April 19 & 20, 2007

Name of Audit Team Leader: G. Wayne Coombs, RPF, EMS(LA)

Type of Audit : 12 Month Surveillance

Audit Frequency : Annual

Recommendation by Team Leader:

The auditee is recommended for continued registration to CAN/CSA Z809:2002.

DISTRIBUTION
Auditee: (Auditee)
Audit Team Leader: (Auditor)
QMI File

CONTENTS
1 Executive Summary
2 General Background on CAN/CSA Z809
3 Description of Client DFA
4 Background Description of Auditee and Practices
5 Details of the Audit
6 Assessment
Attachment One - SFM Indicators Assessed

Ownership of this report lays with: **Western Forest Products Inc, Port Alberni Forest Operation**



2. General Background on Canada's National Sustainable Forest Management Standard CAN/CSA Z809:2002

The Canadian Standards Association (CSA) developed Canada's National Standard on Sustainable Forest Management CAN/CSA Z809, in response to heightened awareness about forest management practices. The Standard was developed by a SFM Technical Committee in an open and inclusive process managed by CSA. The SFM Technical Committee is required to review the Standard periodically to ensure it incorporates knowledge gained through time and implementation. The Standards Council of Canada (SCC) accredits CSA to write standards and approves them as National Standards.

Sustainable Forest Management (SFM) refers to the way a defined forest area is managed to maintain and enhance the long-term health of forest ecosystems for current and future generations. This Standard, which utilizes a continual improvement approach, requires public participation, practical demonstration of sustainable forest management practices, and a management commitment to a management system. SFM takes into account environmental, social and economic factors.

Public Participation - The CSA Standard requires organizations to seek comprehensive and continuing public participation, including a special effort for Aboriginal Peoples, at the local community level for each defined forest areas. The public identifies forest values of specific importance to their environmental, social and economic concerns and needs. The public also takes part with the organization to identify and select SFM goals, indicators and objectives to ensure these values are addressed.

Performance - By following a SFM plan that incorporates the values, goals, indicators and objectives, identified by the public process, 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 Standard has system requirements, which are consistent with the internationally recognized ISO14001 Environmental Management System Standard. The system follows the concept of "plan - do - check - act". The system framework helps an organization implement, track and monitor their progress towards meeting the economic, social and ecological performance objectives for the defined forest area. The Standard uses adaptive management procedures that recognize that SFM is a dynamic process that must incorporate new knowledge acquired through time, experience and research. The Standard requires there be an annual report on the indicator objectives with an annual review of the system and performance in the forest to identify areas for continual improvement.

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 by the Canadian Environmental Auditing Association.



3. Description of the DFA

3.1 Geographic Location, Size, Legal Tenure and Defined Forest Area Description (DFA)

Geographic Location:

The DFA is located in the vicinity of Port Alberni and Bamfield on the west side of Vancouver Island.

Area of DFA:

The total operable forest in the DFA in 2006 was 141,893 hectares of operable forest, exclusive of roads. This area was a decrease from the 157,823 hectares identified in 2005. This change was the result of the sell of some of the forest land. The majority of the DFA lies within Coastal Western Hemlock zone.

Legal Tenure/Licence Description:

The boundaries of Defined Forest Area correspond to Western Forest Products portion of TFL 44, and totals 165,427 hectares in area.

3.2 Ecological Description of the Defined Forest Area:

The DFA is comprised of the following bio-geoclimatic variants:

CWH mm1 -	3.5%
CWH mm2 -	5.7%
CWH vh1 -	1.6 %
CHM vm1 -	67.1%
CWM vm2 -	10.3 %
CWH xm1 -	0%
CWH xm2 -	8.5%
MH mm1 -	3.2%
Atp -	0.1%

4 Background Description of Auditee and Practices

4.1 Organizational Structure

Western Forest Products Inc., Port Alberni Forest Operation manages its operations from its office in Port Alberni supported by the services provided Western Forest Products' Gold River Regional Office and their Campbell River Corporate Forestry Office

4.2 Description of the Port Alberni Forest Operation DFA Workforce



The Port Alberni Forest Operation employs staff, and contractors to supervise and conduct harvesting, road construction, road maintenance, renewal and tending operations on the DFA. Harvest operations are conducted under approvals issued as part of the operations TFL Management Plan. All Staff and contractors are responsible for conducting forest operations according to unit prescriptions, contract conditions, and Cutting Permits. Operations must fully comply with the Standard Operating Procedures of the Company's EMS and the SFM Plan.

4.3 Volume and Species Harvested 2005/2006

Species	2005 (m ³)	2006 (m ³)	
Amabilis Fir	146,548	107,759	18
Western Red Cedar	365,961	234,764	39
Western Hemlock	419,588	190,558	32
Coastal Douglas-fir	106,858	45,698	8
Yellow Cedar	21,067	16,339	3
Lodgepole/Western White Pine	21	1,606	
Alder	2,871	302	
Sitka Spruce	2,018	1,507	

The AAC is determined by the Chief Forester of the province.

4.4 Products Produced & Mills Associated with the DFA Timber

Wood products from the Port Alberni Forest Operation DFA supply several Western Forest Products Inc. sawmill facilities, including: Saltair Sawmill; Ladysmith Sawmill; Duke Point Sawmill; Cowichan Bay Sawmill; Chemainus Sawmill; Alberni Pacific Division and Somass Sawmill (Port Alberni).

4.5 First Nations Consultation Process and the DFA

The Port Alberni Forest Operation DFA has the following First Nation communities within or adjacent to its boundaries, all of which have traditional land within the DFA:

Pacheedaht First Nation; Ditidaht First Nation; Huuayaht First Nation; Hupasacath First Nation; Tshshaht First Nation; Uchucklesaht First Nation; Lake Cowichan First Nation; Ucluelet First Nation; and Cowichan Tribes.

The Operation holds regular business opportunity meetings with the various 1st Nations communities to discuss, and to get their input, on proposed operational activities and opportunity.

5 Details of the Audit: Western Forest Products Inc., Port Alberni Forest Operation

5.1 Subject

CAN/CSA Z809:2002 Registration Audit of the Western Forest Products Inc., Port Alberni Forest Operation Defined Forest Area.



5.2 Purpose and Scope of Audit and Scope of Registration

The purpose of the audit is to evaluate the continued adequacy and implementation of the Port Alberni Forest Operation Sustainable Forest Management System against the requirements of the CAN/CSA-Z809:2002 Standard and their Sustainable Forest Management System documentation within the Defined Forest Area.

The Scope or Registration is as follows:

The sustainable forest management system as it applies to forest management activities undertaken on the defined forest area. The defined forest area consists of net forest area of 141,893 hectares within TFL 44.

US SIC/NACE Code(s):

0851/A0202	Forestry Services
A0202	Logging camps and logging contractors
A0201	Timber tracts

5.3 Audit Criteria

- CAN/CSA-Z809:2002
- Port Alberni Forest Operation Sustainable Forest Management System documentation - current at the time of the audit.
- Port Alberni Forest Operation DFA 2006 - 2008 SFM Plan, revised April 2007
- Port Alberni Forest Operation DFA SFM 2005 Data Set (Annual Report) May 2006
- Port Alberni Forest Operation DFA SFM 2006 Data Set (Annual Report) April 2007

5.4 Description of the Registrar and the QMI Audit Team

Quality Management Institute (QMI) is a third party management system certification Registrar. QMI is a Division of the CSA Group. Established in 1984, QMI 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 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:

G. Wayne Coombs, RPF, EMS(LA) - Audit Team Leader



Nate Ryant, RPF, EMS(A) - Audit Team Member

5.5 Audit Coverage

An opening meeting where the scope and method of performing the audit was explained, was attended by the personnel listed the Opening/Closing Meeting attendance form maintained on file at the QMI Richmond office.

The audit was conducted in the following number of days:

Pre and Post Audit Total Time	- 1.0 audit-day
On-Site Audit Time	- 2.0 audit-days
On-Site Audit Field Days	- 1.0 audit-day

All required elements and aspects were audited as per the audit plan according to the requirements of CAN/CSA Z809:2002.

The audit team conducted interviews with Staff in the Port Alberni Forest Operation office; observed active forest operations and completed harvest/reforestation units. Audit team members also verified SFM Indicators in the office, as well as in the field.

The Audit Team interviewed staff with the Ministry of Forests South Island Forest District, Compliance and Enforcement Section, including: Al Cross, Ken Seegmuller and Brett Dowell.

The Audit Team also met with three members of the Port Alberni Forest Operation Advisory Group (WIWAG), including: Jack McLeman, Darlene Clark and Jennifer Dyson.

With the revision of the 2006 - 2008 SFM Plan, revised April 2007, it was noted that there were several changes in the indicators, including: most indicator numbers were re-numbered; several indicators were dropped; some indicators were combined; and, several new indicators were added.

The following SFM Indicators were audited in the office:

Staff Interviewed	Indicators Verified (2006 Data Set)
Steve Chambers	4, 32, 35, 37
Justin Kumagai	6, 7, 8, 12, 17, 38
Erin Badesso	14, 21, 29, 43

The following were the SFM Indicators that were verified in the field using the 2005 Data Set:

Block	Indicators Verified (2005 Data Set)
Block 062205	6
Block 871414	6, 12, 21, 24, 25, 27, 29



Block 764310	6, 8, 28
Block 761207	6, 21, 36
Block 2224	6, 21, 28, 55
Block 754417	6, 8, 39

5.6 Audit Findings

Conclusions:

After the completion of the office and field phase of the audit, the findings were discussed with Mr. Steve Chambers and the Port Alberni Forest Operation Staff. The Audit Team Leader commenced the closing meeting by thanking the Steve Chambers and Staff for the cooperation and courtesy extended to the audit team during the audit.

In addition, the Audit Team Leader detailed the registration process and the requirements for future surveillance audits.

The closing meeting was attended by the personnel listed on the Opening/Closing Meeting attendance form maintained on file at the QMI Richmond office.

The QMI Audit Team recorded the following audit results:

Summary of Documentation Review -

The audit team reviewed the SFM documentation and the supporting EMS/SFM documentation current at the time of the audit, including the revised 2006 - 2008 SFM Plan, revised April 2007, and the SFM 2005 & 2006 Data Sets (Annual Reports). The SFM 2005 Data Set (Annual Report) was used to verify Indicators in the field.

Nonconformances -

This 12 Month Surveillance Audit did not result in any findings of non-conformance.

Status of Previously Raised Nonconformance(s) -

Not applicable, as the Registration audit did not raise any findings.

Advisory Group Comments Issues

The Auditor Leader met with three members of the Port Alberni Forest Operation Advisory Group (WIWAG) during this audit, including: Darlene Clark, Jack McLeman, and Jennifer Dyson, WIWAG Facilitator.

The following items were brought up by these members:

- Impressed with WFP management.



- They felt that the process in the Standard was good, particularly as it allowed public involvement.
- There is a general feeling that the separation of the two companies involved in the DFA (WFP & Island Timber) is good, particularly as the focus of each is different, i.e. one manages crown land and the other manages private land.
- The Company has generally been responsive when suggestions for changes to indicators have been made by WIWAG
- There is a feeling that not all the information on the indicators is made available to WIWAG.
- There was a feeling that community items were either dropped or not considered by the Company.
- Generally a feeling that all the groups within the DFA are well represented on WIWAG. It was felt that there is a need for more effort to get the 1st Nations involved in the advisory group.
- Felt the field tours put on by the Company were good. They would like the opportunity to be involved with the field audits carried out by QMI.

Ministry of Forestry Compliance & Enforcement Interview:

The Audit Team interviewed South Island Forest District Compliance and Enforcement representatives Allan Cross, Ken Siegmuller, and Brent Dowell to review the Port Alberni Forest Operation C&E status since the 2006 QMI audit was carried to the present date. The C&E inspection results focusing on the nature of the inspection findings were discussed, as well as the ratio of findings to total inspections and the degree of cooperation of Port Alberni Forest Operation staff regarding any inspection findings. The audit team is satisfied that Port Alberni Forest Operation staff is proactive when resolving C&E inspection findings.

SFM System Positive Practices and Strengths:

The Audit Team observed the following positive aspects and practices:

- The Operation is holding regular business opportunity meetings with the various 1st Nations communities to discuss, and to get their input, on proposed operational activities and opportunity.
- A satisfaction survey was conducted of the WIWAG members to obtain their feedback to better assist the Operations and the Advisory Group to meet the objectives.
- The WIWAG website which is readily accessible by the general public has all the pertinent information on it, including WIWAG Meeting minutes, SFM Plans, Annual Reports, QMI Audit Reports, etc.
- The Operation has excellent field maps with all the critical features regarding riparian management and wildlife features identified on them.

- The write-up in the FDP on habitat management as related to Black Bear was very good.

SFM System Opportunities for Improvement:

A review during this audit of the five System Weaknesses that were identified in the 2006 Registration Audit Report found that requirements of each these System Weaknesses were met.

The following is a summary of the System Weaknesses and the Recommendations that were identified during this audit:

System Weakness:

- 5.2: Ensure that steps are taken to:
 - actively encourage 1st Nations to become involved in identifying and addressing SFM values
 - fill the identified 4 vacancies that exist on the WIWAG committee.
- 5.2: Ensure that a list is developed and maintained with the associated contact information that identifies interested parties in the advisory group, including: those who want to participate; those that decided not to participate; and, those that are unable to participate.
- 7.3.1: Ensure that the SFM Plan and SFM/EMS Manual accurately define the geographic extend and area of the DFA.

Recommendations:

- 7.6: Consider adjusting the Management Meeting agenda to capture and address all the items identified under Section 7.6 of the Z809:02 Requirements and Guidance Document.
- Indicator 14: Consider identifying the target and variance as being a percentage rather than an area.
- Indicator 32: Consider adjusting the variance from +/- 1% to a more realistic variance that will allow some flexibility.
- Indicator 43: Consider setting a specific figure for the volume that the 1st Nations can harvest each year.
- Indicator 6: Consider changing the date from 2005 to 2006 for the current data
- Indicator 7: Consider steps to ensure that the SFMP and the Data Set have similar SAR statements on management programs in each.



- Indicator 20: Consider checking the layout of VR patches for wind firmness based on the direction of the prevailing winds.
- Indicator 38: Consider rewording the Indicator to ensure the intent of measurement at the landscape level.

(Note: Indicators identified are those found in the 2006 Data Set and the 2006 - 2008 SFM Plan, Revised April 2007, documents.)

6. GENERAL ASSESSMENT AND RECOMMENDATION

The 12 Surveillance Audit was considered to be successful in confirming the status of the Western Forest Products Inc., Port Alberni Forest Operation Defined Forest Area Sustainable Forest Management System, which continues to be suitable, adequate and effective.

The Port Alberni Forest Operation DFA Sustainable Forest Management System based on a review of the documentation and the audit findings will be recommended for continued registration to CAN/CSA-Z809:2002.

A handwritten signature in black ink that reads 'G. Wayne Coombs'.

May 5, 2007

G. Wayne Coombs, RPF, EMS(LA)

Signature of Audit Team Leader

Date

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