

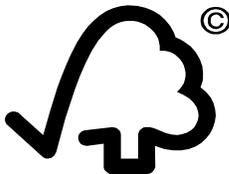


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**Rainforest
Alliance**

SmartWood Program

Forest Management **2010 Annual audit** Report for:

Nova Scotia Landowners and Forest
Fibre Producers Association
In
Nova Scotia, Canada

Report Finalized: May 27, 2010
Audit Dates: March 15-18, 2010
Audit Team: Vivian Peachey

Certificate code(s): SW-FM/COC-001753
Certificate issued: January 23, 2006

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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Nova Scotia Landowners and Forest Fibre Producers Association (NSLFFPA), hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of SmartWood auditors who have evaluated company systems and performance against FSC forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through corrective action requests.

SmartWood audit reports include information which will become public information. Sections 1-3 will be posted on SmartWood's website according to FSC requirements. All appendices will remain confidential.

Dispute resolution: If SmartWood clients encounter organizations or individuals having concerns or comments about Rainforest Alliance / SmartWood and our services, these parties are strongly encouraged to contact SmartWood regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company's conformance with FSC and SmartWood requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>, certificate maintenance recommended Upon acceptance of CAR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>:
Additional comments:	
Issues identified as controversial or hard to evaluate.	

2.2. Changes in the forest management of the FME and the associated effects on conformance with the standard

The number of participating group members rose from 4 members in 2009 to 49 members at the time of the annual audit. Of these 49 members the number of actual properties managed is over 80 properties. The rise in numbers is allowable within the scope of the certificate. The Association extends its certification program to woodlot owners within 250km of the NewPage mill in Port Hawkesbury. The NSLFFPA forest area covers the counties of Cape Breton, Richmond, Victoria, Inverness, Guysborough, Antigonish and Pictou.

Woodlot owners, both members and non-members, are provided with a management plan and inclusion within the group at no cost, should they want this. A Collective Agreement with NewPage secures a fair price for fiber, however woodlot owners are not obliged to sell wood to NewPage. When timber is sold to

NewPage money is put into a trust fund, thus making the program self-sustaining. Private woodlot owners provide the NewPage Mill with half of the mills wood supply.

Two upcoming provincial announcements will impact the Association. First is an Energy Policy (through the Ministry of Energy and Department of Natural Resources) that will address regulations on co-generation biomass projects. It is expected that NewPage will be building a co-generation facility and that certified private lands will be given preference as means for safeguarding production. Second will be a Stage II Resource Strategy providing recommendations to government on mining, parks, biodiversity and forestry. Certification will likely be addressed within Strategy.

2.3. Stakeholder and Aboriginal group issues

Stakeholder comment	SmartWood response
There is a perception that some harvesting on some woodlots is a bit heavy.	Of the woodlots visited small clear-cuts and patch cuts were used, often in areas where there was spruce decline due to the bark beetle. The ACC is determined using a volume approach identified for individual forest stand compartments. There is no growth and yield data available for the region and it was noted in the report that a methodology for determining the ACC and method for imposing constraints on the ACC through time was lacking in the NSLFFPA's management plan. The auditor has issued CAR 0/10.
There is potential concern of the rapid growth in numbers of certified woodlots joining the Association's FSC Group certificate and the Association having the human and technical resources to manage the group to meet FSC standards.	This concern was identified in previous reports and resulted in NSLFFPA investing significant resources including the hiring of two foresters (one contract and one staff) and the developing of management tools. All evidence shows that at this time the human and technical resources are sufficient to manage the group.
There is a concern of increased fiber demand on certified woodlots with NewPage's plans to develop a Biomass Co-generation Facility that would be powered by low quality fiber.	A demand for chip/biomass logs is a potential opportunity and could provide access to markets for low quality material, as long as the rate of harvest of forest products does exceed levels that can be permanently sustained.

2.4. Conformance with applicable corrective action requests

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the SmartWood certificate if Major CARs are not met. The following classification is used to indicate the status of the CAR:

Status Categories	Explanation
-------------------	-------------

Closed	Operation has successfully met the CAR.
Open	Operation has either <u>not met</u> or has <u>partially met</u> the CAR.

Check if N/A (there are no open CARs to review)

2.5. New corrective actions issued as a result of this audit

CAR 01/10		Reference to Standard: Criteria and indicator 10.1
Non-conformance		To date, plantations have not been considered within the scope of the certificate; however some of the new properties added to the group show characteristics of plantations. NSLFFPA has not stratified the new properties by forest type so as to determine whether plantations (as defined by the FSC Maritimes Standards) are present and are being managed accordingly this results in a major non-conformance and the issuance of Major CAR 01/10.
Major X	Minor	
Corrective Action Request: NSLFFPA shall stratify by forest type new properties added to the group to determine whether there are plantations present as defined by the SLIMF FSC Maritime Standards..		
Timeline for conformance:		Within 3 months of receiving report
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 02/10		Reference to Standard: Criteria and indicator 4.2.2
Non-conformance		Many landowners conduct their own harvesting operations and it is uncertain that landowners comply with Provincial health and safety requirements and are knowledgeable of regulations. The NSLFFPA does not have a worker safety program. It is unclear as to whether forest management meets applicable laws covering health and safety and the absence of a worker safety program results in a non conformance and CAR 02/10 is issued.
Major	Minor X	
Corrective Action Request: NSLFFPA is responsible for ensuring that group members meet health and safety requirements. NSLFFPA shall develop a health and safety program for group members and shall ensure that members meet requirements.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 03/10		Reference to Standard: Criteria and indicator 5.6.2
Non-conformance		Recommended volumes for harvesting are identified in individual management plans as per the discretion of the plan writer. Plans do not provide long-term forecasting, nor is growth and yield data used. There is no methodology that describes how the rate of harvest will be permanently sustained, and to this end this is a non-conformance and CAR 03/10 has been issued.
Major	Minor X	
Corrective Action Request: NSLFFPA shall provide justification as to how the current approach for determining the ACC will ensure that the rate of harvest of forest products will not exceed levels that can be permanently sustained. A methodology shall be developed justifying the approach.		

Timeline for conformance:	Prior to next annual audit
Evidence to close CAR:	Pending
CAR Status:	OPEN
Follow-up Actions (if app.):	

CAR 04/10	Reference to Standard: Criteria and indicator 8.1.1	
Non-conformance		While pre and post-harvest inspections are conducted by NSLFFPA monitoring policies are out-dated and there is no monitoring program that links monitoring activities to management objectives. The absence of a Monitoring Program is a non-conformance, and minor CAR 03/10 is issued
Major	Minor X	
Corrective Action Request: NSLFFPA shall develop a monitoring program that links monitoring activities to management objectives.		
Timeline for conformance:	Prior to next annual audit	
Evidence to close CAR:	Pending	
CAR Status:	OPEN	
Follow-up Actions (if app.):		

CAR 05/10	Reference to Standard: Criteria and indicator 10.1.1	
Non-conformance		To date, plantations have not been considered within the scope of the certificate; however some of the new properties added to the group show characteristics of plantations. Management plans do not meet the requirements of 10.1.
Major	Minor X	
Corrective Action Request: Where appropriate, individual management plans shall address the management of plantations.		
Timeline for conformance:	Prior to next annual audit	
Evidence to close CAR:	Pending	
CAR Status:	OPEN	
Follow-up Actions (if app.):		

CAR 06/10	Reference to Standard: Criteria and indicator FM-35 SmartWood Chain-of-Custody Standard for Forest Management Enterprises (FMEs)] COC1.1, 1.3, 3.2, FSC-TMK-50-201 V1-0, 5.1 through 5.9	
Non-conformance		Procedures addressing CoC requirements do not include required elements.
Major	Minor X	
Corrective Action Request: Procedures shall be revised to include: <ul style="list-style-type: none"> • Define the personnel/position(s) responsible for implementing the CoC control system; • Procedures shall be revised to include only the correct systems used for tracking material; • CoC records shall be maintained for five years; • Procedures specific to trademark use shall be developed. 		
Timeline for conformance:	Prior to next annual audit	
Evidence to close CAR:	Pending	

CAR Status:	OPEN
Follow-up Actions (if app.):	

2.6. Audit observations

Observations are very minor problems or the early stages of a problem which does not of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a CAR in the future (or a pre-condition or condition during a 5 year re-assessment).

No new observations.

2.7. Notes from previous audits

Notes are recorded for the benefit of future audit teams. They are items that were not fully addressed in this audit/assessment and do not constitute non-conformance. They warrant monitoring by future audit teams.

Check if N/A (there are no open Notes to review)

2.8. Notes for future audit teams

No new notes.

3. AUDIT PROCESS

3.1. Auditors and qualifications

Auditor Name	Vivian Peachey	Auditor role	Lead auditor
Qualifications:	Vivian Peachey has worked in the forest management sector for the past 10 years specifically as it relates to forest certification. Vivian has a Master of Forest Conservation from UofT and Specialist in International Development. She worked seven years for the Forest Stewardship Council Canada as Director of Certification Applications and Brand Management on forest and chain of custody standards and policies. Specialties include green markets and private woodlot management. Vivian has conducted over 100 chain of custody assessments and over 12 forest management audits and has taken the SmartWood Lead Auditor training program.		

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
March	Auditors office	Preparation including reading past audit and assessment reports and evidence provided by NSLFFPA. Preparation

		of audit templates etc.
March 15,16, 17	NSLFFPA offices, field work	Review of procedures and documents; discussion of Principles and Criteria under review.
March/April	Auditors office	Review of evidence and report writing
April 14	SmartWood Office	Draft report received at SmartWood office
April 23	SmartWood Office	Draft report sent to NSLFFPA
May 27	SmartWood Office	Report finalized

Total number of person-days used for the assessment: 5 person days of preparation and fieldwork. Total level of effort for the whole assessment (including additional stakeholder/aboriginal group outreach and report writing) is 7 person days.

3.3. Sampling methodology

The scope of the audit involved the evaluation of FSC principles 4, 5, 8 and 10 and their respective criteria.

3.4. Stakeholder groups consultation process

Stakeholder type or Aboriginal group (i.e. NGO, government, local inhabitant etc.)	Stakeholders/Aboriginal groups notified (#)	Stakeholders/Aboriginal groups consulted or providing input (#)
Local/Regional NGOs	1	1
Local Community members	4	4
Government Agencies	1	1
Forest workers	1	1

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	Certification Standards for Best Forestry Practices in the Maritimes – Small and Low Intensity Forests Standard
Revisions to the standard since the last audit:	<input checked="" type="checkbox"/> No changes to standard. <input type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	
Implications for FME:	Conformance to new requirements verified

APPENDIX VI: SmartWood Database Update Form

Instructions: For each FSC certificate, SmartWood is required to upload important summary information about each certificate to the FSC database (FSC-Info). During each annual audit SW auditors should work with the certificate holder to verify that the information posted on FSC-Info is up to date as follows:

1. Print out current Fact Sheet prior to audit from FSC-Info website or direct link to fact sheets (<http://www.fsc-info.org>)
2. Review information with the FME to verify all fields are accurate.
3. If changes are required (corrections, additions or deletions), **note only the changes** to the database information in the section below.
4. The changes identified to this form will be used by the SW office to update the FSC database.

Is the FSC database accurate and up-to-date? YES NO X
(if yes, leave section below blank)

Client Information (contact info for FSC website listings)

Organization name	Nova Scotia Landowners and Forest Fibre Association		
Primary Contact	Wilma Stubb	Title	Executive Director
Primary Address	609 Church St. Unit 202	Telephone	902-625-3800
Address	Port Hawkesbury NS B9A 2X4	Fax	902-625-3685
Email	nslffpa@ns.sympatico.ca	Webpage	None

Forests

Change to Certificate	Group	X Yes <input type="checkbox"/> No	Change in # of parcels in group	49 total members
Total certified area			5670 Hectares (or)	

Species (note if item to be added or deleted)

Scientific name	Common name	Add/Delete
	White spruce	Add
	Black spruce	Add
	Red spruce	Add
	Red maple	Add
	White birch	Add
	Yellow birch	Add
	Eastern hemlock	Add
	Tamarack	Add
	Trembling aspen	Add
	Black cottonwood	Add
	White pine	Add

Products

Product type	Description	Add/Delete