

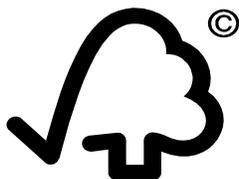
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SmartWood

Practical conservation through certified forestry

Forest Management 2008 Annual Audit

Report for:

Nova Scotia Landowners and
Forest Fibre Producers
Association
in
Port Hawkesbury, Nova Scotia

Certificate code: SW-FM/CoC-001753

Auditors: Bruce Byford R.P.F.

Audit Dates: April 24, 2008

Report Finalized: May 15, 2008

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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>: Conformance with Major CAR(s) required
Additional comments:	
Issues identified as controversial or hard to evaluate.	At the time of the annual audit the NSLFFPA was initiating operations after a prolonged cessation of activities. As a result of the period of inactivity many of the operational obligations related to the certificate (i.e. field monitoring of pool properties, reporting functions) had not been undertaken. Plans are in place to hire a Registered Professional Forester by mid-summer. This individual will assume many of the reporting and field requirements associated with the certificate. Future annual audits should verify the compliance of the NSLFFPA with all operational requirements.

2.2. Changes in the forest management of the FME

The NSLFFPA most important client was shut down for most of 2007. This mill curtailment negatively impacted the membership of the NSLFFPA as there were limited markets for wood products and no income for the NSLFFPA. The NSLFFPA has recently re-commenced operations with the re-opening of the NewPage Corporation mill in Port Hawkesbury. At the time of the audit the NSLFFPA was in the process of downsizing and moving their office. Now that an income stream has been guaranteed on the basis of price per volume agreement with the main buyer of FSC product, the Association is planning to hire a Registered Professional Forester to assist in forestry-related tasks of the NSLFFPA and the meeting of forest certification obligations. In addition the NSLFFPA will reimburse landowners for certification costs (up to \$ 800).

In partnership with the NSLFFPA, NewPage Port Hawkesbury has committed to provide the following:

- A certification fee to the NSLFFPA of \$ 2.00 per ton of wood delivered from woodlots certified under the certificate
- A spatial storage and reporting system in cooperation with the NSLFFPA according to a standardized format for landowner management plans and information managed by the NSLFFPA.

These positive developments should facilitate the day-to-day operations of the Association and enable the NSLFFPA to augment its certified membership.

2.3. Stakeholder issues

No stakeholder issues were reported and issues were not investigated as the FME had just re-commenced activities as a prolonged period of inactivity.

Representatives from the Ecology Action Center were contacted but had no comments.

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:

CAR Status Categories	Explanation
Closed	Certified operation has successfully met the CAR and addressed the underlying nonconformance.
Open	Certified operation has <u>not met</u> the CAR; underlying nonconformance is still present. CAR becomes a Major CAR with a 3 month deadline for conformance

CAR 02/05		Reference to Standard: 6.6.1
Non-conformance		The Association has not explicitly committed to using no biocides in its forestry practices.
Major	Minor X	
Corrective Action Request: The Association must be explicit in its requirements for inclusion in the certified pool that no biocides are to be used in the forest management activities of its certified pool membership.		
Timeline for conformance:		2 Years
Evidence to close CAR:		<p>Major changes were made to criterion 6.6 in the new accredited version of the Standard: <i>Certification Standards for Best Forestry Practices in the Maritimes Region – Standards for Small and Low Intensity Forests (January 2008)</i>.</p> <p>The new standard is not using the term “biocides” anymore as mentioned in the standard’s intent box for Criteria 6.6 : <i>“The term “pesticide” is used here because (1) it is used in the FSC P&C and glossary and (2) the alternative term “biocide” has other legal definitions and restrictions, and includes some household cleaning agents.”</i></p> <p>Therefore CAR 02/05 is no longer applicable and can be closed.</p> <p>The new accredited Maritimes standard requires the following: The applicant must commit to attaining pesticide-free forest management. The applicant must have a target date for elimination and interim targets and objectives for the reduction of the use of chemical herbicides.</p> <p>Therefore new CAR 04/08 is issued: NSLFFPA shall set a target date for elimination and interim targets and objectives for the reduction of the use of chemical herbicides.</p>

	In the next audits, the auditors will make sure NSLFFPA is effectively implementing the targets and objectives (Indicator 6.6.2) and that chemical pesticides are used only when (6.6.3) their use is essential to meet silvicultural objectives as described in 6.6.4, to control major insect outbreaks or to control invasive exotic species, and when non-chemical management practices are: a) not available; or b) ineffective in achieving silvicultural objectives; or c) prohibitively expensive, taking into account environmental and social costs, risks and benefits.
CAR Status:	Closed
Follow-up Actions (if app.):	<p>CAR 04/08 is issued: By the next annual audit, NSLFFPA shall set a target date for elimination and interim targets and objectives for the reduction of the use of chemical herbicides.</p> <p>NOTE 01/08: The auditors will make sure NSLFFPA is effectively implementing the targets and objectives (Indicator 6.6.2) and that chemical pesticides are used only when (6.6.3) their use is essential to meet silvicultural objectives as described in 6.6.4</p> <p>NOTE 02/08: Auditors will also verify at the next audit that Highly hazardous pesticides as determined by FSC International are not used (6.6.6).</p>

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

CAR 01/08	Reference to Standard: Criteria and indicator 1.2.	
Non-conformance		Up-to-date information was not maintained. This circumstance is reflective of the prolonged period of inactivity of the Association.
Major	Minor X	
Corrective Action Request: Information regarding legally prescribed fees, taxes and other charges will be recorded and maintained by the NSLFFPA.		
Timeline for conformance:		By the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 02/08		Reference to Standard: 5.1.2. & 5.1.3.
Nonconformance		The Policy Manual does not reference improving fuel efficiency in operations and conformity of contractors with Criteria 5.1.3.
Major	Minor X	
Corrective Action Request: The Policy Manual shall be revised to reference improving fuel efficiency in operations and conformity of contractors with Criteria 5.1.3.		
Timeline for conformance:		By the next annual audit.
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 03/08		Reference to Standard: Criteria and indicator 5.6.3 and GC8
Non-conformance		As a result of the inactivity of the Association, pre-harvest inspections are in arrears on properties where harvesting has occurred in 2007.
Major	Minor X	
Corrective Action Request: Pre-harvest assessments shall be undertaken on all properties where harvesting is to occur and proper documentation of monitoring activities shall be maintained.		
Timeline for conformance:		By the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 04/08		Reference to Standard: Criteria and indicator 6.6
Non-conformance		The new accredited Maritimes standard requires the following: The applicant must commit to attaining pesticide-free forest management. The applicant must have a target date for elimination and interim targets and objectives for the reduction of the use of chemical herbicides.
Major	Minor X	
Corrective Action Request: NSLFFPA shall set a target date for elimination and interim targets and objectives for the reduction of the use of chemical herbicides.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 05/08		Reference to Standard: Criteria and indicator 7.1.
Non-conformance		The management plan summaries do not contain all the elements from 7.1. Objectives related to pesticide use need to be included in the plan summaries.
Major	Minor X	
Corrective Action Request: NSLFFPA shall include all elements from 7.1. and requirements from 6.6. in the plan summaries.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 06/08		Reference to Standard: 7.2.2.
Nonconformance		The Management Plans do not indicate the plan term. Public summaries of the plans do provide this information. The plan term should be specified on the title page of the plan.
Major	Minor X	
Corrective Action Request: The Management Plans shall be revised to include a statement of the plan term and date of revision (if applicable).		
Timeline for conformance:		Prior to the next annual audit.
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 07/08		Reference to Standard: 7.4.1.
Nonconformance		The Management Plan text does not contain a brief summary identifying special or unique attributes or features of the woodlot.
Major	Minor X	
Corrective Action Request: The Management Plan introduction shall be revised to include a statement identifying any unique attributes or features on the holding (where applicable).		
Timeline for conformance:		Prior to the next annual audit.
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 08/08		Reference to Standard: 8.2.
Nonconformance		Information on the yield of forest products harvested is not maintained.
Major	Minor X	
Corrective Action Request: The Resource Manager will maintain and update harvest records relative to the annual allowable cut for all properties in the group.		
Timeline for conformance:		Prior to the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 09/08		Reference to Standard: COC 5 and GC9
Nonconformance		The FME has not kept records of certification production and sales and other related documents (e.g. harvest summaries, invoices, bills of lading,) up-to-date.
Major	Minor X	
Corrective Action Request: The FME shall maintain records related to certification production and sales and other certification related information as required by the Group management conformance requirements.		
Timeline for conformance:		Prior to the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 10/08		Reference to Standard: COC 6
Nonconformance		An annual report on sales has not been provided to SmartWood.
Major	Minor X	
Corrective Action Request: The FME will provide an annual report on sales to SmartWood containing monthly sales in terms of volume of each certified products to each customer.		
Timeline for conformance:		Prior to the next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

2.6. Observations

Reference to Standard: Criteria and indicator 7.1.

The management plans provide a description of treatments with an associated stand number. Treatments are not specified for areas of concern other than to indicate that a “special management zone” will be required. Generic guidance as to what measures should be implemented in “special management zones” would improve plan quality and provide guidance to landowners (i.e. direction on riparian buffer zones widths, operating procedures on wet areas etc.). Plans currently do not provide brief description of the socio-economic context of the plan.

Observation:

Management plans should provide more precision with regard to operating requirements and procedures in special management zones and a brief paragraph describing the socio-economic context for forest management.

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Bruce Byford R.P.F. – Bruce Byford is a Licensed Professional Forester (Ontario) and the President of Arbex Forest Resource Consultants Ltd. He has 29 years of experience as a consulting forester and project manager. Bruce has been Lead Auditor on thirteen Independent Forest Audits in Ontario. As a consultant to SmartWood he has participated as a Lead Assessor, Forest Management Specialist and/or First Nations and Socioeconomic assessor on certification and annual assessments. These assessments have taken place in Ontario, New Brunswick, Nova Scotia and Quebec. He has completed ISO 14001 Lead Auditor Training and has completed the Forest Assessor Training delivered by SmartWood.

3.2. Audit schedule

The office and site visit was completed on April 24, 2008.

Date	Location /Main sites	Principal Activities
April 23, 2008	NSLFPA office, Port Hawkesbury	Interview and record review
April 24, 2008	Clark Property, Antigonish	Office and field Site Inspection
May 4, 2008		Draft report submitted to NSLFFPA
May 15, 2008		Report finalized
Total number of person days used for the audit: 1		
= number of auditors participating 1 times total number of days spent for the audit 1		

3.3. Sampling methodology:

The NSLFFPA currently has 5 properties in its certified pool. This annual audit consisted of an interview and records review with the office manager at the NSLFFPA office in Port Hawkesbury and a site visit to the Clark property near Antigonish Nova Scotia to observe recent harvesting operations. The sample site selection was in accordance with SmartWood SLIMF assessment policies. The selected property was assessed on the basis that some forest management activities had occurred on the site during the past year.

3.4. Stakeholder consultation process

No stakeholder issues were brought forward for review during this assessment. The representatives from the Ecology Action Center were contacted but had no comments.

Stakeholder type (i.e. NGO, government, local inhabitant etc.)	Stakeholders notified (#)	Stakeholders consulted or providing input (#)
Local NGO	3	1 (the Ecology Action Center)

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	Certification Standards for Best Forestry Practices in the Maritimes Region – Standards for Small and Low Intensity Forests (January 2008).
Revisions to the standard since the last audit:	<input type="checkbox"/> No changes to standard. <input checked="" type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	<p>The NSLFFPA was originally assessed using a preliminary standard. The following criterion have had some changes in the new accredited Standard:</p> <p>1.5.1., 1.5.2., 4.1.3., 4.2.1., 4.2.2.,4.2.3.,4.3.1., 5.1.2.,5.2.2.,5.2.3.,5.5.1., 5.5.2.,5.5.3.,6.2.2., 6.2.3., 6.3.1., 6.3.2., 6.3.2., 6.3.3., 6.3.4.,6.3.5., 6.3.6., 6.3.7., 6.3.8., 6.3.9., 6.3.10., 6.3.11., 6.4.1.,6.4.2., 6.4.3., 6.5.2., 6.5.3., 6.5.4., 6.6.1., 6.6.2., 6.6.3., 6.6.4., 6.6.5., 6.6.6., 6.7.1., 6.7.3., 6.8.1., 6.8.2., 6.8.3., 6.9.1., 6.9.2., 6.10.1., 6.10.2., 7.1.7., 7.1.8., 7.1.9., 7.1.10. 7.1.11, 8.1.1., 8.2.1., 8.2.2., 8.3.1., 8.4.2., 8.5.1., 9.1.1., 9.1.2., 9.1.3., 9.1.4., 9.2.1., 9.3.1., 9.3.2., 9.3.3., 9.3.4., 10.1.2., 10.1.3., 10.2.1., 10.2.2.10.4.1., 10.4.2., 10.5.1., 10.6.1. 10.6.2. 10.7.1., 10.7.2., 10.8.1., 10.8.2., 10.8.3., 10.9.1., 10.9.2.</p>
Implications for FME:	Very few of the changes from the draft to the accredited standard represent a concrete change, like 6.6 on reduction of chemical herbicides. SmartWood verified compliance with the new standard and issued CARs where non-compliances were found.