

Report of an
Ad-hoc Certification Review Task Force

to the

Sustainable Forestry Board
Certification Appeals Sub-Committee

in the matter of the

“Request for Investigation / Complaint of Program Non-Conformance (Inconsistent Practices) for Sustainable Forestry Initiative (SFI) and International Standards Association (ISO) 14001 with regard to International Forest Products (Interfor) Coastal Woodlands Operations”
as submitted by the
Sunshine Coast Conservation Association (SCCA)
in March 2003.

Report Date: August 24, 2004

Executive Summary

This report has been prepared by an Ad-Hoc Certification Review Task Force (Task Force) convened by the Sustainable Forestry Board (SFB) and concerns a complaint made by the Sunshine Coast Conservation Association (the Complainant) about International Forest Products Ltd. (the Company), a forest Company certified under the auspices of the Sustainable Forestry Initiative (SFI) of the American Forest and Paper Association.

Any person that questions the validity of an entire certification may seek to have those claims investigated by the SFB, which provides an oversight function to the Sustainable Forestry Initiative. If the SFB Certification Appeals Sub-committee feels the evidence, if confirmed, would threaten the validity of the certification, it may refer the case to a Task Force for review. The task force may find that:

- The case is without merit,
- Corrective actions are necessary, or
- Where the program participant fails to take corrective measures, or where any action would be insufficient to remedy the situation, on consensus of the review team, the certification may be suspended.

The Complaint

In March of 2003, the SFB was asked by the complainant to investigate the Company's conformance with SFI certification standards. The complainant emphasized its concerns with both their current logging, and the planning process for future logging.

Current Status

To date the complaint has been investigated by both the company through a third party (consultant), and by the verifier (KPMG). The Complainant remained unconvinced of the company's conformance with its SFI certification. Consequently, the complaint has progressed to a review by a SFB task force of three people. Its members are:

- W.N. Cafferata, RPF, task force chair; representing the professional forestry community
- W.H. Emmingham, Ph. D.; representing the environmental non-government organization community
- L.W. Apedaile, RPF, CEA(SFM), EMS(LA); representing the audit/certification profession

Scope of the Task Force Review

The review focuses on the Company's conformance with SFI standards, in its Sunshine Coast Operating Area, from its certification in January of 2001, to receipt of the complaint in March 2003 and subsequent developments.

Task Force Methodology

The task force approached the review by:

- Conducting a document review
- Meeting jointly with the Company and complainant for orientation
- Overflying operating areas at issue with an independent resource professional
- Meeting separately with the Company, and the Complainant
- Meeting with the verifier to hear their views and questions.

Issues Raised

The central issue in the complaint revolves around how the Company has addressed conservation of biodiversity with respect to landscape level planning, old growth management, wildlife habitat conservation, and management for marbled murrelet and mountain goats in its 2000 – 2004 forest development plans within the Sunshine Coast Forest District.

Task Force Findings

Merit of the Complaint

It is the task force's opinion that the SCCA's concerns have merit on account of :

- The inherent uncertainty in the science on the issues, and the incomplete status of land use planning in the region
- The listing of marbled murrelets as species requiring special consideration under forestry regulations in British Columbia
- A 100 year history of logging in the company's area that has reduced the availability of old-growth forest habitat for marbled murrelets and mountain goats
- Apparent inconsistencies associated with the company's planning process and provincial policy and regulations related to the issues.
- Communications problems between the company and the complainant have exacerbated the issues

Conformance with Legal Requirements

While legal compliance is a requirement of SFI, the standard allows for minor or isolated instances of non-compliance. The task force notes the administrative justice system did find an instance where a District Manager of the Ministry of Forests did not appropriately consider habitat issues when approving a company plan. Investigation by KPMG did not find any evidence of development taking place without government approval. The task force finds that the company's record of regulatory non-compliance does not give cause for suspension of its SFI certification.

Audit Non-Conformances

The company was issued two major non-conformances associated with biodiversity during the original verification audit. In the Task Force's opinion there was some weakness and inconsistency in the treatment of these major non-conformances by both the Company and the verifier that led to questions regarding the certification.. The main problem was a corrective action instruction that was addressed to new forest development plans, rather than starting with existing and near-term plans. Incorporation of corrective actions was further delayed because existing plans were amended rather than replaced. This deficiency persisted for two years.

Despite the weak treatment of these non-conformances, the task force found that on-the-ground implementation of the subject forest development plans included modifications that address the concerns about landscape level planning, biodiversity, and wildlife habitat protection.

Planning Issues

At the onset of the complaint, the company acknowledged the need for identification of landscape level habitat values, and stressed its reliance on government to carry out this work however the government was not adequately addressing these issues resulting in poor information and lack of incorporation into plans. Subsequently, in response to a shift in government's approach to forest planning, the company expended considerable effort to develop and implement landscape level planning.

Nonetheless, the task force finds evidence of inconsistent response to audit findings as the company implemented its planning obligations under SFI forest certification. We are encouraged to note that the company position on landscape planning has shifted from one of reliance on government to one of taking a leadership role.

Conclusions

The concept of sustainable forestry demands that forestry be practiced in a way that balances the economic, social, and ecological aspects of management. Forest certification is designed to bring conflicting demands into play in guiding the way forests are managed. Our review of the complaint, the regulatory environment, and the company's operations and policies revealed a complex management system in the process of a paradigm shift. At a time when there was rapid change in the science on wildlife habitat relations, there was also a change from a highly prescriptive regulatory system to one that puts much more flexibility and accountability for end results on forest companies.

Company policies and attitudes with respect to environmental protection have also been in flux. The company dedicated substantial resources to meet its obligations under both regulations and SFI certification. Among these include a staff wildlife biologist and the use of contract wildlife biologists, trainers working full time to familiarize logging crew with certification standards, and voluntary undertaking of annual third party surveillance audits of its conformance with SFI forest certification obligations.

Overall, we found that the SCCA's concerns had merit and were exacerbated by poor communication such that the company could improve the way it reports to the public on its commitments under the SFI. The task force did not find sufficient non-conformance to recommend suspension of certification. The company has a continuing obligation to practice sustainable forestry if it is to maintain its SFI forest certification, and there are sufficient checks built into the certification systems to assure that the company continues to improve its practices.

Recommendations

- The Company continue to devote key resources into developing better information about wildlife habitat relationships and incorporation of improved knowledge into landscape and site-specific plans for variable retention.
- The Company continue to develop the detailed landscape planning process and increase efforts to share these plans and information about process with the SCCA and the public.
- The Company strive for consistency among its operational units in application of its policies with respect to communications with the public.
- The Company and the complainant meet to discuss finding a cost effective means of providing information to the public about the Company's performance with respect to landscape unit planning, biodiversity, old growth and wildlife management.

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Introduction

This report has been prepared by an Ad-hoc Certification Review Task Force (Task Force). The Task Force was convened by the Sustainable Forestry Board to review the case of a “*Request for Investigation / Complaint of Program Non-Conformance (Inconsistent Practices) for Sustainable Forestry Initiative (SFI) and International Standards Association (ISO) 14001 with regard to International Forest Products (Interfor) Coastal Woodlands Operations.*”

Background

The complaint was submitted by the Sunshine Coast Conservation Association (SCCA) (the Complainant) in March 2003. The SCCA is an association of 25 local community and environmental organizations based in Sechelt, British Columbia, Canada in an area known as the Sunshine Coast. The purpose of the SCCA is to preserve the natural biodiversity of the Sunshine Coast region for the present and future benefit of humanity and all life...” The complaint was directed jointly to International Forest Products Limited, KPMG Performance Registrar Inc., and the American Forest and Paper Association.

International Forest Products Limited (the Company) coastal operations were certified under the auspices of the Sustainable Forestry Initiative (SFI) (2001 Edition) of the American Forest and Paper Association. The original certification was completed in early 2001 subsequent to a verification audit conducted by KPMG PRI (the verifier). The Company was re-verified and certified in late 2003 under the SFI (2002-2004 Edition).

International Forest Products Limited (Interfor) is one of western Canada’s largest logging and saw milling companies. Interfor’s coastal woodlands operations, which are the subject of the certification, encompass a forest land base of nearly 3 million hectares of mostly coastal rainforest that are dispersed over 850 km of the coast and from Vancouver to Prince Rupert. Interfor’s forest operations are based almost entirely on Crown land through a variety of tenure arrangements and involve an annual harvest of 2.9M m³ (2003) administered through 8 timber supply areas and seven forest districts. The certification encompasses all of Interfor’s coastal operations of which the Sunshine Coast forest district (subject of the complaint) is one part.

KPMG Performance Registrar Inc (the Verifier) is an auditing and certification firm based in Vancouver BC. KPMG PRI is accredited for a number of certification systems in Canada, the United States and worldwide and is one of the leading firms providing independent third-party forest certification services.

The Sustainable Forestry Board (SFB) was created by the American Forest and Paper Association to provide independent oversight of the Sustainable Forests Initiative, including dealing with disputes

Disputes/Appeals Questioning the Validity of a Certification:

Any person with information or claims that question the validity of an entire *certification* may seek to have those claims investigated by the SFB.

Resolutions of Disputes/Appeals must follow the following protocol:

1. The party with the complaint shall document the specific claims of non-conformance in writing and in sufficient detail to allow the *Program Participant* to investigate and respond in writing to the allegations. *Program Participants* shall respond to any such claims within 45 days of receipt of notice of an issue. The *Program Participant* shall also provide a copy of the original allegation and the *Program Participant* response to the *Program Participant's verifier* for future review via periodic surveillance or *certification* audits.

2. If the response does not fully resolve the issue, the person making the claim may then provide its original documentation and any *Program Participant* response to the SFB Executive Director for review and consideration by the SFB Certification Appeals Subcommittee. Upon reviewing the information, the SFB Certification Appeals Subcommittee may either:
 - a. declare the claim invalid, thus closing the review;
 - b. seek more information from the person submitting the complaint or the *Program Participant*; or
 - c. if, in the view of the SFB Certification Appeals Subcommittee, there is sufficient evidence that if confirmed would threaten the validity of the *certification*, refer the case to the *SFB* for possible resolution by an Ad-hoc Certification Review Task Force. Such a Task Force would be created only on an as-needed basis for the purpose of reviewing the case in question. That Task Force would comprise, at a minimum:
 - i. one representative from the audit/certification profession;
 - ii. one representative from the professional *forestry* community; and
 - iii. one representative from the environmental non-governmental organization community.

Representatives for the specialized interests may, where it is appropriate, be drawn from the External Review Panel and the *SFB* with such representation limited to a single individual from each body. The Ad-hoc Certification Review Task Force will review all relevant information, and if necessary conduct a field visit, and may find that:

- a. The case is without merit and no further action is required;
- b. Corrective actions are necessary; or
- c. Where the *Program Participant* fails to take appropriate corrective measures or where any action would be insufficient to remedy the situation, on consensus of the review team, the *certification* may be suspended.

The Complaint

In March of 2003, the Sunshine Coast Conservation Association (complainant) requested “ an investigation with particular regard to the context of (1) inconsistent practices, (2) the enormity of the infractions, and (3) the severe consequences to wildlife populations in the region if Interfor’s operations continue to be non-compliant.” The purpose of the complaint “is to remedy a situation where logging and logging approvals in critical wildlife habitat is ongoing in the areas of International Forest Products’ (Interfor) operations in the Sunshine Coast Forest District (SCFD).”

The complaint asserted non-conformance with the Company’s own environmental management system (EMS) as certified under ISO 14001, non-conformance with elements of the SFI standard as certified, and issues of non-compliance with BC legal requirements.

The essence of the complaint involves an assertion that important conservation information was not appropriately considered in development plans. The complaint has a history extending back to the approval of the Company’s 2000-2004 forest development plans and the issue has already been the subject of a number of administrative reviews and investigations over the past few years including; a two-year investigation by the Forest Practices Board, and an Administrative Review

Panel review through the Forest Appeals Commission. Details of the complaint are included in appendix 3.

In its preamble the complainant states: “*We have availed ourselves of the certification complaint process after having exhausted every other option available to us, as the chronology and documentation show.*”

In its conclusion, the SCCA requests: “*due to the seriousness of the non-compliance, and the significant consequences to wildlife populations of the area, both Interfor’s ISO and SFI certification be removed until the situation is remedied and Interfor actually meets the terms of these certifications.*”

Current Status

The complaint has been handled according to the dispute resolution process and was investigated and reviewed by both the Company (through a third party, Sterling Wood Group Inc.) and the verifier in 2003. These two investigations did not fully satisfy the complainant who remains unconvinced of the Company’s conformance with its SFI Forest Certification. Consequently the complaint has progressed to a review of an Ad-hoc Certification Review Task Force as convened by the Sustainable Forestry Board.

Task Force recommendations are included in this report and are submitted to the Sustainable Forestry Board for consideration.

The Ad Hoc Certification Review Task Force

The Task Force has been convened according to SFB procedures. The members¹ of the task force are as follows:

- W. Cafferata RPF, Chair – representing the professional forestry community
- W. Emmingham PHD – representing the environmental non-governmental organization community. Professor Emeritus of Silviculture, Oregon State University.
- L. Apedaile RPF, CEA(SFM), EMS (LA) – representing the audit/certification profession

Scope of the Task Force Review and Jurisdiction

The task force review encompasses the Company’s performance, the complainants concerns, and the verifier’s work.

The review focuses on the Company’s conformance with the SFI certification standards (2001 Edition) in its Sunshine Coast operating areas from the time of certification in January 2001 through to the complaint in March, 2003 as well as subsequent developments. The review also considers circumstances leading up to the time of certification where they are relevant to the complaint. The review focused on the Company’s operations within the Sunshine Coast Forest District, in particular on three landscape units in the upper Jervis Inlet area where many of the assertions of non-conformance were referenced.

The SFB has jurisdiction to deal with the issues raised about the Company’s conformance to the SFI standards. The SFB has no jurisdiction to review certification under ISO 14001, however,

¹ Short biography’s of the task force members are included in appendix 1

the task force will comment on the ISO 14001 environmental management system requirements where they are relevant to the SFI standard requirements.²

Task Force Review Methodology

The task force was assigned to review the case and evaluate the issues surrounding the complaint relative to one of three potential conclusions (described above).

The task force was not assigned to conduct a detailed investigation or audit the specific circumstances surrounding the complaint, which is the role of the SFI Verifier (KPMG PRI).

In reviewing the case the task force has relied on the audit and investigation work conducted to date, on the case documentation and on presentations made by the parties to the complaint.

The approach of the Task Force has been to focus on the issues behind the complaint, whether or not the Company is in conformance with its certification, and whether or not the Company's actions are achieving the intended results of certification under the SFI standard.

The task force approached the review through the following activities:

- conducting a document review (Appendix 2)
- meeting jointly with the Company and the complainant for orientation to both the area and the issues,
- overflying the operating areas at issue with an independent resource professional agreed upon by the parties as competent to inform the task force,
- meeting separately with the complainant and the Company to hear their views and ask questions, and
- meeting with the verifier to hear their views and ask questions.

The task force conducted all meetings and reviewed all information together so that each member of the task force was party to the entirety of the presentations and discussions that ensued. Prior to, and subsequent to these meetings and activities, the members of the task force met in person and by conference call to review the information and deliberate on the outcomes. The processes followed and the conclusions arrived at were by consensus of the members of the task force.

Issues Raised by the Complaint

The central issue in the SCCA complaint revolves around how the Company has addressed conservation of biodiversity issues specifically with respect to landscape level planning, old growth management, wildlife habitat conservation, and management for marbled murrelet (a listed threatened species-COSEWIC) and mountain goats, in its 2000-2004 forest development plans.

The complaint is particularly concerned with a perceived lack of incorporation of these issues and of 'known' information available at the time into the forest development plans. They are concerned about the potential impact that the implementation of these plans may have to "critical wildlife habitat" and wildlife populations in the region.

² The results of KPMG's investigation of the complaint relative to the ISO 14001 standard is available through the public summary report where they concluded that the majority of allegations regarding non-conformance were unfounded and raised two new minor non-conformances. In addition, the Standards Council of Canada who accredit ISO 14001 registrars in Canada, reviewed KPMG's performance, audit procedures and conclusions relative to the allegations of non-conformance raised in the complaint. They concurred with KPMG's findings relative to ISO 14001.

These plans were approved by government prior to SFI forest certification in 2001, and were implemented subsequent to certification. The circumstances surrounding approval of those plans by government are a key part of the concerns raised and the basis for assertions of illegal logging and non-conformance with certification standards and the Company's management systems raised in the complaint.

Other issues raised by the complainant included:

- concerns around perceived inconsistencies between certification standard requirements and the conduct of Interfor in responding to the complaints, audit non-conformances, investigations and administrative review panel findings.
- how these issues have been addressed (by KPMG and Interfor) during the course of certification process.

Several related issues associated with specific ISO 14001 elements, SFI performance measures and core indicators, and the Company's environmental policy, were also described within the body of the complaint.

The Task Force recognizes that the complainant has made a considerable effort to make their concerns clear, and have provided extensive and thoughtful documentation of evidence in support of their complaint. This evidence is based on information available to the complainant through the public review process for forest development plans, government agencies, their own research, and on public summaries of audit and investigation reports and forms the basis for the Complainants interpretation of the compliance and conformance issues.

While the information and evidence presented by the Complainant appears to be generally accurate, the Task Force notes that as an external stakeholder, the Complainant does not have access to full or complete information regarding the Company's activities or verification evidence and consequently many aspects of the complaint have been based on the interpretation of this partial information. During our interview with the complainant, it appeared that it was unaware of some of the remedial actions taken by the Company to address concerns raised by the verifiers.

Task Force Findings

Merit of the Complaint

In the Task Force's opinion, the Complainant's general concerns regarding the protection of landscape biodiversity, wildlife habitat & populations, and potential old growth management areas have merit based on the following:

- the inherent uncertainty in the existing information and science on these issues and that landscape unit planning in the region had not been fully implemented at the time and is still underway in most landscape units;
- that marbled murrelets are designated as 'threatened' (COSEWIC), red listed provincially (BC Conservation Data Centre), designated under the Forest Practices Code as requiring special consideration and protection, and listed as an identified species under the Identified Wildlife Management Strategy mandating the establishment of Wildlife Habitat Areas,
- that murrelets and mountain goats require old growth stand attributes for nesting and winter range habitat, and that the reduced availability of these attributes in the Jervis Inlet area due to the history of forest development in the area raise legitimate questions,

- the apparent inconsistencies related to: a) the full consideration of these issues (by Interfor and the Government) during the development planning process; and b) Interfor's actions to address the issues subsequent to certification as described in the two administrative review processes and in the KPMG verification audit findings, and
- the apparent communications problems that have existed between the Complainant and the Company and other parties which have created a degree of mistrust and uncertainty between the two parties regarding how these issues were being addressed.

On this basis the task force reviewed the principal issues of practice and performance raised in the complaint to assess whether outstanding issues of non-conformance exist, whether corrective actions are required or whether suspension of the certificate is required.

Specific Issues

In addition to these general issues the Task Force also reviewed the detailed assertions of non-compliance and non-conformance described in the complaint documents (and summarized in appendix 3). Many of these were directly related to interpretation of various elements of the standard. With respect to the majority of the assertions, the Task Force is of the opinion that they have been largely and adequately addressed through the KPMG audit and investigation report. KPMG concluded that there was no evidence that the Company is carrying out illegal logging under the FDP in question, and that the majority of allegations regarding non-conformance with the requirements of the SFI standards were unfounded (based on evidence to the contrary encountered during the audits and investigation, or in some cases possible mis-interpretation of the standard by the complainant.)

Therefore the Task Force will not comment on each specific question raised but does feel that the following require further discussion relative to the general questions raised in the complaint.

Conformance with Legal Requirements

Legal compliance is a requirement of SFI, and therefore falls within the scope of the task force review. While the SFI forest certification does not require 100% compliance with all legal requirements – allowing for minor or isolated instances of non-compliance regulations – the standard implies conformance with spirit and intent of the law.

The Complaint focused on allegations of legal non-compliance by the Company with respect to their original development planning process, and subsequent implementation of these plans (including Interfor's response to the administrative justice processes). This is the basis for the assertion of fundamental non-conformance with the standard in a material and a spirit and intent sense.

The task force notes that the nature of the Company's non-compliances allowed them to be dealt with within the administrative justice system, rather than the courts. The administrative justice system did find instances where the District Manager did not appropriately consider certain biodiversity and habitat issues and that proposed block N1 did not adequately manage and conserve Marbled Murrelet Habitat, thereby reversing FDP approval of block N1.

In terms of other blocks, KPMG's investigation and review of the issues did not find any evidence of illegal logging on the basis that no development has taken place without government approval and that the recommendations of the Forest practices Board investigation are not necessarily legally binding. The Task Force concurs with these findings and finds that the

Company's record of regulatory non-compliance does not give adequate cause for suspension of its SFI forest certification on the basis of illegal logging activities.

Biodiversity & Habitat Issues, Audit Non-Conformances and Company Response

With respect to the issues raised regarding the protection of landscape biodiversity, wildlife habitat & populations, Company was found deficient and was issued two major and two minor non-conformances during the original verification audit. This demonstrates that the verification audit adequately identified the issues of non-conformance and weakness in the Company's forest management systems with respect to the standard.

The Company responded to the non-conformances with a number of action plans and by issuing an instruction note to ensure these were addressed in all new forest development plans. These non-conformances and action plan implementation were reviewed during the first periodic assessment in October 2001, which reported that good progress was being made. The major non-conformances were subsequently downgraded to minor but kept open pending further (ongoing) implementation.

Despite this and based on the information reviewed it is the Task Force's opinion that there was some weakness and inconsistency in the treatment of these major non-conformances by both the Company and the verifier that led to questions regarding the certification.

The main problem is that the instruction note to incorporate these issues into development plans focused on subsequent development planning rather than the existing plans that were the subject of both the verifiers' audit findings and the complainant's concerns. Furthermore, the incorporation of these corrective actions into the documented planning framework was delayed because existing plans were amended rather than replaced and therefore not subject to the instruction note. This deficiency was only identified during the KPMG complaint investigation (two years after certification) and new corrective action was required to update all existing forest development plans. Furthermore, some operational units amended their forest development plans to be consistent with the instruction note and some did not. This process even though largely administrative contributed to the complainant's concerns and perception that these issues were not being addressed either by the Company or by the certification process.

Despite the weak treatment of these non-conformances, our findings and those of the verifier also show that in on-the-ground practice, implementation of the action plans and the approved development plans have included modifications and fine tuning in response to the deficiencies and concerns about landscape planning, biodiversity and wildlife habitat protection. These are demonstrated in real terms by the Company as follows:

- participation in landscape unit planning in the Sunshine Coast Forest District including leadership on at least two of these plans.
- assignment of resources to the task that include a professional biologist on staff, resource professionals on contract, geographic information systems specialists and staff forest planning professionals.
- delays in implementation of development plans pending subsequent and ongoing landscape unit planning and habitat surveys,
- voluntary removal from its harvesting plans of areas deemed important for wildlife values.
- modification of cut block design at the site level following on-site reviews by agency staff and qualified independent professionals as well as aerial habitat assessment and

mapping. Final cut block designs were often modified to preserve high-value habitat or old growth stands.

- action to protect Marbled Murrelet habitat, in accordance with recommendations of the Marbled Murrelet Recovery Team (MMRT). MMRT is the source of the best available science on this issue.
- focus on the identification of the old growth management area plans, e.g.; the identification of old growth management areas in the Skawka landscape unit is complete and there has been substantial progress on other landscape units.

Consequently it is the Task Force's opinion that despite the deficiencies in the implementation of these corrective actions, particularly at the administrative level, that the evidence suggests that the company has been addressing these issues through planning and implementation on the ground and that the certification process is functioning adequately through the identification of non-conformance, ongoing monitoring and re-verification, such that no further corrective action related to this issue is required at this time.

Planning Issues

The task force has noted the recurring nature of comments by verifiers and investigators that suggest that the Company could improve its performance in the area of long-term resource analysis, to size and scale, including non-timber issues. The task force considered the current status of this issue during our document review, interviews, and over flight of some of the north Jervis operating area.

We feel that this issue resides within the context of land use planning. Some of the problems were associated with the government regulatory and policy framework applicable to the Company's forest tenure.

At the onset of the complaint, the Company position on the issue of identifying landscape level habitat values acknowledged the need for this work, and stressed its reliance on government to carry out the work and designate formal biodiversity and habitat features on the landscape to be considered during development planning. In the absence of these designations the Company was not obliged to consider these values in its development planning. In the task force's view, these circumstances effectively placed with government the burden of meeting certain strategic planning requirements of SFI forest certification. The problem was that the government was slow to develop its landscape level planning. The absence of landscape level planning made it difficult to develop operational plans that met long-term objectives for non-timber forest values.

This raises two issues of concern relative to certification requirements – one is whether the technical landscape, biodiversity and wildlife issues were being adequately addressed (by either party – the Company or Government), and two – to what degree it is appropriate for a certification applicant to defer (certification) accountability for considering certain planning issues on the basis of tenure limitations and administrative technicalities.

While these questions are relevant to the timeframe associated with the complaint, the task force is of the opinion that subsequent developments and current practice adequately addressed these issues from a certification standpoint.

We are encouraged to note that the Company position on landscape planning has shifted from one of heavy reliance on government to one of taking more of a leadership role in certain landscape units. This shift is related to subsequent changes in BC Forest Policy, Legislation, and Agency re-organization as well as certification requirements. There is evidence that the Company has expended considerable effort in developing and implementing landscape-level planning capability

including biodiversity and wildlife habitat. We also note that the implementation of landscape unit planning is still going through a process of transition and remains a work in progress implying the need for continued monitoring through the verification process.

Conclusions

The task force looked at the complaint and the Company's practices in a broad context of sustainable forestry and forest certification. The concept of sustainable forestry demands that forestry be practiced in a way that balances the economic, social and ecological aspects of management. Certification agrees with necessity of wood production on a global scale from areas that have the capability to do so in a sustainable manner. This will reduce the use of other materials, or woods, that are more environmentally costly. The forest certification process is designed to bring the conflicting demands into play in guiding the way that forests are managed. We looked at these principles in a general way to see if the Company's policies and practices were consistent with the expectations of SFI forest certification.

The task force reviewed the complaint, government regulations and regulatory environment, and the Company's policies, forestry operations and documentation, and the development of available science on wildlife-habitat relationships. Our review revealed a complex management system in the process of a major paradigm shift. At the time of certification in 2001 and since, government policy and the regulatory environment have been in a state of flux. For example, the Ministry of Forests is in a process of changing from a detailed and prescriptive review and approval system to one that puts much more accountability for acceptable end results on the Company.

The available science on habitat relationships of marbled murrelets has also been developing rapidly. Intensive research corrected existing hypothesis about the birds' behavior and developed much more specific descriptions of what habitat is useful to the bird. Mapping of suitable marbled murrelet habitat began with the designation of large areas based on weak forest cover information and poor knowledge of bird habitat patterns and requirements. Better research data now available, combined with aerial surveys and modification of silviculture plans, enables identification and retention of important habitat in and adjacent to harvest areas. Indeed, the whole concept of variable retention was developed as a way of fine-tuning management actions to preserve valued stand or landscape legacy features. Likewise, approved cut-blocks were modified to exclude ungulate winter range from harvest.

Most of the harvesting in the subject area is remote from population centers, and the process for final determination of a harvest block's configuration is not transparent to the public. The public is generally unaware of adjustments made in harvest block design for the purpose of leaving important forest legacy features.

Company policies and attitudes with respect to environmental protection have also been in flux from pre-certification times to the present. The Company employs a staff wildlife biologist who is active in establishing Company policy, landscape unit planning and site level plans. Three trainers work full time to familiarize Company and contractor logging crews with the requirements of both forest legislation and forest certification. The Company also voluntarily commissions annual surveillance audits by an independent third party to bolster its ability to meet its obligations under both legislation and forest certification.

Has the certification process worked to better management practices? We see much evidence that it has. In the broad context of forest certification, the complainant through their diligence, attention to detail and interest in constructive solutions has exerted influence on the process. They have helped bring into focus weaknesses in the Company's approach and highlight local interest and concern in the area as well as gaps in the information base. The task force believes that the

Company's perception of its role in forest certification has shifted. It currently has a more comprehensive approach to certification than previously.

The Task Force finds that it was reasonable for the complainant to have concerns about the efficacy of the Company's sustainable forest certification. The complainant's concerns were exacerbated by the Company's initial practice of providing limited information to the public about its progress with respect to meeting biodiversity objectives of forest certification as well as differences in the application of communications policies between the Sechelt office and the Campbell River office who have separate management responsibilities for different parts of the Jervis Inlet operations. The Task Force also finds that the Complainant as a major stakeholder could be better informed about the status of the Company's planning and operations in the Sunshine Coast Forest District and that this is a joint responsibility.

We find that the Company could improve the way it reports to the public on its commitments and activities under SFI forest certification, and that the Company has made promises regarding forest management that must be kept if it is to maintain its certification. We do not find that the Company's SFI forest certification should be suspended. The company has a continuing obligation to practice sustainable forestry if it is to maintain its SFI forest certification, and there are sufficient checks built into the certification systems to assure that the company continues to improve its practices.

Recommendations

The Task Force is fully aware that practicing sustainable forestry in coastal British Columbia is a complicated process. It demands a high degree of commitment and great flexibility to adapt to a rapidly expanding knowledge base regarding forest ecology, and within a dynamic economic and social environment. It is in this context that the Task Force makes its recommendations.

We recommend that:

1. The Company continue to devote key resources into developing better information about wildlife habitat relationships and incorporation of improved knowledge into landscape and site-specific plans for variable retention.
2. The Company continue to develop the detailed landscape planning process and increase efforts to share these plans and information about process with the SCCA and the public.
3. The Company strive for consistency among its operational units in application of its policies with respect to communications with the public.
4. The Company and the complainant meet to discuss finding a cost effective means of providing information to the public about the Company's performance with respect to landscape unit planning, biodiversity, old growth and wildlife management.

Appendix 1 - Task Force Member Biographies

W. N. (Bill) Cafferata, RPF

Employed by MacMillan Bloedel on graduation from Oregon State University Forestry School in 1968. With the exception of two years in the hardwood business, worked in a variety of field positions in the old growth forests of the British Columbia Coast until 1987. During this time enjoyed working on projects that moved log sorting from water based to land based, on innovations in log transportation by sea, and on marketing initiatives.

Entered more senior management position in 1987, as general manager responsible for production of about two million cubic metres of logs annually. In addition to usual issues of safety, production, profitability, and labour relations, became more actively involved in emerging environmental and social issues.

Appointed chief forester for MacMillan Bloedel in 1994. Duties included dealing with forest policy in the context of the legal, social, environmental and marketing objectives of the corporation. Consequently involved in improving relations among the corporation, First Nations, and interest groups. Prominent activities during this time included establishment of a joint-venture forest tenure with the Central Region of the Nuu Cha Nulth, helping to create and implement a business strategy for ending the practice of clear cutting on MacMillan Bloedel's coastal B.C. forest tenures, and assisting in assuring the continuation of that strategy subsequent to the merger of MacMillan Bloedel and Weyerhaeuser

Retired from Weyerhaeuser in 2000 to accept a three year appointment as Chair of the Forest Practices Board of British Columbia, an agency empowered by the provincial government to independently audit forest tenure holders for compliance with forestry legislation, deal with complaints from the public about forest practices, initiate investigations of forest practices as appropriate, and appeal government approvals of certain operational plans.

**Dr. William H. (Bill) Emmingham, Emeritus Professor of Silviculture,
Department of Forest Science, Oregon State University, Corvallis, OR**

Dr. William H. (Bill) Emmingham held the position of professor and extension silviculture specialist in the College of Forestry at Oregon State University from 1980 to 2001. In 2000, he was appointed as the first Hayes Endowed Professor for Silviculture Alternatives. As an emeritus faculty, he continues to coordinate continuing education programs for professional resource managers and to focus on development of better information about a wide array of viable silviculture options (from even-aged with clearcutting to uneven-aged with partial cutting) for Pacific Northwest forests. He has over 50 publications on management of PNW forests.

He holds a BS degree in forest management from the University of Idaho (1961), and masters (1972) and doctorate (1974) degrees in forest ecology from Oregon State University. He was a Fulbright Scholar (1961-62) at the University of Helsinki, Finland and a Fulbright Visiting Professor at the University of Freiburg, Germany (1986-87).

Early experience included work for the Soil Conservation Service, and the US Air Force (1962-1968). Research for the International Biome Program included developing a model of photosynthesis that evaluated potential productivity of coniferous forests throughout the west; work that quantified the importance of relatively mild winters as an important factor in the high productivity of PNW forests. In 1977 he became the first Area Ecologist for four National Forests (Willamette, Siuslaw, Mt Hood and Gifford Pinchot) and developed a preliminary Plant Association Guide for the Pacific Silver Fir Zone of the Cascade Mts. International experience includes study and/or teaching excursions to France, Switzerland, Nigeria, India, China, Taiwan and New Zealand.

As Extension Silviculture Specialist he developed silviculture teaching materials and workshops for small woodland owners and continuing education programs for professional natural resource managers. Working with the Long Term Ecological Research group at the H.J. Andrew Experimental Forest he organized "Ecosystem Management" workshops years before the term became synonymous with sustainable forestry. For more than a decade Dr. Emmingham led the Silviculture Module of the Silviculture Certification Program co-sponsored by OSU and University of Washington. His extensive teaching and continuing education work enabled him to keep tabs on what is ecologically feasible and operationally possible in management of PNW forests.

Dr Emmingham developed an applied silviculture research program aimed at development of forest management approaches appropriate for forestry objectives ranging from those of small-scale woodland owners to agency and industrial properties. As Adaptive COPE silviculturist his research focused on thinning for diversity, including commercial thinning to accelerate development of late successional forest character and restoration of conifers to hardwood dominated riparian forests. At least in part, this work paved the way for thinning in late successional reserves on National Forests. Other thinning work focused on quantifying trade-offs among contrasting thinning approaches. In sum, his extensive experience has provided Dr Emmingham with a well rounded background in forest science and a broad perspective on Forests and Forestry.

**L. W. (Len) Apedaile RPF, CEA (SFM, EMS (LA))
Econ Consulting, Merville, B.C.**

Len Apedaile is a principal of Econ Consulting and is a Vancouver Island based BC professional forester with 17 years professional experience. He has a BSc in Forest Engineering from the University of New Brunswick, an MSc in Forestry and its Relation to Land Use from the University of Oxford, and is a Certified Environmental Sustainable Forest Management Auditor, a registered Environmental Management System Lead Auditor, and a registered SFI verifier.

As an auditor, Mr. Apedaile has completed over 35 EMS audits (internal audits, registration audits, and surveillance audits) for woodlands clients (BC, Alberta, Ontario, New Brunswick, and Nova Scotia), pulpmills (Alberta & Saskatchewan), and manufacturing facilities (Quebec) and is an assistant EMS Lead Auditor course instructor. He has also conducted 3 SFI internal audits for clients in BC and Ontario, 17 internal CSA Z809 audits for clients in BC and Alberta, 12 FSC audits for clients in Ontario and British Columbia, Canada, Guatemala, Panama, Venezuela, Guyana, Argentina and Gabon, and log tracking (chain of custody) audits in Cameroon, Central African Republic, and Congo. He also spent two years working for an FSC certification body and a wide range of NGO, government, and industry stakeholder developing a local checklist for use in FSC certification audits in BC prior to the emergence of the BC FSC Regional Standards process.

In addition to auditing Mr Apedaile also has six years of coastal forestry industry experience with Macmillan Bloedel Ltd and has also worked in Costa Rica on a forests genetic resources project, as a volunteer director and executive director of the North Island Woodlot Association and North Island Woodlot Corporation in the delivery of the provincially funded small woodlands program on northern Vancouver Island, and as a lead in the Comox Valley Community Forest Pilot Project Proposal.

Mr. Apedaile currently provides professional and technical forest management services through Econ Consulting to a range of government and private forestry clients including over 20 woodlot clients. These services including forest management and development planning, field layout, mapping & GIS, professional site & silviculture prescriptions, cutting permit applications, stumpage appraisal, forest legislation training, forest and EMS certification, and extension of best management practices.

Appendix 2 - List of documents reviewed by the task force

Core documentation:

- SFI Forest Certification Verification Audit: KPMG-PRI, January 15, 2001
- SFI SM PERIODIC ASSESSMENT #1 OF INTERNATIONAL FOREST PRODUCT'S COASTAL WOODLANDS OPERATIONS: KPMG, October 11, 2001
- Request for Investigation/Complaint of Program Non-Conformance....; Sunshine Coast Conservation Association, March 2003
- Investigation of Complaint Concerning Nonconformance of Interfor EMS (with ISO 14001 and SFI Standards); Sterling Wood Group Inc., May 2003 (Company response)
- Response to International Forest Products' Investigation Concerning Non-Conformance....; Sunshine Coast Conservation Association, May 26, 2003
- Report of an Investigation into the Merits of a Complaint received from the Sunshine Coast Conservation Association – Investigation Report, KPMG Performance Registrar Inc., July 28, 2003
- Investigation of a Complaint Regarding Potential Non-Conformance with the Requirements of the ISO 14001 and SFI Standards; Public Summary Report KPMG Performance Registrar Inc., July 30, 2003
- AF&PA SFI Program, Third Party Re-Verification Audit of International Forest Products Limited Coastal Woodlands Operations; KPMG, December 17, 2003
- Interfor Perspective on SCCA complaint, May 28, 2004.
- Forest Appeals Commission; Appeal No 2002-FOR-002, February 20, 2002.
- Report on Administrative Review (Panel) Decision (regarding the Forest Practices Board Appeal), Forest Appeals Commission, December 19, 2001

Supporting documentation

- PowerPoint presentation notes from Interfor presentation on the Sunshine Coast Forest District and Interfor's Forest Licence.
- Jervis Landscape Unit Marbled Murrelet Habitat Identification Project, September 18, 2002
- Forest Development Plan – Clowhom Falls, Narrows Inlet and Vancouver Bay 2002-2006, International Forest Products Ltd. Campbell River Operations, Sechelt Division. May 18, 2002 pp 18-24
- Interfor's Forest Sustainability Report, International Forest Products Limited, 2004
- Sustainable Forestry Initiative (SFI) Verification Process, 2001 Edition
- Sustainable Forestry Initiative (SFI) Program 2002-2004 Edition

Appendix 3 - Specific Issues of Concern to the Complainant

(based on original complaint documents, response to Interfor’s Investigation Report, and “Summary of Key Points ...” document provided to the Review Task Force at the hearing)

The following are excerpted from the original complaint documents.

- Purpose of complaint: *SCCA have exhausted other complaint options (BC Govt & FPB) and are turning to certification process for resolution.*
- [The nature of the complaint and assertions are further described in the July 02 Forest Practices Board – Complaint Investigation Report, Page 1 Paragraphs 1-4.]
- *“request an investigation with particular regard to the context of (1) inconsistent practices, (2) the enormity of infractions, and (3) the severe consequences to wildlife populations in the region if Interfor’s operations continue to be non-compliant.”*
- *SCCA requests an investigation and remedial action that will result in Interfor’s compliance with the law and objectives and targets and ensure healthy populations of wildlife.*
- *SCCA asserts that “the chain of events documented in this complaint indicates that there are extremely serious issues of non-compliance involving this Company’s EMS” and*
- *“request(s) that the Company resolve the inconsistencies in their system and remedy the damage and potential damage to critical wildlife habitat in the area of their operations.”*
- *SCCA asserts that : Interfor (had not) responded to the requirements of SFI & ISO in a .. timely manner.*
- *“(SCCA) are requesting an investigation of this non-compliance, as well as remedial action on the part of Interfor to ensure future compliance and protection of critical habitat in their logging plans and operations.”*
- *SCCA asserts based on the documentation: “that Interfor is in major non-conformance with the requirements of the SFI Program for the illegal logging of known critical wildlife habitat areas. This has developed and persisted over at least four years”*
- *SCCA asks that due to seriousness of non-compliance and significant consequences to wildlife populations that SFI certification be removed until the situation is remedied.*

Specifically, SCCA alleges that *“Interfor’s Woodland Operations are inconsistent with following principles, performance measures and core indicators of SFI Program Standards.”*

SFI Standard Reference	SFI criteria	Issue
Principle 3.5 also Performance Measure 4.2.1.1.8, Core Indicator 1	Legal Compliance: “To comply with applicable federal, state, or local forestry and related environmental laws and regulations.” Procurement Practices contribute to protection of legally designated conservation areas. Procurement policies in place that contribute to elimination of illegal logging.	<ul style="list-style-type: none"> ▪ asked KPMG to investigate assertions of non-compliance with Section 10 of Forest Practices Code Act of BC – re using: available information & best scientific information ▪ assert “contradiction with SFI re procurement practices & illegal logging (SFI definition 5.32)” ▪ “concept of illegal logging is essential to complaint” ▪ assert that <i>Interfor and District manager broke the law as established by FPB, admin review panel of FPB, and another District Manager.</i> ▪ assert that <i>where Government is not implementing or enforcing the law, Company is still responsible to be in legal compliance per terms of certification (ISO 14001 & SFI)</i> ▪ assert there remain 90 illegal cutblocks in FDP ▪ assert that <i>Interfor is illegally logging in critical wildlife habitat and this constitutes serious and substantive non-conformance with SFI requirements</i> ▪ note that SFI definition of regulatory compliance includes spirit and intent ▪ assert their belief that: “...<i>Interfor’s activities in mountain goat winter ranges, murrelet nesting habitat and in areas of potential old growth management qualify as illegal under(this) SFI definition”</i> ▪ ask whether SFI agrees with SCCA interpretation of definition and situation they apply it to.

SFI Standard Reference	SFI criteria	Issue
		<ul style="list-style-type: none"> ▪ ask how SFI will interpret and apply standards when the government will not implement or enforce its own law and policy (<i>Task Force note: this refers to assertions that Interfor planned development in areas with identified values and proposed wildlife habitat areas (per MELP work), and that MoF did not consider this information in approving the FDP contrary to Policy and law; and that government would not reverse approvals in these in contentious areas (ie proposed wildlife habitat areas- WHA's) due to potential litigation exposure and compensation liabilities; and that Interfor is persisting in proposing cut blocks in areas known to be of critical significance to at risk-species(effectively blocking WHA designation) while government refuses to implement existing law. Areas –see SCCA Response document dated May 2003 pages 7 & 8 for further discussion)</i>) ▪ SCCA May 2003 response document page 7, 6,4 reiterates that the SCCA complaint concerns issues of systemic non-compliance with law and policy as well as systemic failure to comply with requirements of SFI program. Asserts that consequences of asserted non-compliance are serious and severe including: loss of old growth resources, marbled murrelet nesting habitat, and mountain goat winter range. ▪ In the response to Interfor's investigation and in their summary of key points document provided to the Task Force, the SCCA asserts that the FPB investigation report and Administrative Review Panel Decision (as "<i>the two most credible bodies responsible for the evaluation of compliance with the letter and intent of the law in forestry matters</i>") established the existence of legal non-compliance associated with the planning & approval process. SCCA further makes the link to ISO 14001 and SFI requirements for legal compliance and assert that because Interfor (and Government) continued to proceed with the forest development plans in question and did not change FDP text, logging plans or cutblocks (except 1) in response to the ARP rulings & FPB report, that they are in non-conformance with these system requirements.
Performance Measure 4.1.1.1.1 Core Indicator 4.1.1.1.1 2	"policies to implement and achieve Sustainable Forestry Standard Principles and Objectives" "Long term resource analysis appropriate to size & scale , including non-timber issues"	SCCA asks: <i>Does Interfor have such a long-term analysis? We request this requirement be investigated.</i>
Core Indicator 4.1.1.1.1 3	" Staff roles & responsibilities for achieving SFSI objectives are assigned and understood"	SCCA asks: "Are the role and responsibilities of these objectives fully understood in the operations division? Indicators such as FDP contents ad verbal communication contradict this."
Core Indicator 4.1.1.1.1 4	" Access to relevant laws and regulations in appropriate locations"	SCCA asks: <i>"Are these available in a clear and understandable form?"</i>
Performance Measure 4.1.5.1.4	"use harvest methods, age classes and judicious placement of harvest units to promote diversity across the forest landscape."	SCCA asks: <i>"Is this in place for all landscape units? What are the targets?"</i>
Performance Measure 4.1.6.1.1	"shall identify special sites and manage them in a manner appropriate for their unique features."	SCCA asks: <i>"Does this exist? If so, why was logging proposed for the Ambrose Lake Ecological Reserve addition?"</i>

SFI Standard Reference	SFI criteria	Issue
Core indicator 4.1.6.1.1.1	“Written policy to identify, map and manage special sites.”	
Core indicator 4.1.6.1.1.2	“Obtain existing natural heritage data and cooperate with those with expertise in identifying or selecting sites for protection of significant ecologic, geologic, cultural or historic qualities.”	SCCA asks: <i>Doest this exist?</i>
Core indicator 4.1.6.1.1.3	Map and catalogue existing sites.	SCCA asks: <i>Has this been done?</i>
Performance Measure 4.3.1.1.1	‘Program participants shall report annually to the SFI program on their compliance with the SFIS.’	SCCA asks: <i>Does Interfor report on progress in meeting goals, objectives and indicators for critical wildlife habitat and landscape level biodiversity?</i>
Core indicator: 4.3.1.1.1.1	Record keeping tracks all information needed for annual progress reports.	
Performance Measure 4.4.1.1.1	‘shall establish a management review system to examine findings and progress in implementing the SFI programs and policies to make appropriate improvements in policies, and to inform their employees of changes.’	SCCA asks: <i>Does Interfor have such a system?</i> <i>Does the documentation indicate it functions?</i>
Core indicator 4.4.1.1.1.1	“A system to review commitments, policies and procedures to evaluate effectiveness.”	
Core indicator 4.4.1.1.1.2	A system for collecting, reviewing and reporting information to senior management regarding progress in achieving SFI Objectives and Performance Measures.	SCCA asks: <i>“Is there such a system?”</i> <i>Have senior managers received reports as to Interfor’s non-conformance with SFI requirements?</i> <i>What does the documentation show as the cause of Interfor’s inability to be consistent with legal requirements and objectives and targets in the area of critical wildlife habitat and landscape level biodiversity?</i>