Public Summary Report for Forest Management
2014 Annual audit Report for:

Syndicat des producteurs de bois de l’Estrie
in
Sherbrooke, Québec

Report Finalized: May 20, 2014
Audit Dates: March 17-21, 2014
Audit Team: Nicolas Blanchette

Certificate code(s): SW-FM/COC-004614
Certificate issued: January 15, 2010
Certificate expiration: January 14, 2015

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Address: 4300, boul. Bourque
Sherbrooke, Québec
J1N 2A6

The only official version of this report is the French version.
The report below is a translation of the required portions of the French report.
NOTE: More detailed public summary available in French at http://info.fsc.org/
1. AUDIT PROCESS

1.1. Auditors and qualifications

<table>
<thead>
<tr>
<th>Auditor Name</th>
<th>Nicolas Blanchette, Forest engineer, M.Sc. MBA.</th>
<th>Auditor role</th>
<th>Specialist in socio-economic aspects</th>
</tr>
</thead>
</table>

Qualifications:
Forest engineer since 1996, Nicolas was introduced to forest certification as part of his undergraduate training in Canada and Central America. He acquired a thorough knowledge of the FSC certification program through his involvement in this organization in New Brunswick, at the office of FSC International in Mexico, as coordinator of the Quebec Development Initiative of the FSC standard and as consultant for FSC Canada in Toronto. He actively participated in the development of the Boreal and Great Lakes St-Lawrence standards. He is a certified Lead Auditor according to the ISO 14001 standard as well as for FSC by the Rainforest Alliance Registrar. His many years of experience with the FSC certification program make Nicolas a versatile auditor. He also supports companies to move toward or to maintain certification of forest management and chain of custody through his INCOS Stratégies business.

1.2. Overview of sites visited

<table>
<thead>
<tr>
<th>Type of site</th>
<th># of Sites Visited</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Head office</td>
<td></td>
</tr>
<tr>
<td>☐ Forest districts</td>
<td></td>
</tr>
<tr>
<td>✒ Forest sites</td>
<td>AFAS, GFHY, AFCW</td>
</tr>
<tr>
<td>☐ Other sites:</td>
<td></td>
</tr>
</tbody>
</table>
2. AUDIT FINDINGS AND RESULTS

2.1. Changes in the forest management of the Forest Management Enterprise (FME) and/or standard and stakeholder issues

<table>
<thead>
<tr>
<th>Issue</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Changes in the forest management of the FME have occurred since the last audit</td>
<td></td>
</tr>
<tr>
<td>☐ Updates to group member list (if yes, see section 2.5 below)</td>
<td></td>
</tr>
<tr>
<td>☐ Changes in the forest management standard used for audit have occurred since the last audit</td>
<td></td>
</tr>
<tr>
<td>☐ Stakeholder comments on the forest management of the FME were received</td>
<td>Comment summary and RA response: See below</td>
</tr>
</tbody>
</table>

**Stakeholder comment:**
A third party shared some concerns that walking and biking trails were not respected during harvesting operations of the joint management body (OGC).

**RA response:**
After verification, the trails in question were in public lands, they were not therefore the responsibility of the OGC. The OGC have procedures to respect recognized trails by the owners of the lots where they are located.

**Stakeholder comment:**
The owners reported a dissatisfaction as to the value of timber harvested on their properties.

**RA response:**
After verification, the auditor concludes that the OGC and SPBE make efforts to find the best prices on the market in Quebec and the United States (e.g. new clients, shaping) and comply with the requirements of the standard.

**Stakeholder comment:**
Two interviewees mentioned their regret that wildlife issues are not considered at their fair value on private property under management by the OGC.

**RA response:**
It is true that the reflection efforts made by the OGCs and municipal stakeholders focus much on problems of depredation in Estrie. However, there are projects in progress on the effects of forest harvesting on the aquatic and terrestrial habitats. In addition, the OGCs respond favorably to requests from owners to include wildlife terms in their of wildlife management plan. However, the additional costs of these terms are significant enough to discourage owners. It has nevertheless been observed by the OGC that certain practices can be made to promote small animals at no cost. Observation 04/14 is issued for the OGC to analyze the possibility of promoting certain practices encouraging the quality of wildlife habitat.

**Pesticide Use**
☐ FME does not use pesticides. (delete rows below)

| FME has a valid FSC derogation for use of a highly hazardous pesticide | ☐ YES ☒ NO |
| FSC highly hazardous pesticides used in last calendar year |
2.2. Conformance with applicable nonconformity reports

The section below describes the activities of the certificate holder to address each applicable non-conformity report (NCR) issued during previous evaluations. For each NCR a finding is presented along with a description of its current status using the following categories. Failure to meet NCRs will result in non-conformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the Rainforest Alliance certificate if Major NCRs are not met. The following classification is used to indicate the status of the NCR:

<table>
<thead>
<tr>
<th>Status Categories</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed</td>
<td>Operation has successfully met the NCR.</td>
</tr>
<tr>
<td>Open</td>
<td>Operation has either not met or has partially met the NCR.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NCR #</th>
<th>Classification of NC :</th>
<th>Major</th>
<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/13</td>
<td>Indicator 10.1.1, Rainforest Alliance standard locally adapted for evaluation of forest management in the Great Lakes/St. Lawrence region, with modifications to accommodate the forests of small and low intensity managed forests (SLIMFs) - August 2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Report section:

Description of non-conformance and related evidence:

Summary of the requirement of the standard:
The objectives of the plantation will be explicitly defined in the management and clearly demonstrated in the implementation of the plan.

Summary findings of the auditor:
The field visits of several plantations have revealed that the applicant was not able to differentiate plantations whose management objective consists exclusively of timber production (which are governed by Principle 10), and natural forests, the goal is a return to natural forests (which are not governed by Principle 10). Silvicultural prescription, the estimate of construction and development plan does not contain any information on the subject, which creates confusion with respect to the requirements that must be met (for retention of residual structure, for example).

Related evidence:
- Visit of 4 plantations
- Interviews with OGC engineers
- Forestry prescription, site specifications, management plans

Corrective action request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific
occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

**Timeline for conformance:**

By the next annual audit

<table>
<thead>
<tr>
<th>Evidence provided by organization:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• INS-05-01 - Élaboration du PAF</td>
</tr>
<tr>
<td>• FOR-05-01 - Prise de données d'inventaire</td>
</tr>
<tr>
<td>• INS-07-01 - Prescription sylvicole</td>
</tr>
<tr>
<td>• Entrevues avec les OGC et le SPBE</td>
</tr>
</tbody>
</table>

The SPBE has changed its instructions so that the foresters assess the origin of plantations and determine their management objectives. During the development of the Management Plan (FMP), the forest manager must indicate the history or origin of plantations (INS-05-01). This instruction was updated in December 2013 and accepted by the SPBE and OGCs in late January 2014. Instruction 07-01 provides that the managers must decide whether the objectives of plantations are of timber production or a return to the natural forest. According to the membership procedure PS-03, the OGCs have three months to implement a new instruction.

It is important to note that the OGCs shall specify the objectives of the plantation with the requirements and specifications of the worksite that are added to the file of the owner.

A review of plantations was created where all the reforested areas were identified indicating the year of creation and whether their objectives were of timber production or of reforestation in natural forest. Interviews with the OGCs have shown that some updates of the forest management plan (PAF) specify the origin and objective of the plantations. However, at the time of the field audit, the OGCs had not yet incorporated into their procedures the new requirements of instruction 05-01 for updating plans. Since the field audit, these OGCs provided forest management plans updated in 2014 in compliance with the new instructions of which 07-01.

This finding can be closed.

It was noted that instruction 05-01 provides a transition period for the PAFs already in force especially for high conservation value forests (FHVCs). The document requires that the forester must walk the property to make sure if there is presence of sensitive elements. The instruction should also require to detect the presence of plantation to annotate the property file the plantation origin and goals. Observation 01/14 is issued.

**NCR Status:** CLOSED

**Comments (optional):** OBS 01/14

<table>
<thead>
<tr>
<th>NCR #</th>
<th>Classification of NC</th>
<th>Major</th>
<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/13</td>
<td>Indicator 10.5, Rainforest Alliance standard adapted locally for the evaluation of the forest management in the Great Lakes/St-Lawrence region, with modifications to accommodate small and low intensity managed forests (SLIMFs) – August 2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Description of non-conformance and related evidence:**

**Summary of the requirement of the standard:**

The total area of plantations in natural forest does not exceed 10% of the management unit.
### Summary findings of the auditor:
Since the objective of the plantation is not clearly defined, the applicant is not able to accurately quantify the total area of plantations according to the criteria of the FSC. The literature review revealed that there is no system for measuring and monitoring the total area under plantation. The head of the certification has not been able to tell us the percentage of total acreage planted as of May 6th 2013.

### Related evidence:
- Management system
- Interview with the head of the certification

### Corrective action request:
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

### Timeline for conformance:
By the next annual audit

### Evidence provided by organization:
- ENR-08-04 Registre des plantations Bilan 2013
- INS-08-03 Suivi des plantations

### Finding after reviewing evidence:
The SPBE and the OGCs have listed all the plantations in the territory. Almost all was seen as plantations aiming for timber production. The applicant has procedures to achieve annual monitoring of plantation areas. It should be noted that the SPBE calculated the proportion of plantations for timber production in relation to the total certified area and not only on certified forest area. This finding leads us to issue observation 02/14 for the SPBE to change its calculation method so that the proportion of area under plantation is calculated on the total forest area. However, the proportion of plantation remains below the 10% threshold required by FSC. The NCR is closed.

### NCR Status:
CLOSED

### Comments (optional):
OBS 02/14

<table>
<thead>
<tr>
<th>NCR #</th>
<th>Classification of NC</th>
<th>Standard &amp; indicator</th>
<th>Report section</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/13</td>
<td>Major, Minor X</td>
<td>Indicator 1.15, FSC-STD-50-001 Standard, Rules for use of the FSC trademarks by certificate holders</td>
<td>Appendix V: List of compliance with the standard chain of custody</td>
</tr>
</tbody>
</table>

### Description of Nonconformance and Related Evidence:

#### Summary of the requirement of the standard:
The use of the FSC logo "tree check" must be accompanied by the registered symbols ® or TM (superscript). The symbol, which represents the recording of the FSC brand status in the country or the products or FSC certified materials will be distributed, is an integral part of the logo. The appropriate symbol must also be juxtaposed to "FSC" or "Forest Stewardship Council" when they appear for the first time in a text.

#### Summary findings of the auditor:
The auditor reviewed the approval of the use of the logo file. The http://www.afasommets.qc.ca/fr/certification uses the acronym © ® required rather than after the first uses of "FSC" and "Forest Stewardship Council" (MD would be good use in French, but requires the FSC ®). Ditto for http://www.spbestrie.qc.ca/fr/public/archives/cest_quoi_la_cerf_for.pdf (note that the document predates the new rules for use of the logo).

It is only a minor non-conformance, but as it affects the use of the trademark the timeline is of 3 months.
Related evidence:
- http://www.afasommets.qc.ca/fr/certification

Corrective action request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for conformance: 3 months after the publication date of the final report

Evidence provided by organization:
- Trademark use approval
- SPBE, AFAS, GFHY websites

Finding after reviewing evidence: The use of FSC trademarks have been approved by the registrar and are, from now on, accompanied with the ® logo.

NCR Status: CLOSED

Comments (optional):

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NCR # 04/13 Classification of NC: Major
Standard & indicator: Indicator 1.3, FSC-STD-30-005 (V1-0) FSC standard for group entities in forest management groups
Report section: Appendix VII: Group certification conformance

Description of Nonconformance and Related Evidence:
Summary of the requirement of the standard:
The group entity must have a public policy commitment to the FSC principles and criteria.

Summary of auditor findings:
The policy adopted at the Annual General Meeting in April 2008 was before the certification program was selected, and the commitment is more generic and does not refer explicitly to the FSC Principles and Criteria.

Related evidence:
- Policy of Sustainable Forest Management Producers Union Eastern Townships Wood, April 2008

Corrective action request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for conformance: By the next annual audit

Evidence provided by organization: Resolution of the Board of Directors on the new AFD policy

Finding after reviewing evidence: A resolution of the Board of Directors on the new AFD policy approved in the general assembly was presented to auditors. The policy refers explicitly to the principles and criteria of the FSC

NCR Status: CLOSED

Comments (optional):

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NCR # 05/13 Classification of NC: Major
Standard & indicator: Indicator 5.1, FSC-STC-30-005 (V1-0) FSC standard for group entities in forest management groups
Report section: Appendix VII: Group certification compliance
## Description of Nonconformance and Related Evidence:

### Summary of the requirement of the standard:
The group entity shall maintain complete and current records covering all applicable requirements of the certification standard group. This should include, inter alia, a list of names and addresses of members, and the dates of membership and withdrawal of the formula group, the reasons for withdrawal and the type of tenure.

### Summary of auditor findings:
There is a list of certified properties. Properties which the management plan has been expired for more than 6 months are automatically removed. There is no list of owners made to allow to track membership (date added or withdrawn, due to the withdrawal, turnover).

### Related evidence:
- Interview with the coordinator of certification
- Spreadsheet containing lists of certified properties

### Corrective action request:
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

### Timeline for conformance:
By the next annual audit

### Evidence provided by organization:
- ENR-03-01 Registry of member groups of OGCs
- Tableau variation d'adhésion

### Finding after reviewing evidence:
The new document ENR-03-01 has been modified to include all information as required by the FSC standard. It is now possible to monitor members and make statistical reports particularly on areas, the number of outgoing and incoming members, etc.

During the audit, an OGC had not complied with the new procedure and had not used the new version of the document ENR-03-01.

The NCR remains open.

### NCR Status:
OPEN

### Comments (optional):
Minor non-conformance is raised to Major NCR 05/13; the compliance period is 3 months after the finalization of this report.

### NCR # 06/13 Classification of NC: Major Minor X

### Standard & indicator:
Indicator 8.8, FSC-STD-30-005 (V1-0) FSC standard for group entities in forest management groups

### Report section:
Appendix VII: Group certification conformance

## Description of Nonconformance and Related Evidence:

### Summary of the requirement of the standard:
Additional follow-up visits should be schedules when potential problems occur, or if the group entity receives information from stakeholders regarding alleged violations of the FSC requirements for group members.

### Summary findings of the auditor:
Additional follow-up visits are not included in the procedures in case of potential problems or allegations of non-conformance from third parties or members of the group.

### Related evidence:
- PS-09, Non-conformance and corrective action procedure
Corrective action request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for conformance: By the next annual audit

Evidence provided by organization:
- PS-15 Audit interne 3.0

Finding after reviewing evidence:
The PS-15 procedure for carrying out external audits provides the possibility of external visits if deemed necessary and if problems were identified or allegations of non-conformance with FSC requirements are raised by stakeholders. The NCR can be closed.

NCR Status: PENDING

2.3. New nonconformity reports issued as a result of this audit

<table>
<thead>
<tr>
<th>MAJOR NCR #</th>
<th>01/14</th>
<th>Classification of NC :</th>
<th>Major X</th>
<th>Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; indicator:</td>
<td>Indicator 4.2.1, Rainforest Alliance standard adapted locally for assessment of forest management in the Great Lakes/Saint-Laurent region, with modifications to accommodate small and low intensity managed forests (SLIMFs) - August 2010.</td>
<td></td>
<td></td>
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</tbody>
</table>

Report section: Appendix IV

Description of Nonconformance and Related Evidence:

Summary of the requirement of the standard:
All forest workers comply with all provincial requirements relevant to health and safety.

Finding:
The field observations in three OGCs highlight several shortcomings especially from workers without protective eyewear or having a broken visor, not wearing a safety helmet while getting off the machinery, the lack of dressing with the worker, the machinery without a fire extinguisher, not verified or without proof of verification, the shovel and the grapple not put down when the tractor engine is stopped.

A non-conformance on the requirements of health and safety at work was issued in 2012 (01/12). FSC rules dictate that recurrent non-conformances are automatically raised to the level of major NC.

Related evidence:
- Site Monitoring Report
- Interviews with staff
- Field observations

Corrective action request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for conformance: Within 3 months of the finalization of this report

Evidence provided by organization: PENDING
### Finding after reviewing evidence:

**PENDING**

### NCR Status:

**OPEN**

### Comments (optional):

The NCR will be evaluated during a field audit, the audit team randomly selecting sites to visit on the day of the field visit.

<table>
<thead>
<tr>
<th>NCR #</th>
<th>Classification of NC</th>
<th>Major</th>
<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/14</td>
<td>Indicator 6.3.9, Rainforest Alliance standard adapted locally for assessment of forest management in the Great Lakes/Saint-Laurent region, with modifications to accommodate small and low intensity managed forests (SLIMFs) - August 2010.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Description of Nonconformance and Related Evidence:

**Summary of the requirement of the standard:**

(…) A residual structure in sufficient quantity and distribution so that they can perform their ecological functions. The residual structure is well distributed at all scales in the harvest area.

**Finding:**

Instruction 10-07 on residual structures provides retention of residual structure for clearcuts above 5ha.

**Related evidence:**

- INS-10-07
- Interviews

**Corrective action request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

**Timeline for conformance:**

By the next annual audit

**Evidence provided by organization:**

**PENDING**

**Finding after reviewing evidence:**

**PENDING**

### NCR Status:

**OPEN**

<table>
<thead>
<tr>
<th>NCR #</th>
<th>Classification of NC</th>
<th>Major</th>
<th>Minor X</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/14</td>
<td>Indicator 6.7.3, Rainforest Alliance standard adapted locally for assessment of forest management in the Great Lakes/Saint-Laurent region, with modifications to accommodate small and low intensity managed forests (SLIMFs) - August 2010.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Description of Nonconformance and Related Evidence:

**Summary of the requirement of the standard:**

In the event of a spill of hazardous materials, (…) must immediately (...) undertake the cleaning and disposal of products (…)

**Finding:**

Several traces of hazardous materials were observed in the forest trails and in loading areas. Although the SPBE has adequate procedures, they do not seem to be applied diligently on all operations. Workers interviewed had not noticed the spills observed and therefore were not sure of the origin of these leaks,
suggesting that SPBE procedures for this purpose are not strictly enforced.

**Related Evidence:**
- Field observations
- Interviews
- Guide to sound practices in private forests
- SPBE procedures (PS-06 and INS-07-02-.5)

**Corrective action request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

**Timeline for conformance:**
By the next annual audit

**Evidence provided by organization:**
PENDING

**Finding after reviewing evidence:**
PENDING

**NCR Status:**
OPEN

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**NCR #** | 04/14  
**Classification of NC :** | Major | Minor X

**Standard & indicator:**
Indicator 6.7.4, Rainforest Alliance standard adapted locally for assessment of forest management in the Great Lakes/Saint-Laurent region, with modifications to accommodate small and low intensity managed forests (SLIMFs) - August 2010.

**Report section:**
APPENDIX IV

**Description of Nonconformance and Related Evidence:**

**Summary of the requirements of the standard:**
Equipment with leaks are repaired or removed from the forest.

**Finding:**
Machinery (porters and skidder) stationed in forest leaked during the audit field. Although the SPBE has procedures for equipment with leaks, there was no indication that this machinery would be out of the forest or be repaired soon. Workers seemed to be aware of these leaks, but nevertheless, steps to get them out of the forest or repaired were not taken.

**Related evidence:**
- SPBE procedures (PS-06 and INS-07-02-.5)
- Owner's Guide
- Machinery observations
- Interviews

**Corrective action request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

**Timeline for conformance:**
By the next annual audit

**Evidence provided by organization:**
PENDING

**Finding after reviewing evidence:**
PENDING

**NCR Status:**
OPEN
2.4. Audit decision

The table below gives an overview of the NCRs status after the current audit.

<table>
<thead>
<tr>
<th>NCR type</th>
<th>#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open before current audit</td>
<td>6</td>
</tr>
<tr>
<td>Closed</td>
<td>5</td>
</tr>
<tr>
<td>Upgraded to Major</td>
<td>1</td>
</tr>
<tr>
<td>New NCRs</td>
<td>5</td>
</tr>
<tr>
<td>New Major NCRs</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Certification Recommendation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification requirement met:</td>
<td>client approved for certificate maintenance:</td>
</tr>
<tr>
<td>Certification requirements not met:</td>
<td>major non conformances identified that need to be addressed during 3 months after the final report date</td>
</tr>
<tr>
<td>Certification Suspension required:</td>
<td>major non-conformance not addressed.</td>
</tr>
</tbody>
</table>