

Swan Valley Forest Management Plan Newsletter



Volume 2, Issue 1 - January 27th 2004 - The Report Card



**Louisiana Pacific Canada Ltd.
Swan Valley Forest Resources Division
1994 – 2002 Performance Evaluation "Report Card"**

December 16, 2003

In keeping with our open and transparent approach to sustainable forest management within Forest Management License Area #3 (FML#3), we are pleased to provide you with a copy of the independent evaluation of the environmental performance of LP Canada's Swan Valley Forest Resources Division, just received from TetrES Consultants Inc. of Winnipeg.

The Swan Valley Forest Resources Division has been operating within Manitoba since 1994. At that time, LP entered into an enforceable Forest Management License Agreement, developed a 10-Year Forest Management Plan (FMP), contracted for the preparation of an independent Environmental Impact Statement (EIS), and participated in a public review of the FMP and EIS before the Clean Environment Commission (CEC). These activities resulted in a number of commitments being made by LP, in addition to the requirements of the various agreements and the Environment Act License we were granted at the recommendation of the CEC.

The Performance Evaluation (or corporate "Report Card") developed by TetrES, measures the extent to which specific corporate obligations and commitments were satisfied within the first 7 years of our licensed forestry planning and operations. The comprehensive evidence that TetrES relied on in coming to its conclusions is provided in the "Report Card". The "Report Card" is provided in a combination of print and CD-ROM formats so that both summarized and interested readers can assess detailed evidence supporting TetrES' judgments.

The commitments made by LP under the various agreements, licenses and hearings were made to the Manitoba government, and by extension to the public – the owners of the Provincial forests. It is because of this relationship that LP decided to take a more rigorous approach to corporate environmental accountability reporting regarding our forestry planning and practices.

This Report Card evaluation, with rigorous criteria and a transparent link to all supporting evidence represents a first in the province. We believe this type of corporate environmental accountability sets a standard for corporate performance unparalleled in Manitoba. It is our hope that this transparency will allow us to create and maintain an open and trusting relationship with the people of Manitoba.

We would appreciate any feedback you may have on this type of "Report Card". We ask that you contact us through the means most convenient for you. These comments will assist us in providing further reports or evidence in regards to our forestry planning practices and operations in the future.

These "Report Card" comments can be directed to our website located at www.swanvalleyforest.ca by phone at 204-734-7703, fax 734-3646, email at Swan.Comments@LPCorp.com or by mail at Box 998, Swan River, Manitoba, R0L 1Z0.

Sincerely yours

A handwritten signature in blue ink, appearing to read 'Barry Waito', is written over a light blue circular stamp.

Barry Waito
Area Forest Manager
LP Canada Ltd., Swan Valley Forest Resources Division



603 - 386 Broadway Avenue
Winnipeg, Manitoba
CANADA, R3C 3R6

Phone: (204) 942-2505
Fax: (204) 942-2548

Principals:
G. Rempel, M.Sc., P. Eng. President
J.M. McKernan, M.Sc., M.E.S. Vice-President
D. Morgan, Ph.D., P. Eng.

Associates:
B. McMahon, M.Sc.
R. Rempel, P. Eng.

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0446-A-13-00
December 1, 2003

Mr. Barry Waito
Manager, Woodland Operations
Louisiana-Pacific Canada Limited
439 Westwood Road (P.O. Box 998)
Swan River, MB
R0L 1Z0

Dear Mr. Waito:

RE: LP CANADA CORPORATE ENVIRONMENTAL PERFORMANCE EVALUATION

In late February 2001, we discussed your ideas for renewing the *Environment Act* Licence for the 10-Year Forest Management Plan (FMP), and the possibilities for an innovative approach to forestry planning and licencing in Manitoba. Over time, a concept of considerable value emerged. It involved an independent third-party review of the environmental performance of LP's Swan Valley Forest Resources Division, in terms of satisfaction of its FMLA, FMP, and licence obligations. In December 2001, you asked TetrES to develop an approach for a credible and thorough review of LP's environmental corporate performance in these areas. The process began in January 2002, and I am pleased to provide the final report for this endeavour.

TetrES has been impressed with LP's professionalism, honesty, and commitment to a thorough and rigorous review. We appreciated your willingness to provide unrestricted access to your staff, files, and historical records to assist the evaluation. LP is the only licensee in Manitoba that has been willing to be accountable to the public and the regulators in this way. The review indicates that the standard of environmental performance displayed by LP in its forestry planning and forest management during the first 7 of its 10-year licencing period is outstanding. We believe that it must be considered to rank among the best in North America.

We also believe that this evaluation sets a standard for corporate performance and accountability unmatched in Manitoba. We hope that the example set by LP will both challenge and guide other responsible corporations doing business in the province who desire a transparent process of public accountability.

Thank you for the opportunity to be part of this innovative and rewarding evaluation process.

Yours truly,

TetrES Consultants Inc.

J.M. McKernan, M.E.S., M.Sc.
Principal
/smc/1044.LET

Evaluation Framework

TetrES began by developing appropriate performance evaluation criteria. TetrES chose to base the evaluation criteria on LP's licence and contractual requirements, as well as the public commitments made by LP during the CEC hearings. Performance criteria were also developed from the recommendations made in the 1995 Environmental Impact Statement (EIS). Criteria based on EIS recommendations do not have the authority of legally enforceable contracts or licence conditions and create less obligation for LP than, for instance, its own commitments in the CEC hearings. Criteria derived from EIS recommendations are considered useful, however, because they are based on a credible and

LP's files, and interviewed many of LP's staff. Prior to the visit, TetrES determined the types of documentary evidence that it believed it needed to assess whether particular requirements had been satisfied. Examples include: correspondence with government and/or the public, meeting minutes, work permits, Annual Operating Plans, field inspections, and cut block files, among others.

LP provided copies of all information requested by TetrES. TetrES then identified a list of additional performance evaluation criteria to guide the independent field inspections. These criteria were derived from either site-specific or general requirements related to widely accepted "best" forestry practices. These criteria related to satisfaction of requirements relating to: buffer

Table 1. Evaluation themes used for valuation for each criteria.

| | |
|-----------------------|--|
| Forest Health | Protection & Aesthetics |
| Pre-harvest Surveys | Regeneration & Planting |
| Stream Crossings | Stakeholders Advisory Committee |
| Corporate Commitments | Relations with Aboriginal People |
| Information Sharing | Contractor & Private Landowner Education |
| Additional Outreach | Adherence to Proposed Harvesting Plans |
| Road Access | Monitoring Activities |
| Wildlife Protection | Research Activities |

public assessment process, and are derived (in part) from public and regulatory guidance received by TetrES during the EIS process. For this reason descriptions of corporate environmental performance in this assessment distinguish satisfaction of the binding requirements of FMLA#3, the licence or LP's corporate commitments from satisfaction of non-binding EIS recommendations.

The focus of this Performance Evaluation is the first 7 years of LP's 10 year mandate, as described in the Environment Act Licence No.2191E. Therefore, it does not address LP's performance after December 31, 2002. A total of 314 criteria were created through the consideration of the 4 sources noted above, however, there is substantial duplication among them. These criteria were then organized in themes on topics developed by TetrES on the basis of its forestry and impact-assessment experience, and its review of the issues raised by the public in the 1995 CEC hearing process (Table 1).

The next stage of the evaluation process involved data-gathering activities. A team of TetrES forestry specialists and other scientists visited LP's office from July 15-17, 2002, conducted an extensive search of

zones; stream crossings; log storage areas; location and character of field camps; presence/absence of snags; etc. LP's operating staff identified cutblocks throughout LP's operating area that displayed one or more of the particular features specified by TetrES. TetrES then examined the cutblock files for these operating areas and randomly chose the cutblocks that would be assessed by its field-inspection team.

TetrES' scientists evaluated LP's performance in relation to each criterion in each theme by weighing the assembled evidence and using their best professional judgment, as well as any relevant objective measurements, to determine if a requirement was satisfied. The team deliberately sought conservatism in its assessment (i.e. it assumed "non-satisfaction" of a criterion unless substantial or total satisfaction could be proved by supporting evidence). Judgments regarding performance were made in the 5 categories shown in Table 2.

Table 2. Judgments used to evaluate LP's performance.

| | |
|-----------------------|--|
| "Satisfied" | Evidence clearly demonstrates the requirement is being or has been satisfied |
| "Partially Satisfied" | Evidence demonstrates LP has taken measures to meet the requirements, however there were either components of the requirements that have not been satisfied, LP has only recently begun to satisfy the requirements, or there are opportunities for further improvements |
| "Not Satisfied" | There was no evidence to support the evaluation or LP acknowledges they have not satisfied the requirement |
| "Unable to Determine" | There was insufficient evidence to determine whether the requirement has or has not been satisfied |
| "Not Applicable" | Typically, this refers to obligations intended to address a specific situation which frequently in fact, has not arisen during LP's forestry operations |

Results

The results of LP's overall performance show a total of 314 different criteria or requirements within the various themes. TetrES found that LP has "fully satisfied" 251 criteria, and "partially satisfied" 34 of the criteria in the first 7 years of its licence mandate. TetrES did not consider any of the requirements or commitments to be "not satisfied". Of the remaining 29 criteria, TetrES could not determine whether 13 of the criteria were satisfied and found the other 16 criteria to be "not applicable" as yet. Approximately 90% of the 314 criteria are judged to be either fully or partially satisfied on the basis of available evidence.

While LP's overall performance has been very impressive, LP had not satisfied all of its obligations, requirements or commitments at this 7 year measure. In certain instances, it has not been possible to meet a particular requirement due to circumstances beyond LP's control. In other cases, the particular situation referred to in the requirements has not occurred during LP's tenure and could not, therefore, be assessed. In other cases, there are specific reasons why the requirements were only partially satisfied.

Commitments exist within the broad range of LP's performance requirements that were difficult or impossible for TetrES to fully evaluate. These complications exist for a variety of reasons, including the seasonal aspects of forestry, which

are reflected in the timing of the TetrES inspection, inconsistencies in LP's methods of timber-volume reporting in initial years, and the absence of specific situations that are the subject of various requirements (such as high erosion-risk areas, threatened species, and fire caused by company negligence).

TetrES observed areas that would benefit from new or additional attention, including: enhancing the current Environmental Management System; developing protocols for accessing a greater variety of specialist assistance; continuing to promote early communication with private landowners, and offering forest management outreach and Best Practices Meetings for contractors; post-harvest surveys; continuing to conduct regular inspections of timber operators; continuing to design, develop and implement an adaptive management approach; and seeking greater incorporation of Traditional Knowledge into LP's overall understanding of the forest.

TetrES observed that LP had exceeded requirements in certain areas of its operations. Of particular note is the Forest Resource Inventory, for which LP entered into a cost-sharing agreement with Manitoba Conservation to replace the 1982 Forest Resource Inventory, and provided half the funds to complete the inventory. The progressive pre-harvest survey program and the Duck Mountain Forest Bird Monitoring Project are also examples of cases in which LP has exceeded its requirements.

Table 3. LP's overall performance.

| | FMLA#3 | Environment Act Licence | CEC process | 1995 EIS (non-binding) |
|--|-----------------------|-------------------------|----------------------------------|------------------------|
| "Fully satisfied" or "Partially satisfied" | 53 of 67 requirements | 65 of 69 requirements | 120 of 130 corporate commitments | 47 of 48 |

Conclusion

TetrES has been impressed with LP's professionalism, honesty, and commitment to a thorough and rigorous review. The review indicates that the standard of environmental performance displayed by LP in its forestry planning and forest management during the first 7 years of its 10 year licencing period is outstanding. We believe that LP ranks among the best in North America.

We also believe that this evaluation sets a standard for corporate performance and accountability unmatched in Manitoba. We hope that the example set by LP will both challenge and guide other responsible corporations doing business in the province who desire a transparent process of public accountability. TetrES is pleased to provide the final report for this endeavour.

Summary

It was important to LP that the Performance Evaluation was credible and prepared by an independent third party. LP considered TetrES well qualified to undertake an assessment of LP's forestry operations and prepare the Report Card. TetrES is a Winnipeg-based multidisciplinary consulting firm with significant experience and expertise in environmental reporting. TetrES' assessments have been tested and accepted as technically competent and credible in numerous regulatory-review processes by Manitoba Conservation, before the Manitoba CEC, and before other tribunals. TetrES provided an independent third-party review of the environmental performance of LP's Swan Valley Forest Resources Division, in terms of satisfaction of its FMLA, FMP, and licence obligations. The process began in January 2002 and ended in December 2003.

How to get your copy and provide feedback

The full Report Card can be viewed on our webpage at www.swanvalleyforest.ca. You can also get a copy of the summary report and/or a CD ROM of the full text and supporting evidence from the Swan Valley FRD office or the TetrES office in Winnipeg.

LP would appreciate any feedback you may have on this Report Card. Your comments will assist us in producing further reports or evidence in regards to our forestry planning practices and operations in the future. Please contact us using the contact information provided below. TetrES also encourages people to ask questions or provide comments and suggestions directly to them:

Michael McKernan, TetrES Consultants Inc.
603-386 Broadway, Winnipeg, MB. R3C 3R6
Phone: 204-942-2505 Fax: 204-942-2548
email: mmckernan@tetres.ca



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Phone: 204-734-7703

Fax: 204-734-3646

Email: Swan.Comments@LPCorp.com

Mail: LP Canada Ltd

P.O. Box 998 439 Westwood Road
Swan River, MB, Canada R0L 1Z0

Or visit our website:

<http://www.swanvalleyforest.ca>

Overview of the Report Card Production Process

