



Report

Canadian Boreal Forest Agreement

Progress Report

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Executive Summary

On May 18th, 2010, 21 major Canadian forest products companies who are members of the Forest Products Association of Canada (FPAC) and nine leading environmental non-government organizations (ENGOs) (collectively “the Signatories”) announced the signing of an ambitious multi-year collaborative agreement. This collaboration, called the Canadian Boreal Forest Agreement (CBFA or Agreement), commits the parties to achieving a set of six strategic goals that address both environmental and economic sustainability.

The six strategic goals are:

1. World-leading boreal “on-the-ground” sustainable forest management practices based on the principles of ecosystem based management, active adaptive management, and third party verification;
2. The completion of a network of protected areas that, taken as a whole, represents the diversity of ecosystems within the boreal region and serves to provide ecological benchmarks;
3. The recovery of species at risk within the boreal forest including species such as Woodland Caribou;
4. Reducing greenhouse gas emissions along the full life cycle from forest to end of product life;
5. Improved prosperity of the Canadian forest sector and the communities that depend on it; and
6. Recognition by the marketplace (e.g., customers, investors, consumers) of the CBFA and its implementation in ways that demonstrably benefit FPAC Members and their products from the boreal.

The Agreement contains provisions for an external third-party (KPMG) to provide periodic independent assessments of progress towards meeting agreed upon milestones and timelines established for each of the strategic goals. This report includes the results of the 2nd progress assessment against the CBFA’s project management milestones during the second year of the CBFA, up to May 18, 2012.

At the direction of the CBFA Steering Committee, the scope of the 2nd progress assessment included only those project management milestones associated with the CBFA Goals 2, 3 and 6, as these goals were the focus during the second year of implementation, and focused on the progress made toward the milestones during the year, rather than on whether the originally anticipated target dates for completion were achieved.

In February 2012, the CBFA Steering Committee proposed interim objectives targeted for completion by May 18, 2012. Progress in relation to these agreed objectives was included in the scope of this progress assessment.

In conjunction with assessing progress, KPMG also monitors compliance with FPAC members’ and ENGO’s commitments set out in the CBFA. The results of this compliance monitoring are set out in Appendix A.

In conducting the progress assessment, KPMG interviewed 16 persons, including ENGO and FPAC members as well as representation from each of the Goals 2, 3 and 6 working groups and from each CBFA organizational unit – i.e. Steering Committee, Executive Committee, Secretariat, Science Committee, national and regional working groups.

To confirm reported progress, in conjunction with the interviews, KPMG reviewed supporting documentation, as well as milestone deliverables (draft or final as applicable) in relation to each strategic goal. KPMG also reviewed the minutes from meetings held by the Steering Committee, Secretariat and Boreal Business Forum.

KPMG's assessments were undertaken primarily in relation to the CBFA's external project management milestones and, unless stated otherwise, do not include assessments of the actions of others (e.g. governments, Aboriginal people, other key stakeholders) required to implement the CBFA.

Overall Assessment of Progress

Overall, the implementation of the CBFA milestones for Goals 2 and 3 during the second year of implementation continued to prove more challenging and be considerably slower than the CBFA Signatories had anticipated. Regional working groups were not able to achieve what was expected of them and, as of the date of completion of our field work, only one bi-laterally agreed CBFA Proposed Caribou Action Plan has been completed. No CBFA Proposed Protected Areas have been completed. In our view, regional working groups are not able to demonstrate that, in all of the phase 1 areas, measurable incremental progress is being made toward the achievement of the CBFA milestones.

The lack of demonstrable progress toward completing CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas as was envisaged by the CBFA, coupled with the March 2012 expiration of the Monitored Day One Commitment for Caribou deferrals and the May 2013 target date for the CBFA Signatories to have implemented the ecological elements of the CBFA, pose a significant risk to the CBFA Signatories. Eleven of 16 persons interviewed indicated that implementation of the CBFA was "progressing too slowly, such that the Agreement is put at risk".

Goal 6 milestones are primarily contingent on the completion of the Goals 1 through 3 ecological elements of the CBFA. Until the ecological elements are complete, ongoing meetings and updates of the Boreal Business Forum were continued, consistent with the Goal 6 milestones.

In order to expedite the implementation of the CBFA, there are a number of measures required. In our view, most importantly, the CBFA Steering Committee should take steps to:

- Ensure sufficient funding is made available to achieve the CBFA milestones;
- Increase the support and tools available to regional working groups;
- Improve efficiency in decision-making;
- Re-affirm the geographical areas on which to focus CBFA efforts and select additional areas, as required; and
- Re-establish a Monitored Day One Commitment with respect to Caribou deferrals.

Each of these measures is discussed in more detail in the body of this report, including specific recommendations for the Steering Committee's consideration.

Primary Achievements

Notwithstanding the challenges encountered, there were a number of key achievements during the assessment period.

- The National Working Group for Goals 2/3 has advanced work to the point of completion in respect of the methodological frameworks for Caribou action and protected areas planning.
- The Ontario Regional Working Group completed the first bi-laterally agreed CBFA Proposed Caribou Action Plan and it has been submitted to the Ontario government.
- The National Working Group for Goal 6 has maintained the Boreal Business Forum (BBF) and has continued to facilitate timely updates and face-to-face meetings with the BBF.
- Representatives from the CBFA Steering Committee are in the final stage of securing a contribution agreement on behalf of CBFA Signatories with the Federal Government that will provide a significant portion of the funding required to implement the CBFA.
- There were no reported compliance issues with Monitored Day One Commitments during the second assessment period. Our compliance report is attached as Appendix A to this report.

In our view, if these achievements were considered outside the context of the considerable suite of CBFA milestones and aggressive timelines for completion, they represent significant steps forward in implementing the CBFA.

Major Obstacles and Opportunities

Implementing the CBFA is proving to be more challenging than originally expected. The major obstacles and opportunities are presented below.

Funding Constraints

The CBFA faced a significant funding shortfall during the first half of the year that led to a consequent re-focussing of priorities and, in some instances, a halt in activities. The bulk of the progress made during the 2nd year of implementing the CBFA was during the period from January 2012 to June 2012, following the re-prioritization of objectives and provision of funding for high priority objectives.

Representatives from the CBFA Steering Committee are in the final stage of securing a contribution agreement on behalf of the CBFA Signatories with the Federal Government that earmarks up to \$2 million through March 31, 2013 for CBFA implementation activities, with an additional \$2 million potentially available for the year ended March 31, 2014. In our view, securing federal funding for the implementation of the CBFA is a significant achievement that can only serve to increase CBFA Signatories' likelihood of success in implementing the CBFA. In addition, the federal contribution agreement also increases the importance of timely completion of the CBFA milestones, which will now also increase the likelihood of further financial support from the Federal Government in future years.

We recommend that the CBFA Steering Committee:

- **Continue to actively pursue federal funding in support of the implementation of the CBFA;**
- **Update its priorities and develop expenditure plans consistent with the requirements of the contribution agreement, and which specifically address the challenges being faced by regional working groups;**
- **Develop a contingency plan to ensure that CBFA implementation is not unduly delayed should federal funding not be received as anticipated; and**
- **Continue to prioritize funding for regular periodic meetings of the BBF.**

Support for Regional Working Groups

For the most part, to date regional working groups have been operating without the benefit of the envisaged methodological frameworks upon which to develop plans and proposals. In the absence of such guidance, regional working groups spent considerable time negotiating and developing input-driven decision-making models intended to facilitate the development of CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas. Unfortunately, agreement on the inputs and planning processes to be used has not been easily achieved and has led to considerable modelling and options analysis. We were informed that this analysis has helped to establish context and understanding of the Phase 1 areas in respect of the CBFA milestones, but has not resulted in demonstrable on-the-ground progress or the achievement of the CBFA milestones.

The CBFA is a significant undertaking spanning many jurisdictions across Canada. We were advised that this has created bona fide logistical and budgetary challenges for regional working group members to attend all required meetings.

We recommend that the CBFA Steering Committee:

- **Prioritize the endorsement of the Protected Areas Planning Methodological Framework and disseminate the framework to regional working groups;**
- **Prioritize the completion of the Socio-economic Methodological Framework, including procuring the necessary expertise to expedite the completion of this framework;**
- **Prioritize the completion of a CBFA Methodological Framework for Conservation Planning, which incorporates and integrates the CBFA Caribou, Protected Areas and Socio-economic Methodological Frameworks;**
- **Expedite the completion of a pan-boreal gap analysis and designate resources to the achievement of the CBFA Goal 2 milestones, including the identification and development of Phase 1 protected areas planning regions and protected areas proposals;**
- **Prioritize funding for the procurement of independent facilitation expertise to support regional working groups in achieving the bi-lateral agreements necessary to achieve the CBFA milestones; and**
- **Ensure that sufficient budgets are available such that all members of regional working groups can participate as required.**

Decision Making

Many persons interviewed expressed that a prevalent mentality since the outset of the CBFA has been that everybody wants to be involved in all decisions. However, the available human capacity is not sufficient for everyone to be present in all decision-making such that the all-involved mentality is also leading to implementation challenges through demands on individuals' time exceeding their capacity. Eight of 16 persons interviewed indicated that they have not been able to allocate sufficient time to fulfil their responsibilities in implementing the CBFA. As well, interviewees expressed that there is decision-making reticence by regional working group members and, at the same time, a reticence by those not involved on working groups to accept working group decisions without having provided input.

More expeditious decision-making processes through increased trust of designated sub-groups' decisions, was cited by many interviewees as necessary in order to facilitate more timely progress in implementing the CBFA milestones.

We recommend that the CBFA Steering Committee:

- **Re-affirm the composition of its working groups to ensure that group size is appropriate, groups comprise the desired representation in relation to the applicable CBFA milestones, and that individual group members have both the authority and capacity to participate fully in the work and decisions required to complete the applicable CBFA milestones; and**
- **Implement measures to increase the accountability of regional working group members and CBFA Signatories for discharging their responsibilities in respect of decision-making processes.**

Selection of Candidate Areas

The CBFA Phase 1 geographic areas were selected by CBFA Signatories at the time that the CBFA was negotiated, primarily based on their high Caribou conservation values. However, despite the efforts of all parties involved, regional working groups have, for the most part, not been able to achieve bi-laterally agreed CBFA Proposed Caribou Action Plans, or develop CBFA Proposed Protected Areas, for the Phase 1 areas through following the CBFA planning process.

A significant factor that contributed to the completion of a CBFA Proposed Caribou Action Plan in Ontario was that the forest industry is the predominant user of the land base in the Phase 1 area, and two of the key license holders are CBFA Signatories. As such, the regional working group had sufficient realm of influence over the area to develop the applicable CBFA Proposed Caribou Action Plan and engage external stakeholders. It is our understanding that this is not the case for all of the Phase 1 areas.

We recommend that the CBFA Steering Committee:

- **Formally evaluate the lessons learned from the successful completion of a bi-laterally agreed CBFA Proposed Caribou Action Plan in Ontario; and**
- **Re-affirm the geographic areas on which to focus CBFA implementation efforts, and select additional areas, as required, such that regional working groups' likelihood of success is bolstered.**

Engagement of External Stakeholders

Regional working groups recognized that for CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas to be ultimately successful, the engagement and support of stakeholders external to the CBFA is critical. To submit a plan or proposal to government in the absence of any engagement or support from other users of the land base would significantly reduce the likelihood that government would adopt or endorse the CBFA deliverables. To address this, regional working groups initiated steps to engage external stakeholders. However, the extent of work and time required to facilitate this engagement was not anticipated by the CBFA Signatories when establishing the CBFA milestones.

One of the lessons learned from completing a bi-laterally agreed, external stakeholder supported CBFA Proposed Caribou Action Plan in Ontario was that it took considerable work and time to engage external stakeholders and gain their ultimate endorsement of the CBFA Proposed Caribou Action Plan. Work by FPAC members and ENGOs on this particular Phase 1 area reportedly commenced six years prior to the signing of the CBFA.

The completion of CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas is taking considerably longer than was envisaged at the outset of the CBFA. It is our understanding that the development of a revised critical path for milestone completion is underway, which sets out more realistic completion timelines that reflect the work required to complete CBFA milestones, as was recommended in the first progress assessment.

Caribou Deferrals

The CBFA Monitored Day One Commitments include a commitment by FPAC members to defer harvesting in certain areas pending the completion of CBFA Proposed Caribou Action Plans. This CBFA Day One Commitment expired on March 31, 2012. In the absence of bi-laterally agreed CBFA Proposed Caribou Action Plans, FPAC members agreed to extend this commitment to June 2012. Subsequent to June 2012, a new suite of harvest deferral areas has not been bi-laterally agreed. On June 18, 2012, FPAC members submitted a new list of proposed deferral areas, extending existing deferrals wherever possible for between one and three years, and identifying additional deferrals to the ENGO caucus for consideration.

Caribou deferrals are central to the CBFA and there is a need for the CBFA Signatories to update and extend the CBFA Monitored Day One Commitment for Caribou deferrals. Both caucuses indicated that they do not see value in negotiating another suite of short-term deferrals and would prefer that deferral areas reflect conservation planning. In our view, to provide incentive for the timely completion of CBFA milestones, the commitment for Caribou deferrals should be maintained until such time as the applicable bi-laterally agreed CBFA Proposed Caribou Action Plans are completed.

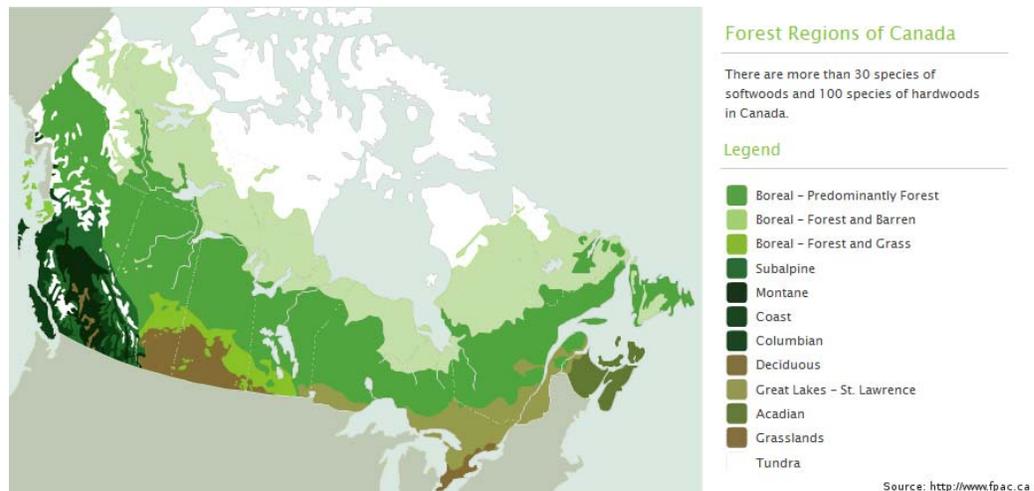
We recommend that the CBFA Steering Committee:

- **Update the CBFA Monitored Day One Commitment with respect to Caribou deferrals and ensure that the commitment is maintained until the applicable bi-laterally agreed CBFA Proposed Caribou Action Plans have been completed in respect of the deferral areas; and**
- **Extend other CBFA Monitored Day One Commitments, as applicable, such that they are also maintained until such time as bi-laterally agreed CBFA Proposed Caribou Action Plans have been completed.**

Scope and Objectives

Background

The Boreal forest of Canada is one of the largest remaining untouched stands of timber in the world, along with the Siberian taiga and sections of the Brazilian rainforest. Efforts have been under way for many years to bring together members of the forestry industry with conservation groups in order to balance economic activity with the desire to protect Canada's boreal forests and unique diversity of ecosystems and species.



On May 18th, 2010, 21 major Canadian forest products companies who are members of the Forest Products Association of Canada (FPAC) and nine leading environmental non-government organizations (ENGOs) announced the signing of an ambitious multi-year collaborative agreement. This collaboration, called the Canadian Boreal Forest Agreement (CBFA or Agreement), commits the parties to achieving a set of six strategic goals that address both environmental and economic sustainability.

The six strategic goals are:

1. World-leading boreal “on-the-ground” sustainable forest management practices based on the principles of ecosystem-based management, active adaptive management, and third party verification;
2. The completion of a network of protected areas that, taken as a whole, represents the diversity of ecosystems within the boreal region and serves to provide ecological benchmarks;
3. The recovery of species at risk within the boreal forest including species such as Woodland Caribou;
4. Reducing greenhouse gas emissions along the full life cycle from forest to end of product life;
5. Improved prosperity of the Canadian forest sector and the communities that depend on it; and

6. Recognition by the marketplace (e.g., customers, investors, consumers) of the CBFA and its implementation in ways that demonstrably benefit FPAC Members and their products from the boreal.

Purpose and Objectives

The Agreement contains provisions for an external third-party (KPMG) to provide periodic independent assessments of progress towards meeting agreed upon milestones and timelines. The primary purpose of the independent progress assessments is to maintain internal accountability.

The specific objectives of the progress assessments are to:

- Provide an independent evaluation of progress being made toward the implementation of the CBFA project management milestones;
- Highlight any milestones not achieved and explain the reasons for the gap;
- Provide recommendations as to schedule revisions and consequential changes to the future milestones, as necessary;
- Monitor ongoing compliance with key CBFA commitments;
- Report any non-compliance situations and the reasons why ongoing compliance did not occur; and
- Provide recommendations on required action to achieve compliance, where deemed appropriate.
- In October 2011, KPMG provided the 1st independent assessment of progress up to May 18, 2011.

Scope

This report includes the results of the 2nd progress assessment against the CBFA's project management milestones during the second year of the CBFA, up to May 18, 2012. Progress between May 18, 2012 and the date that the assessment work was substantially completed, July 13, 2012, has also been considered in finalizing the 2nd progress assessment.

At the direction of the CBFA Steering Committee, the scope of the 2nd progress assessment included only those project management milestones associated with the CBFA Goals 2, 3 and 6, as these goals were the focus during the second year of implementing the CBFA. In addition, the assessment of progress focused on the progress made toward the milestones during the year, rather than on whether originally anticipated milestone completion dates were achieved, as the Steering Committee recognized that achieving the milestones is taking longer than the originally envisaged target dates.

In February 2012, the CBFA Steering Committee proposed interim objectives targeted for completion by May 18, 2012. Progress in relation to these agreed objectives is included in the scope of this progress assessment. The objectives relate primarily to the application of Goal 2 (Protected Areas) and Goal 3 (Caribou Action Planning) milestones within specific areas of Ontario and Quebec, as well as the development of a chapter on wood supply assessment for inclusion in the Socio-Economic Methodological Framework (MF), which is under development.

At the direction of the Steering Committee, in assessing progress KPMG was guided by the following high-level questions:

1. Is the CBFA making measurable incremental progress toward the in-scope strategic goals/milestones?
 - a.) If not, what are the major barriers to progress and what actions are required to facilitate progress?
 - b.) If yes, to what extent have CBFA Proposed Protected Areas and CBFA Proposed Caribou Action Plans been agreed by both caucuses and what is the status of their implementation by government and/or others?
2. Have CBFA members complied with the CBFA Monitored Day One commitments during the assessment period?
3. Has the CBFA achieved its interim objectives targeted for completion by May 18, 2012?

The project management milestones for CBFA Goals 1, 4 and 5 were not included in the scope of the 2nd progress assessment.

The assessments are undertaken primarily in relation to the CBFA's external project management milestones and, unless stated otherwise, do not include assessment of the actions of others (e.g. governments, Aboriginal people, other key stakeholders) required to implement the CBFA.

In conjunction with assessing progress, KPMG also monitors and reports on compliance with Monitored Day One Commitments set out in the CBFA, as well as with project management milestones that have been achieved and which have ongoing compliance requirements. The applicable Monitored Day One Commitments and project management milestones that have ongoing compliance requirements are set out respectively in Appendices B and C to this report.

Approach

In conducting the progress assessment, KPMG made a preliminary selection of 15 persons involved in implementing the CBFA. Persons selected included ENGOs and FPAC members, as well as representation from each of the Goals 2, 3 and 6 working groups and from each CBFA organizational unit – i.e. Steering Committee, Executive Committee, Secretariat, Science Committee, national and regional working groups. Based on input from the CBFA Secretariat, the preliminary list of interviewees was adjusted to ensure that the list included persons actively involved in CBFA implementation.

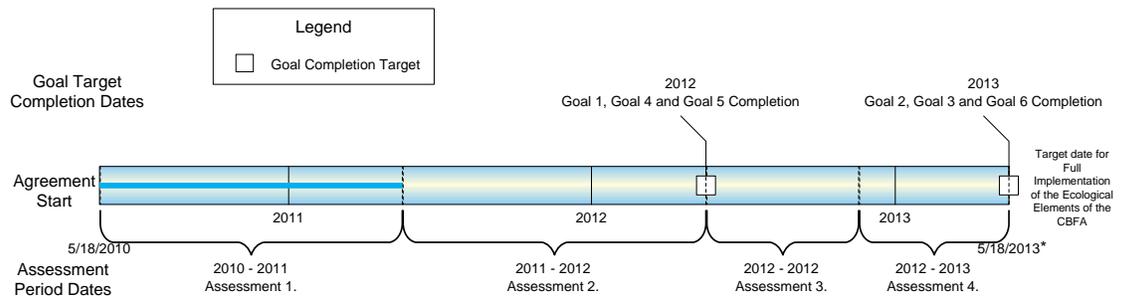
To ensure consistency of interviews, an interview guide comprised of 8 questions, some open-ended questions and some yes or no answer questions, was developed. The interview guide was finalized with input from the CBFA Secretariat. Interviews of approximately 60 to 90 minutes in duration were conducted in June and July 2012. In total, KPMG interviewed 16 persons.

In conjunction with the interviews, KPMG requested interviewees provide documentation in support of the representations made during interviews. The supporting documentation, as well as milestone deliverables (draft or final as applicable) in relation to each strategic goal,

was reviewed to confirm reported progress. KPMG also reviewed the minutes from meetings held by the Steering Committee, Secretariat and Boreal Business Forum (BBF).

Timeline

In accordance with the CBFA, KPMG will table draft and final reports (herein referred to as the Independent Progress Reports) to the Steering Committee within 30 days of the end of each six-month assessment period. These reports will be produced at regular intervals of six months and continuing for a period of five years after "Full Implementation of the Ecological Elements"¹ of the CBFA is achieved. As illustrated below, this timeline was altered to combine the six month reporting periods into annual reporting periods for both the first and the second independent progress assessments.



¹ Full Implementation of the Ecological Elements of the CBFA occurs once full implementation of Goal 1 has taken place and once Government Designated Protected Areas and Government Caribou Action Plans have been established in a manner consistent with the CBFA Proposed Protected Areas and CBFA Proposed Caribou Action Plans.



Progress Assessments

Guiding Questions

At the direction of the CBFA Steering Committee, in assessing progress KPMG was guided by the following high-level questions:

1. **Is the CBFA making measurable incremental progress toward the in-scope strategic goals/milestones?**
 - a.) **If not, what are the major barriers to progress and what actions are required to facilitate progress?**
 - b.) **If yes, to what extent have CBFA Proposed Protected Areas and CBFA Proposed Caribou Action Plans been agreed by both caucuses and what is the status of their implementation by government and/or others?**

As noted below, the CBFA has made measurable incremental progress during the 2nd year of implementation for some of the milestones with respect to Goals 2, 3 and 6. These achievements are discussed more fully in later sections of this report.

- The National Working Group for Goals 2/3 has advanced work to the point of completion in respect of the methodological frameworks for Caribou action and protected areas planning.
- The Ontario Regional Working Group completed the first bi-laterally agreed CBFA Proposed Caribou Action Plan and it has been submitted to the Ontario government.
- The National Working Group for Goal 6 has maintained the BBF and has continued to facilitate timely updates and face to face meetings with the BBF.

However, as identified below, the CBFA is not making measurable incremental progress toward completion of Goals 2 and 3 Caribou action plans and protected areas milestones in all of the phase 1 areas.

- With the exception of the bi-laterally agreed CBFA Proposed Caribou Action Plan in Ontario, regional working groups' progress on Phase 1 area CBFA Proposed Caribou Action Plans has been limited over the past year to mostly forest plan analysis and scenario modelling, which has not been sufficient to achieve bi-laterally agreed CBFA Proposed Caribou Action Plans.
- Work on the Goal 2 pan-boreal gap analysis is reportedly only continuing through pro-bono work by outside parties and protected areas planning was limited to the extent to which CBFA Proposed Caribou Action Plans include harvest deferral areas. No bi-laterally agreed CBFA Proposed Protected Areas have been completed.

In the absence of tangible progress toward the completion of CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas for all Phase 1 areas, on May 18, 2012, the 2nd anniversary of the CBFA, ENGO Signatories submitted unsolicited proposals in Ontario and Quebec in respect of proposed protected areas and proposed Caribou action plans for the

Phase 1 areas. As of the date of completion of our field work, these proposals have not led to bi-laterally agreed plans.

Notwithstanding that such proposals were intended as a means to expedite progress, they were born in frustration over the slow pace of milestone completion. In our view, such proposals serve to illumine the lack of progress achieved by regional working groups and pose a risk to the successful implementation of the CBFA's milestones, which are intended to be methodologically-derived, science-based and defensible rather than negotiated settlements.

We have identified a number of barriers that, in our view, are the primary factors hindering progress in implementing the CBFA. The barriers include both internal and external barriers to the CBFA organization.

Funding Constraints

The CBFA faced a significant funding shortfall during the first half of the year that led to a consequent re-focussing of priorities and, in some instances, a halt in activities. For the first half of the fiscal year the CBFA was in a financial management damage control mode. The bulk of the progress made during the 2nd year of implementing the CBFA was achieved during the period from January 2012 to June 2012, following the re-prioritization of objectives and provision of funding for high priority objectives. Persons interviewed expressed that considerable improvements in financial management over both the CBFA budgeting and expenditure processes have now been implemented.

Moving forward, representatives from the CBFA Steering Committee are the final stage of securing a contribution agreement on behalf of CBFA Signatories with the Federal Government that earmarks up to \$2 million dollars through March 31, 2013 for CBFA implementation activities, with an additional \$2 million dollars potentially available for the year ended March 31, 2014. In our view, securing federal funding for the implementation of the CBFA is a significant achievement that can only serve to increase CBFA Signatories' likelihood of success in implementing the CBFA. In addition, the federal contribution agreement also increases the importance of timely completion of the CBFA milestones, which will now also increase the likelihood of further financial support from the federal government in future years.

We recommend that the CBFA Steering Committee:

- **Continue to actively pursue federal funding in support of the implementation of the CBFA;**
- **Update its priorities and develop expenditure plans consistent with the requirements of the contribution agreement, and which specifically address the challenges being faced by regional working groups; and**
- **Develop a contingency plan to ensure that CBFA implementation is not unduly delayed should federal funding not be received as anticipated.**

Selection of Candidate Areas

The Phase 1 geographic areas were selected by Signatories at the time that the CBFA was negotiated. We were informed that the primary selection criterion for the phase 1 areas was their high conservation values, primarily Caribou habitat. The CBFA envisaged a process

whereby the CBFA Signatories would jointly develop CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas and submit these plans and proposals to the respective provincial governments. The plans and proposals were to be based on the best available science through the application of methodological planning frameworks (although it was recognized that the Phase 1 area plans and proposals would be developed concurrently with the development of the planning frameworks, with lessons learned on both fronts to be subsequently shared). Overall, despite the efforts of all parties involved, the regional working groups have, for the most part, not been able to achieve bi-laterally agreed CBFA Proposed Caribou Action Plans or to develop CBFA Proposed Protected Areas in the Phase 1 areas through following the CBFA planning process. In our view, the biggest reasons for the lack of success in this regard are twofold:

- Firstly, regional working groups were left with little structured guidance upon which to develop plans and proposals. In the absence of such guidance, regional working groups spent considerable time negotiating and developing input-driven decision-making models intended to facilitate the development of CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas. Unfortunately, agreement on the inputs and planning processes to be used has not been easily achieved and has led to considerable modelling and options analysis, which has produced little in terms of on-the-ground achievement of the milestones. As noted previously, in the absence of demonstrable progress, the ENGO caucus resorted to submitting unsolicited proposals to the regional working groups for proposed Caribou action plans and proposed protected areas.
- Secondly, regional working groups recognized that for CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas to be ultimately successful, the engagement and support of stakeholders external to the CBFA is critical. To submit a plan or proposal to government in the absence of any engagement or support from other users of the land base would significantly reduce the likelihood that government would adopt or endorse the CBFA deliverables. To address this, regional working groups initiated steps to engage external stakeholders. However, the extent of work and time required to facilitate this engagement was not known. One of the biggest lessons learned from the success by the Ontario Regional Working Group in completing a bi-laterally agreed, external stakeholder supported, CBFA Proposed Caribou Action Plan was the considerable amount of work and time required to engage external stakeholders and gain their ultimate endorsement of the CBFA Proposed Caribou Action Plan. Work by the FPAC members and ENGOs on this particular Phase 1 area reportedly commenced six years prior to the signing of the CBFA.

Another factor that contributed to the success in Ontario was that the forest industry is the predominant user of the land base in the Phase 1 area, and two of the key license holders are CBFA Signatories. As such, the regional working group had sufficient realm of influence over this area to develop the applicable plan and engage external stakeholders. It is our understanding that this is not the case for all of the Phase 1 areas.

In our view, the success in Ontario is ultimately attributable to the hard work by the CBFA Signatories, regional working group members and others involved. However, it is also our view that the attributes of the candidate area were such that they were conducive to success. Until such time as the CBFA is further advanced through similar achievements in other areas, it would be prudent for the CBFA Signatories to not overestimate its realm of influence over Phase 1 areas and to re-affirm the areas on which it chooses to focus its efforts. As an example, based on the interviews conducted, the likelihood of successfully completing an

external stakeholder supported CBFA Proposed Caribou Action Plan and CBFA Proposed Protected Areas in either of the Phase 1 areas in Alberta is considerably low given the high number and value of users of the land base in these areas that are external to the CBFA.

We recommend that:

- **The CBFA Steering Committee formally evaluate the lessons learned from the successful completion of a bi-laterally agreed Caribou action plan in Ontario; and**
- **Based on the lessons learned, the CBFA Steering Committee re-affirm the geographic areas on which to focus CBFA implementation efforts and select additional areas, as required, such that regional working groups' likelihood of success is bolstered.**

Capacity Constraints / Decision Making

The CBFA is a significant undertaking spanning many jurisdictions across Canada. At the outset of the Agreement, Signatories envisaged a shared pool of funds available to FPAC Members and ENGOs to help defray implementation costs. In a relatively short timeframe, funding pressures led to each caucus being responsible for their members' costs for travel etc. incurred in implementing the CBFA. We were advised that this has created a challenge for regional working group members to attend all required meetings in some areas where they do not have local representation. In one case, the Secretariat provided funding directly to facilitate the required travel.

Combined with the slow progress toward milestone achievement, persons from both caucuses interviewed expressed that the challenges faced led to a divide within the ENGO caucus as to the optimal way in which to influence the achievement of the CBFA milestones. This reportedly served to further hinder progress as the caucus worked through this divide.

Many persons interviewed also expressed that a prevalent mentality since the outset of the CBFA has been that everybody wants to be involved in all decisions. However, the available human capacity is not sufficient for everyone to be present in all decision-making such that the all-involved mentality is also leading to implementation challenges through demands on individuals' time exceeding their capacity. Eight of 16 persons interviewed indicated that they had not been able to allocate sufficient time to fulfil their responsibilities in implementing the CBFA. As well, interviewees expressed that there is decision-making reticence by regional working group members and, at the same time, a reticence by those not involved on working groups to accept working group decisions without having provided input.

When asked whether they had a clear understanding of the CBFA decision-making responsibilities and processes, 15 of 16 persons indicated that they did have a clear understanding. When asked who is responsible for deciding when a CBFA product or process is final, 13 persons indicated the Steering Committee, 1 individual indicated the Secretariat, 1 individual indicated the Steering Committee for national working group products and regional working groups for Caribou action plans and protected areas proposals, and 1 individual indicated the Secretariat and KPMG. More expeditious decision-making processes through increased trust of designated sub-groups' decisions, was cited by many interviewees as necessary in order to facilitate more timely progress in implementing the CBFA milestones.

We recommend that the CBFA Steering Committee:

- **Re-affirm the composition of its working groups to ensure that group size is appropriate, groups comprise the desired representation in relation to the applicable CBFA milestones, and that individual group members have both the authority and capacity to participate fully in the work and decisions required to complete the applicable CBFA milestones;**
- **Ensure that sufficient budgets are available such that all members of regional working groups can participate as required; and**
- **Implement measures to increase the accountability of regional working members and CBFA Signatories in discharging their responsibilities in respect of decision-making processes.**

2. Have CBFA members complied with the CBFA Monitored Day One commitments during the assessment period?

An important element of the CBFA is the specific commitments made by the Signatories to the Agreement that took effect upon the signing of the Agreement on May 18, 2010. The Agreement sets out 16 specific Monitored Day One Commitments for the signatories to the CBFA (See Appendix B: Monitored Day One Commitments).

The Agreement sets out further commitments which take effect upon the completion date of certain milestones (See Appendix C: Project Management Milestones - Ongoing Compliance Requirements). The completion of the Caribou action plan in Ontario in June 2012 represents the first milestone completed for which ongoing compliance requirements apply².

Based on the procedures performed, we identified no instances of non-compliance with the CBFA Monitored Day One Commitments and ongoing compliance requirements up to May 18, 2012. See Appendix A – Compliance Report.

The Monitored Day One commitments include a commitment by FPAC members to defer harvesting in certain areas pending the completion of CBFA Proposed Caribou Action Plans. During the first year of implementation of the CBFA, a harvest task force was struck to oversee additions and deletions to harvest deferral areas, with the objective that there be a net zero impact to the total area deferred. This resulted in changes to approximately 20,000ha of the originally agreed 72,000ha of deferral areas, which is posing a challenge to regional working groups. During this assessment period, in one case, a deferral area that was under negotiation as part of a CBFA Proposed Caribou Action Plan was harvested while the discussions were underway by the regional working group. Persons interviewed indicated that this set the regional working group back, both in terms of trust and the timeframe for completion. In one interviewee's words, "The talk and log approach has to stop."

On March 31, 2012 the CBFA Monitored Day One Commitment for Caribou deferrals expired. In the absence of bi-laterally agreed CBFA Proposed Caribou Action Plans, FPAC members agreed to extend this commitment to June 2012. Subsequent to June 2012, a new suite of harvest deferral areas has not been bi-laterally agreed. On June 18, 2012, FPAC members

² CBFA Goal 3, Section 8(g): Until new Government Caribou Action Plans are completed in a manner consistent with CBFA Proposed Caribou Action Plans for Phase 1 herds, FPAC Members implement, to the extent practicable without government approval, the CBFA Proposed Caribou Action Plans developed for Phase 1 herds.

submitted a new list of proposed deferral areas, extending existing deferrals wherever possible for between one and three years, and identifying additional deferrals to the ENGO caucus for consideration.

Caribou deferrals are central to the CBFA and there is a need for the CBFA Signatories to update and extend the CBFA Monitored Day One Commitment for Caribou deferrals. Both caucuses indicated that they do not see value in negotiating another suite of short-term deferrals and would prefer that deferral areas reflect conservation planning. In our view, to provide incentive for the timely completion of CBFA milestones, the commitment in respect of Caribou deferrals should be maintained until such time as the applicable bi-laterally agreed CBFA Proposed Caribou Action Plans are completed.

We recommend that:

- **The CBFA Steering Committee update the CBFA Monitored Day One Commitment with respect to Caribou deferrals and ensure that the commitment is maintained until the applicable bi-laterally agreed CBFA Proposed Caribou Action Plans have been completed in respect of the deferral areas; and**
- **The CBFA Steering Committee extend other CBFA Monitored Day One Commitments, as required, such that they are also maintained until such time as bi-laterally agreed CBFA Proposed Caribou Action Plans have been completed.**

3. Has the CBFA achieved its interim objectives targeted for completion by May 18, 2012?

The CBFA partially achieved its interim objectives targeted for completion by May 18, 2012. Our detailed assessment of progress in respect of goals 2 and 3, including the May 18, 2012 objectives, is presented in the following section.

Goals 2 and 3: Overview and Progress Assessment

Overview

The CBFA Goal 2 is the completion of a network of protected areas that, taken as a whole, represents the diversity of ecosystems within the boreal region and serves to provide ecological benchmarks.

The CBFA Goal 3 is the recovery of species at risk within the boreal forest including species such as the Woodland Caribou.

In accordance with the CBFA, the completion of a network of protected areas is being coordinated with the completion of recovery plans and action plans for species at risk.

Through Goals 2 and 3, the CBFA Signatories are committed to jointly advocating for, and working with governments, aboriginal groups, communities and other stakeholders to accelerate the completion of a protected areas network across Canada's boreal region and to promote the recovery of boreal species at risk, including boreal Caribou. While doing so, Signatories committed to concurrently working to jointly identify protected area proposals that can be supported, and to provide these as input into relevant government processes, and

advocate for their adoption. The CBFA set out Phase 1 planning areas as initial priority areas for phase 1 Caribou herds, which include 2 regions in Alberta, 2 in Ontario and 1 in Quebec.

Key phase one milestones for CBFA Goals 2 and 3 include:

- FPAC, FPAC Members and ENGOs finalize planning frameworks (detailed principles, criteria, methodology and process) for protected areas and Caribou action plans.
- FPAC Members and ENGOs finalize a workplan to complete the work under Goal 2 including the identification of Phase 1, 2, and 3 protected areas planning regions (i.e., the broad geographic areas where protected areas planning will take place).
- FPAC, FPAC Members and ENGOs finalize a pan-boreal gap analysis relative to existing protected areas.
- FPAC, FPAC Members and ENGOs finalize CBFA proposed protected areas for Phase 1 protected areas planning regions.
- Until governments legally establish protected areas for Phase 1 protected areas planning regions, FPAC Members implement, to the extent practicable without government approval, the CBFA proposed protected areas developed for Phase 1 protected areas planning regions.
- FPAC, FPAC Members, and ENGOs finalize CBFA proposed Caribou action plans for Phase 1 Caribou herds.
- Until new government Caribou action plans are completed in a manner consistent with CBFA proposed Caribou action plans for Phase 1 herds, FPAC Members implement, to the extent practicable without government approval, the CBFA proposed Caribou action plans developed for Phase 1 Caribou herds.

Progress

Methodological Frameworks

The National Working Group for CBFA Goals 2/3 has developed methodological frameworks (MFs) for the development of CBFA Proposed Caribou Action Plans and CBFA Proposed Protected Areas. The Caribou Action Planning MF has been endorsed by the CBFA Steering Committee and is being utilized by regional working groups to guide Caribou action planning. The Protected Areas MF has been presented by the National Working Group to the CBFA Steering Committee, but the Steering Committee has not yet endorsed the MF and it has not been disseminated to regional working groups. As such, the Protected Areas MF is not being utilized by regional working groups to guide the development of protected areas proposals.

In addition, although not originally anticipated by the CBFA and not expressly stated as a CBFA milestone, early in the first year of implementing the CBFA, the Steering Committee recognized the need to develop a Socio-economic MF, consistent with the twin pillars objectives of the CBFA, to guide socio-economic analysis by regional working groups. During the second year of implementation, work on the Socio-economic MF continued to be focussed primarily on defining the scope of this MF and identifying the expertise required to complete the MF. The Steering Committee objective to complete a Chapter on Wood Supply Assessment for this MF by the 2nd anniversary of the CBFA was not achieved and progress appears to have stalled. In the absence of this MF, regional working groups have utilized

surrogate measures for socio-economic analysis, primarily impact on wood supply. Persons interviewed indicated that a Socio-economic MF greater in scope than wood supply impacts is required, as well as a need to solicit expertise in economics to complete the Socio-economic MF.

We recommend that the CBFA Steering Committee:

- **Prioritize the endorsement of the Protected Areas Planning Methodological Framework and disseminate the framework to regional working groups;**
- **Prioritize the completion of the Socio-economic Methodological Framework, including procuring the necessary expertise to expedite the completion of this framework; and**
- **Prioritize the completion of a CBFA Methodological Framework for Conservation Planning, which incorporates and integrates the CBFA Caribou, Protected Areas and Socio-economic Methodological Frameworks.**

Protected Areas

Achievement of CBFA Proposed Protected Areas has been limited to the extent to which CBFA Proposed Caribou Action Plans include harvest deferral areas – for example, in Ontario the CBFA Proposed Caribou Action Plan that has been completed includes a number of deferral (protected) areas. However, these deferral areas do not constitute a protected areas proposal and were developed in the context of Caribou recovery and wood supply analysis, not in the context of objectives established for protected areas. No phase 1 CBFA Proposed Protected Areas have been completed.

A pan-boreal gap analysis has not been completed. We were informed that the CBFA Steering Committee has prioritized its limited resources on other milestones. However, we were also informed that work on the pan-boreal gap analysis is continuing through pro-bono work by outside parties. To date, the pan-boreal gap analysis envisaged by the CBFA has not been available to guide regional working groups in developing protected areas proposals.

We recommend that:

- **The CBFA Steering Committee expedite the completion of a pan-boreal gap analysis and designate resources to the achievement of the CBFA Goal 2 milestones, including the identification and development of Phase 1 protected areas planning regions and CBFA Proposed Protected Areas.**

Caribou Action Plans

Each of the three regional working groups with Phase 1 areas is working on developing CBFA Proposed Caribou Action Plans for the Phase 1 areas. Most regional working group members interviewed expressed that, in their view, considerable progress has been made over the past year toward the milestones, mostly in the form of forest plan analysis and scenario modelling. However, everyone agrees that the work required to complete these milestones continues to be taking considerably more time than was anticipated at the outset of the CBFA, or that is desired by the CBFA Steering Committee. Only 4 of 16 persons interviewed selected “A” when asked whether progress toward CBFA milestones during the 2nd year of implementation is:

- A. Progressing satisfactorily
- B. Progressing too slowly, such that the Agreement is put at risk
- C. Progressing too rapidly, such that the Agreement is put at risk, or
- D. Not progressing.

Not surprisingly, the 4 respondents that selected "A" had some level of involvement with either the Ontario CBFA Proposed Caribou Action Plan or the BBF. All other respondents selected "B", with one respondent adding the caveat that the Agreement was not put at risk by the slow progress.

In the absence of tangible progress in the form of completed milestones, in February 2012 the Steering Committee provided focussed objectives to the regional working groups to be completed by May 18, 2012. Individuals that we interviewed uniformly indicated that there was a significant uptake in activities following the February 2012 Steering Committee direction, with some regional working groups meeting on a weekly basis between February 2012 and May 2012. Notwithstanding this uptake, with one exception in Ontario, regional working groups were not able to achieve the Steering Committees objectives for May 18, 2012.

In Ontario, a CBFA Proposed Caribou Action Plan for one Phase 1 area has been completed and submitted to the Ontario government. This is the first major on-the-ground milestone achieved by those responsible for implementing the CBFA and, when considered outside of the context of the suite of CBFA milestones and stretch dates for completion, represents a significant achievement to be celebrated by the CBFA Signatories. Notwithstanding this bona fide success, to date, no other Phase 1 CBFA Proposed Caribou Action Plans have been completed as envisaged by the CBFA.

We recommend that:

- **The CBFA Steering Committee prioritize funding for the procurement of independent facilitation expertise to support regional working groups in achieving the bi-lateral agreements necessary to achieve the CBFA milestones.**

Goal 6: Overview and Progress Assessment

Overview

The CBFA Goal 6 is recognition by the marketplace (e.g., customers, investors, consumers) of the CBFA and its implementation in ways that demonstrably benefit FPAC Members and their products from the Boreal.

The CBFA Signatories share a goal of securing marketplace recognition for the CBFA on the basis that forest products from the boreal operations of FPAC members produced under the CBFA are an environmentally responsible choice, and that the success of the CBFA will be achieved as a result of the collective efforts of the parties.

The Signatories are committed to jointly and individually communicating to the marketplace both the nature of the CBFA and progress as it is implemented, as well as otherwise engaging with the marketplace with the objective of enhancing marketplace support for FPAC members

and their products from the boreal, strengthening existing customer relationships, developing new markets for FPAC members (both traditional markets and emerging green markets), and gaining recognition for ecological leadership. In doing so, it is acknowledged that the timing of a number of these activities will be linked to the completion of other elements of the CBFA.

The majority of the milestones for Goal 6 are linked to the substantial completion of the ecological elements of the CBFA. Until that time, the key milestones for CBFA Goal 6 include:

- FPAC, FPAC Members, and ENGOs jointly establish a customer and investor update group (completed in the first year of implementation).
- Bi-annual meetings of the customer and investor update group (Boreal Business Forum).

Progress

During the second year of CBFA implementation, the National Working Group for CBFA Goal 6 maintained the BBF, with the same membership as when it was established, and facilitated ongoing progress updates to the BBF. A face-to-face meeting was held in November 2011 with feedback actively sought from BBF participants. Based on feedback from the BBF that updates between meetings would be beneficial, a webinar was conducted in February 2012 to update the BBF on the focussed objectives established by the Steering Committee. A second webinar was conducted in May 2012 in lieu of a face-to-face meeting as the National Working Group is arranging a fall 2012 field trip for BBF members. As of the date of completion of our field work, the dates and location of the field trip had not been finalized.

We recommend that:

- **The CBFA Steering Committee continue to prioritize funding for regular periodic meetings of the BBF.**

Notable Leadership

As part of our interviews we inquired of each person interviewed whether, in their opinion, there was any individual, or group of individuals, that should be recognized for their leadership going above and beyond expectations in implementing the CBFA. The responses were vast and varied such that we chose to present them below without qualification and in no particular order. Clearly, there are many leaders worthy of recognition in implementing the CBFA.

Person or Group of Persons	Comments on Leadership
Tim Gray	Has played significant roles in advancing the agreement.
Janet Summer	Has played significant roles in advancing the agreement. Has been instrumental on the ENGO side. Has been instrumental in keeping the regional working group functioning and the progress achieved to date.
Andrew Bevan	Has played significant roles in advancing the agreement.

Person or Group of Persons	Comments on Leadership
	Came in late and survived. Has shown real leadership.
Mark Hubert	Has played significant roles in advancing the agreement.
Richard Brooks	Has been a constructive force.
Chris Henschel	Good job with a tough task
Bruce Lourie	Has been instrumental to fundraising
Aron O'Carrol	His depth of understanding of priority areas is unsurpassed. He has worked tirelessly in executing the agreement. Has shown real leadership.
Andrew Devries	Has been supporting industry in moving forward.
Monte Hummel	Came in late and survived
CPAWS	Has 22 persons committed to the CBFA. Has shown real leadership. Without this organization's leadership, we would not have gotten anywhere. Has repeatedly been a voice of reason, worked hard, provided constructive input and modelled the role expected of ENGOs under the CBFA.
Elston Dzus	Has been instrumental in keeping the regional working group functioning and the progress achieved to date.
Stephanie Goodwin	Stepped in on short notice.
Avrim Lazar	Was a huge force and is a huge loss.
Resolute Forest Products	Has tenure in 3 or 4 active phase 1 planning areas and have committed significant resources to the implementation of the CBFA goals 2 and 3.
Tembec	Without this organization's leadership, we would not have gotten anywhere.
Alberta Pacific Pulp Company	For their willingness to provide resources and commitment to the project.
Amanda Carr	Has worked tirelessly to keep participants on track.



Appendix A - Compliance

In accordance with the CBFA, when monitoring and assessing progress against the Project Management Milestones the Independent Assessor is also to monitor ongoing compliance with Monitored Day One Commitments and for ongoing compliance with those Project Management Milestones that require ongoing compliance beyond the initial completion date.

Through the terms of our engagement, it was determined that in addressing ongoing compliance, the Independent Assessor's report would be limited to reporting on the procedures undertaken to assess compliance, the results of the compliance assessments and an objective assessment of the compliance issues identified. The following report addresses the results of our compliance work.

REPORT ON SPECIFIED AUDIT PROCEDURES CARRIED OUT ON THE MONITORED DAY ONE COMMITMENTS AND ONGOING COMPLIANCE REQUIREMENTS OF THE CANADIAN BOREAL FOREST AGREEMENT

To: The Canadian Boreal Forest Agreement Steering Committee

Re: Specified Procedures carried out on the Monitored Day One Commitments and Ongoing Compliance Requirements of the Canadian Boreal Forest Agreement

The Canadian Boreal Forest Agreement ("CBFA"), dated May 18, 2010 between nine Environmental Non-Government Organizations ("ENGOs"), 20 Canadian forestry companies ("FPAC Members") and the Forest Products Association of Canada ("FPAC") (collectively "the Signatories") is a joint commitment of the Signatories to work together to support governments in the realization of a stronger, more competitive forestry industry in Canada and a better protected, more sustainably managed Boreal Forest. The CBFA defines a set of Monitored Day One Commitments (Appendix B) and Ongoing Compliance Requirements (Appendix C) (collectively referred to as "the CBFA Compliance Requirements") applicable to the Signatories.

As specifically agreed, we performed the following procedures to identify and address any instances of non-compliance with the Monitored Day One Commitments and Ongoing Compliance Requirements of the CBFA during the period from May 19, 2011 to May 25, 2012.

Procedures

- Notified all Signatories of our appointment as Independent Assessor and reminded the Signatories of their responsibility to report, in writing, any instances of non-compliance within seven days of the end of the assessment period; and
- Read the minutes of the CBFA Steering Committee's periodic meetings and the CBFA Secretariat's weekly update meetings to identify any non-compliance instances.

Results

As a result of applying the above procedures, we found no instances of non-compliance with the CBFA Compliance Requirements as noted below. However, these procedures do not constitute an audit of the activities of the Signatories to the CBFA during the period from May 19, 2011 to May 25, 2012 and therefore we express no opinion on compliance with the CBFA Compliance Requirements.

This report is for use solely in connection with the audit procedures performed by KPMG LLP for the Canadian Boreal Forest Agreement Steering Committee. Any use that any party other than the CBFA Steering Committee makes of this report, or any reliance or decisions made based on this report, are solely the responsibility of such party. KPMG accepts no responsibility for any loss or damages by any third party as a result of decisions made or actions taken based on this report.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the "K" and extends to the right, ending under the "P" of "LLP".

Chartered Accountants
Victoria, Canada
April 22, 2013

Appendix B - Commitments

Monitored Day One Commitments

The Monitored Day One Commitments of the CBFA are as described in the following table:

Commitment	CBFA Reference
1. The FPAC commitment in relation to Caribou deferrals.	Goal 3, Section 13
2. The ENGO commitment not to engage in any of the marketplace activities identified in Goal 6, Sections 5 and 6.	Goal 6, Sections 5 and 6
3. The FPAC, FPAC Member, and ENGO commitment to publicly announce the CBFA and conduct individual and joint outreach in the marketplace to communicate that they are working collaboratively, informed by science, to achieve agreed goals for the Boreal in accordance with the principles and key messages outlined in the communications plan jointly developed under Section 20 of the CBFA.	Goal 6, Section 3(a)
4. The FPAC, FPAC Member, and ENGO commitment that if any action under the CBFA is challenged by non-signatories, FPAC Members and ENGOs will individually and jointly defend the CBFA and the role and actions of all parties in the marketplace, in political circles, and otherwise as required. The intent is to prevent problems before they occur, solve problems jointly, and jointly determine the most appropriate and effective response. Such responses could include ensuring those challenging the Agreement have adequate information on the Agreement, correcting errors, and, where appropriate, responding publicly either individually or jointly (depending on what is viewed in the circumstances as being most effective).	Goal 6, Section 3(b)
5. The ENGO commitment that their communications (e.g., websites and social media) and other marketplace work related to the Boreal including different sources of supply within the Boreal will, subject to Goal 6, Section 4, support products from the Boreal operations of FPAC Members.	Goal 6, Section 3(c)
6. The ENGO commitment that their advocacy work and other communications where they express a preference for FSC certification or its certified products, or comment on other certification programs or products certified under other certification programs, take place in a manner consistent with the parameters set out in Goal 6, Section 3(d).	Goal 6, Section 3(d)
7. The ENGO commitment to encourage those developing procurement policies to do so in a manner that does not preclude forest products from the Boreal operations of FPAC Members.	Goal 6, Section 3(f)(i)
8. The ENGO commitment that when meeting with holders of	Goal 6, Section 3

Commitment	CBFA Reference
existing procurement policies, ENGOs will encourage them to modify wording in their procurement policy when policies are acting as a block to FPAC Boreal product procurement.	(f)(ii)
9. Consistent with Goal 6, Section 4, the FPAC, FPAC Member, and ENGO commitment to communicate, as appropriate, to specified current and potential customers that progress under the CBFA should be a positive consideration in procurement decisions.	Goal 6, Section 3 (f)(iv)
10. The ENGO commitment that, upon request, ENGOs will help FPAC Members achieve certification of one or all of their operations under FSC.	Goal 6, Section 3(h)
11. The ENGO commitment that any formal ENGO communication (e.g., letters, emails) with certification auditors, certification registrars, or other parties in regards to the Boreal tenure, mill, products, and/or practices of a specific FPAC Member that has the potential to adversely influence or impact an existing certification, or application for certification, of a Boreal operation of that FPAC Member takes place in a manner consistent with Goal 6, Section 3 (i).	Goal 6, Section 3(i)
12. The FPAC, FPAC Member, and ENGO commitment to prepare a variety of general joint and individual communications products (e.g., news releases, backgrounders, newsletters, letters) that each of the parties can use in its communications with the marketplace to describe the CBFA and progress under it.	Goal 6, Section 3(j)(i)
13. The commitment of FPAC, FPAC Members, and ENGOs to jointly and/or individually develop and publish articles in agreed-upon relevant trade journals and other media describing the CBFA and progress under it.	Goal 6, Section 3(j) (iv)
14. The FPAC, FPAC Member, and ENGO commitment to establish a joint website describing the CBFA and progress under it through the posting of the independent progress reports and all jointly produced material.	Goal 6, Section 3(j) (vi)
15. The FPAC, FPAC Member, and ENGO commitment to publicly release the independent progress reports that summarize progress and provide updates on activities.	Goal 6, Section 3(j) (vii)
16. The FPAC, FPAC Member, and ENGO commitment to proactively address and respond to third parties that they are associated with by membership or otherwise that take a position or make public statements contrary to the principles and intent of the CBFA.	Goal 6, Section 12

Appendix C - Milestones

Project Management Milestones – Ongoing Compliance Requirements

The CBFA Project Management Milestones with Ongoing Compliance Requirements are as described in the following table:

Milestone	Completion Date
Goal 1 – Forest Practices	
1. FPAC Members complete implementation of the world-leading forest practices to be established under Goal 1.	Month 18 and ongoing thereafter
Goal 2 – Protected Areas	
2. Until governments legally establish protected areas for Phase 1 protected areas planning regions, FPAC Members implement, to the extent practicable without government approval, the CBFA proposed protected areas developed for Phase 1 protected areas planning regions (CBFA reference: Goal 2, Section 5(f)).	Month 11 and ongoing thereafter
3. Until governments take action to legally establish protected areas for Phase 2 protected areas planning regions, FPAC Members implement, to the extent practicable without government approval, the CBFA proposed protected areas developed for Phase 2 protected areas planning regions (CBFA reference: Goal 2, Section 5(f)).	Month 19 and ongoing thereafter
4. Until governments take action to legally establish protected areas for Phase 3 protected areas planning regions, FPAC Members implement, to the extent practicable without government approval, the CBFA proposed protected areas developed for Phase 3 protected areas planning regions (CBFA reference: Goal 2, Section 5(f)).	Month 30 and ongoing thereafter
Goal 3 – Species at Risk	
5. Until new government Caribou action plans are completed in a manner consistent with CBFA proposed Caribou action plans for Phase 1 herds, FPAC Members implement, to the extent practicable without government approval, the CBFA proposed Caribou action plans developed for Phase 1 Caribou herds (CBFA reference: Goal 3, Section 8(g)).	Month 8 and ongoing thereafter
6. Until new government Caribou action plans are completed in a manner consistent with CBFA proposed Caribou action plans for Phase 2 herds, FPAC Members implement, to the extent practicable without government approval, the	Month 17 and ongoing thereafter

Milestone	Completion Date
CBFA proposed Caribou action plans developed for Phase 2 Caribou herds (CBFA reference: Goal 3, Section 8(g)).	
7. Until new government Caribou action plans are completed in a manner consistent with CBFA proposed Caribou action plans for Phase 3 herds, FPAC Members implement, to the extent practicable without government approval, the CBFA proposed Caribou action plans developed for Phase 3 Caribou herds (CBFA reference: Goal 3, Section 8(g)).	Month 30 and ongoing thereafter
Goal 4 – Climate-Friendly Practices	
8. In areas where FPAC Members are harvesting primarily for biomass, FPAC member companies implement best practices for biomass harvesting in harvest plans (CBFA reference: Goal 4, Section 2(f)(iii)).	Month 18 and ongoing thereafter
Goal 5 – Industry Competitiveness	
9. FPAC, FPAC Members, and ENGOs develop and implement a strategy to secure the adoption by governments of the policies developed under Milestone 47.	Month 18 and ongoing thereafter
10. FPAC, FPAC Members, and ENGOs develop and implement a strategy to jointly advocate for and support policies and regulatory improvements and promote capital investment in forest sector technologies and equipment that produce both environmental improvements and economic benefits to companies, including current and new products and processes (CBFA reference: Goal 5, Section 2(b)).	Month 13 and ongoing thereafter
11. FPAC, FPAC Members, and ENGOs develop and implement a strategy to provide advice on emerging R&D priorities and investments to facilitate “green recovery” and forest sector competitiveness (CBFA reference: Goal 5, Section 2(c)).	Month 16 and ongoing thereafter
12. In a manner consistent with Goal 4, FPAC, FPAC Members, and ENGOs develop and implement a strategy to foster the integration of bioproducts and bioenergy within the traditional forest industry (CBFA reference: Goal 5, Section 2(d)).	Month 16 and ongoing thereafter
13. FPAC, FPAC Members, and ENGOs develop and implement a strategy to identify and act on opportunities to work with local secondary manufacturing to maximize, to the extent practicable, the degree of manufacturing that takes place within forest-dependent communities and surrounding regions (CBFA reference: Goal 5, Section 2(e)).	Month 24 and ongoing thereafter
14. FPAC, FPAC Members, and ENGOs develop and	Month 16 and ongoing

Milestone	Completion Date
implement a strategy to support the development of the non-timber forest products (NTFP) industry (CBFA reference: Goal 5, Section 2(f)).	thereafter
15. FPAC, FPAC Members, and ENGOs develop and implement a strategy to work together to facilitate capacity building and engagement of forest communities (CBFA reference: Goal 5, Section 2(g)).	Month 24 and ongoing thereafter
Goal 6 – Marketplace Recognition	
16. In any advocacy work and other communications expressing a preference for a particular forest certification program or its certified products, or commenting on other programs or products certified under other programs, where such advocacy or communications would objectively be viewed as pertaining exclusively to certified forest products from the Boreal (as opposed to elsewhere), ENGOs, FPAC, and FPAC Members expressly acknowledge forestry operations of FPAC Members in the Boreal as positive examples of Boreal Forest management (CBFA reference: Goal 6, Section 3(e)(i)).	Upon substantial completion of the ecological elements ³ of the CBFA and ongoing thereafter
17. In any advocacy work and other communications expressing a preference for a particular forest certification program or its certified products, or commenting on other programs or products certified under other programs, where such advocacy or communications would objectively be viewed as pertaining to certified forest products from the Boreal (as opposed to elsewhere), ENGOs, FPAC, and FPAC Members expressly acknowledge on-the-ground practices under the CBFA as being ecologically equivalent (or, where applicable, superior) to their preferred forest certification program (CBFA reference: Goal 6, Section 3(e)(ii)).	Upon substantial completion of the ecological elements of the CBFA and ongoing thereafter
18. ENGOs actively support products from the Boreal operations of FPAC Members as climate-friendly relative to substitute products in a manner consistent the joint life-cycle analysis (CBFA reference: Goal 6, Section 3(g)).	Upon FPAC, FPAC Members, and ENGOs finalizing a white paper on a life-cycle analysis of forest products from the Boreal as compared to other substitute products (see CBFA Goal 4, Section 2(c)), and FPAC Members assess the GHG footprint of their Boreal products (see Milestone 43 and Milestone 44) and ongoing thereafter

³ As per the definition of substantial completion of the ecological elements of the CBFA, substantial completion will be achieved upon completion of Milestones 17, 23, 25, 27, 32, 36, and 38.

Milestone	Completion Date
19. With the goal of identifying and securing new customers, where ENGOs are aware of a customer looking to further support conservation outcomes in the Boreal through their purchasing decisions, ENGOs will facilitate direct meetings between operator(s) and customer(s) (CBFA reference: Goal 6, Section 3(j)(ii)).	Upon full completion of the ecological elements of the CBFA and ongoing thereafter.
20. ENGOs communicate their recognition and support for forest products from the Boreal operations of FPAC Members as ecologically responsible sources of supply (CBFA reference: Goal 6, Section 3 (f) (iii)).	Upon substantial completion of the ecological elements of the CBFA and ongoing thereafter
21. FPAC and ENGOs implement the joint strategy and milestones for identifying and securing new customers in green market niches for products from the Boreal operations of FPAC Members.	Upon full implementation of the ecological elements of the CBFA and ongoing thereafter
22. A meaningful demonstrable increase in marketplace support for FPAC Members (e.g., strengthened customer relationships, increased market share) can be directly attributed to implementation of the CBFA.	Upon substantial completion of the ecological elements of the CBFA and ongoing thereafter