



Interfor Corporation, Coastal Woodlands Operations — 2018 SFI Surveillance Audit

From September 10-14, 2018 an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of Interfor Corporation (Interfor)'s Coastal Woodlands Operations and fibre procurement activities against the requirements of the 2015-2019 Sustainable Forestry Initiative® (SFI) forest management and fibre sourcing standards. This Certification Summary Report provides an overview of the process and KPMG's findings.

Description of Interfor Corporation's Coastal Woodlands Operations

Interfor Corporation's Coastal Woodlands Operations are located on the coast of British Columbia, and encompass a total area of 1.1 million hectares within the British Columbia Mainland Coastal Forests and Central Pacific Coastal Forests ecoregions. The company's SFI program is managed from Interfor's offices located in the communities of Campbell River, Sechelt, and Burnaby BC.

Interfor Corporation's coastal woodlands have a total AAC (allowable annual cut) of approximately 1.7 million m³/year. The 2018 audit found that the Company's forest harvesting continues to conform to the AAC applicable to these operations.

The woodlands operations that are included within the scope of the Company's SFI certification are covered by a sustainable forest management (SFM) plan that addresses the Objectives of the SFI forest management standard and includes a variety of targets in relation to them. In addition, government-approved forest stewardship plans that address both timber and non-timber values are also in place. Various higher level plans developed by government (e.g., the Great Bear Rainforest higher level plan, Land and Resource Management Plans, etc.) also provide direction to forest management within the areas managed by the organization.

The forests managed by the Company are predominantly coniferous, with the main commercial tree species being western red cedar, yellow cedar, western hemlock, amabilis fir, Douglas-fir, and Sitka spruce. The Company applies a forest management approach based on even-aged management with the retention of reserves of standing trees either within or adjacent to harvest areas. Ground-based, cable, and helicopter harvesting systems are employed. Harvested areas are planted with a mix of ecologically suited tree species and where appropriate natural regeneration is used, and competing vegetation is controlled through the use of government-approved chemical herbicides as well as mechanical means.

Description of Interfor Corporation's Manufacturing Facilities and Fibre Sourcing Program

The mills included within the scope of the Company's SFI fibre sourcing certification are:

- Acorn sawmill located in Delta, BC
- Hammond sawmill located in Maple Ridge, BC

Interfor Corporation's coastal operation sources fibre from coastal BC.

The Company's fiber sourcing needs vary between facilities. While the majority of fiber is sourced directly from the Company's own woodlands, approximately 30% is purchased from third parties. The large majority of wood purchases are from organizations (e.g., forest companies and B.C. Timber Sales) who hold their own SFM certifications, with a small percentage coming from uncertified lands. In addition, a



small portion of the Company’s fibre sourcing is obtained through purchase stumpage that is logged by Interfor Corporation contractors.

Interfor Corporation participates in the Western Canada SFI Implementation Committee (WCSIC) Purchase Wood Monitoring Program by completing risk assessments for all wood purchases and purchase wood inspections as necessary. The results are then collated by WCSIC (of which Interfor Corporation is a member) in order to identify trends in performance and opportunities for improvement.

Audit Scope

The audit was conducted against the requirements of the 2015-2019 edition of the SFI forest management and fibre sourcing standards, and incorporated an assessment against a sample of SFI objectives which are shown in Tables 1 and 2 of this report.

The scope of the 2018 SFI surveillance audit of Interfor Corporation’s woodlands operations included the company’s coastal woodlands, purchase wood sites on Vancouver Island, as well as visits to the company’s offices in Campbell River and Sechelt BC.

The Audit

- **Audit Team** – The audit was conducted by Yurgen Menninga, RPF, EP(EMSLA), and Dave Bebb, RPF, EP(EMSLA), both employees of KPMG PRI who have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **2018 SFI Surveillance Audit** – The audit involved an on-site assessment of elements of the Company’s SFI program, and included visits to several field sites (9 cutblocks, 10 roads, 7 silviculture sites, 2 camps/log sorts, and 3 wood procurement sites) to evaluate conformance with the requirements of the current SFI forest management and fibre sourcing standards. The audit took a total of 16.5 auditor days to complete, 10 days of which were spent on-site at the operations included in the audit sample. The balance of audit time was spent preparing the audit plan, completing an off-site review of selected Company documents and records and completing various audit checklists and preparing the main and public summary audit reports.
- **Multi-site Audit Sampling** – Interfor’s Coastal Woodlands holds a multi-site SFI certification covering the main forest management operations office located in Campbell River with a small field office in Sechelt, and the log purchase group based in Burnaby B.C. Visits were made to the Campbell River office for the forest management as well as fibre sourcing audit, and Sechelt office for the forest management audit. The Burnaby office was not visited, rather staff from that office travelled to the Campbell River office for interviews. The sample size is consistent with IAF requirements regarding audit sampling for multi-site certifications.
- **Interfor Corporation’s SFI Program Representative** – Joe LeBlanc, RPF, Senior Forester, served as the company’s SFI program representative during the audit.

Use of Substitute Indicators

The audit involved an assessment of conformance against the applicable objectives, performance measures and indicators included in the 2015-2019 version of the SFI forest management and fiber sourcing standards. None of the indicators included in the SFI standards were modified or substituted for the purpose of this audit.

Interfor Corporation, Coastal Woodlands Operations. SFI Surveillance Audit Findings

Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	0
New opportunities for improvement	1

Types of audit findings

Major non-conformities:

Are pervasive or critical to the achievement of the SFM Objectives.

Minor non-conformities:

Are isolated incidents that are non-critical to the achievement of SFM Objectives.

All non-conformities require the development of a corrective action plan within 30 days of the audit. Corrective action plans to address major non-conformities must be fully implemented by the operation within 3 months or certification cannot be achieved / maintained. Corrective action plans to address minor non-conformities must be fully implemented within 12 months.

Opportunities for Improvement:

Are not non-conformities but are comments on specific areas of the SFM System where improvements can be made.

Audit Objectives

The objectives of the audit were to evaluate the sustainable forest management system at Interfor Corporation — Coastal Woodlands Operation to:

- Determine conformance with the requirements of the SFI 2015-2019 forest management and fibre sourcing standards;
- Evaluate the ability of the system to ensure the company’s woodlands operations meet applicable regulatory requirements,
- Evaluate the effectiveness of the system in ensuring that Interfor Coastal Woodlands Operations meets its specified SFM objectives, and
- Where applicable, identify opportunities for improvement.

These objectives were met.

SFI Audit Evidence

Primary sources of evidence assessed to determine conformity with the SFI 2015-2019 forest management and fibre sourcing standards are presented in the following tables.

Table 1: Evidence of Conformity with the SFI 2015-2019 Forest Management Standard

SFI Forest Management Objective	Key Evidence of Conformity
1. Forest Management Planning	Not in scope for the 2018 audit
2. Forest Health and Productivity	Site plans, silviculture reports, company monitoring inspection reports, field inspections.
3. Protection and Maintenance of Water Resources	Not in scope for the 2018 audit
4. Conservation of Biological Diversity	Not in scope for the 2018 audit
5. Management of Visual Quality and Recreational Benefits	Sustainable forest management plan, Forest Stewardship Plan (FSP), harvest plans, field inspections.
6. Protection of Special Sites	Not in scope for the 2018 audit
7. Efficient Use of Fibre Resources	Not in scope for the 2018 audit
8. Recognize and Respect Indigenous Peoples Rights	Not in scope for the 2018 audit
9. Legal and Regulatory Compliance	Forest management plan, compliance records, health & safety policy, field inspections.



On the company’s own forest management operations the audit visited ten road construction sites, such as the bridge installation shown in the top photo, and seven silviculture sites, such as the block shown in the bottom photo which had a free-growing survey completed by the Company. The audit confirmed conformance to the regulatory as well as company requirements.

Table 1 continued:

10. Forestry Research, Science and Technology	Sustainable forest management plan, records of research projects and funding, staff interviews.
11. Training and Education	Not in scope for the 2018 audit
12. Community Involvement and Landowner Outreach	Sustainable forest management plan, SFI implementation committee (SIC) minutes & resources, community and landowner outreach records, staff interviews.
13. Public Land Management Responsibilities	Not in scope for the 2018 audit
14. Communications and Public Reporting	Not in scope for the 2018 audit
15. Management Review and Continual Improvement	Forest management plan, management review records, internal audit and related action plans.

Table 2: Evidence of Conformity with the SFI 2015-2019 Fibre Sourcing Standard

SFI Fibre Sourcing Objective #	Key Evidence of Conformity
1. Biodiversity in Fibre Sourcing	Not in scope for the 2018 audit
2. Adherence to Best Management Practices	Fibre sourcing policy, written fibre sourcing agreements, records of implementation of the Best Management Practices monitoring system, inspection of a sample of
3. Use of Qualified Resource and Qualified Logging Professionals	Not in scope for the 2018 audit
4. Legal and Regulatory Compliance	Inspection of a sample of procurement sites, inspection records, supplier records.
5. Forestry Research, Science and Technology	Records of research projects and funding, staff interviews.
6. Training and Education	Not in scope for the 2018 audit
7. Community Involvement and Landowner Outreach	Not in scope for the 2018 audit
8. Public Land Management Responsibilities	Not in scope for the 2018 audit



The audit included site visits to three fibre sourcing sites, including those in the fore-ground and middle-ground of the photo, from where Interfor had purchased logs from a third party. Company staff had completed site inspections as part of the company’s fibre sourcing Best Management Practices audits.

Table 2 continued:

9. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
10. Management Review and Continual Improvement	Management review records, internal audit and related action plans.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas	N/A – applies to sources outside of Canada/ USA
12. Avoidance of Controversial Sources Including Illegal Logging	N/A – applies to sources outside of Canada/ USA
13. Avoidance of Controversial Sources Including Fibre Sourced from Areas without Effective Social Laws	N/A – applies to sources outside of Canada/ USA

Good Practices

A number of good practices were identified during the course of the audit. Examples included:

- SFI Forest Management Objective 1 (Forest Management Planning) - One of the company operating areas visited was found to have multiple values & constraints that were managed through the planning, road construction, and harvesting process. The block site plans and supporting assessments (such as archaeological, terrain stability, visual impact, among others) were found to be very thorough and well documented.
- SFI Forest Management Objective 2 (Forest Productivity) - Inspection of a sample of silviculture field sites noted timely reforestation, within 1 year of completion of harvest, with a good mix of preferred and acceptable tree species.
- SFI Forest Management Objective 2 (Forest Productivity) - Inspection of a sample of harvest blocks with recently completed harvesting found the contractor had done a very good job of deactivating the roads, through culvert removal, cross-ditch installation, frequent use of waterbars to help control erosion of the road surface, etc.
- SFI Forest Management Objective 13 (Public Land Management Responsibilities) - The company is an active member of the Discovery Islands Tourism - Forestry Working Group, which is made up of forestry industry, recreation & tourism companies, First Nations, and Chamber of commerce members. Working with the group is a proactive means of providing an understanding and getting feedback on planned harvesting and road construction operations. As well the group maintains a website with an interactive map showing planned cutblocks, the proponent, as well as associated contact info if any member of the group, or public, has comments or concerns.

Follow-up on Findings from Previous Audits

At the time of this assessment there was one open non-conformity from previous external SFI audits. The audit team reviewed the status of the action plans that were developed by the Company to address these previous audit findings and concluded that they: (1) had been implemented as required, and (2) were effective in addressing the root cause of these non-conformities. As a result, all of the previously identified non-conformities have now been closed.

Areas of Nonconformance

No new non-conformities were identified.

Opportunities for Improvement

The following new opportunity for improvement was identified during the audit:

- SFI Forest Management Objective 2 (Forest Productivity) – The audit found that while in the bulk of cases spill response equipment was in conformance with the company requirements, some minor gaps were noted, such as one pickup truck carrying a portable fuel tank not having a fire extinguisher, and another not having a spill kit.

Audit Conclusions

The audit found that the Interfor Corporation's coastal woodlands operation's sustainable forest management system and fibre sourcing program:

- Were in full conformance with the requirements of the SFI 2015-2019 forest management and fibre sourcing standards included within the scope of the audit, except where noted otherwise in this report;
- Have been effectively implemented, and;
- Are sufficient to systematically meet the commitments included within the organization's environmental and SFM policies, provided that the systems continues to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that Interfor Corporation's coastal woodlands operation continue to be certified to the SFI 2015-2019 forest management and fibre sourcing standards.

Corrective Action Plans

Not applicable—as no non-conformities were identified, no action plans are required.

Focus Areas for the Next Audit Visit

The following issue has been identified as a focus area for the next audit visit:

- Continued progress towards the completion of priority Landscape Reserve Designs, which lay out the areas of planned harvest along with areas of no-harvest and connectivity corridors, in the Great Bear Rainforest Order area on the B.C. coastal mainland.

Contacts:

Chris Ridley-Thomas, RPBio, EP(EMSLA) (604) 691-3088
David Bebb, RPF, EP(EMSLA) (604) 691-3451

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