

# REPORT Forest Certification



## Interfor Corporation—Interior Woodlands Operations 2020 SFI Surveillance Audit

In July 2020 an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of Interfor Corporation (Interfor)'s Interior Woodlands operations and fiber procurement activities against the requirements of the 2015-2019 Sustainable Forestry Initiative® (SFI) forest management and fiber sourcing standards. This Certification Summary Report provides an overview of the process and KPMG's findings.

### Description of Interfor's Interior Woodlands Operations

Interfor's Interior Woodlands operations are located in the vicinity of three communities in the southern interior of British Columbia and encompass a total area of approximately 1.3 million hectares of Crown land. Interfor's Interior Woodlands Operations include the following:

- Adams Lake Woodlands, which is geographically located in the southern interior of the Province of British Columbia in the Adams Lake and Thompson geographic areas, with the nearest community being the village of Chase. Tenures managed by the operation are Forest Licences A18688, A18693, A74910, A93799, A93800 and Tree Farm Licence (TFL) #18.
- Grand Forks Woodlands, which is located in the Boundary region of the province immediately adjacent to the Canada-USA border. Tenures managed by the operation are Forest Licence A18969 and TFL #8.
- Castlegar Woodlands, which is located along the Arrow Lakes and is headquartered in the community of Castlegar. The operation manages Forest Licences A20192, A94220, TFL #3, and TFL #23.

Interfor's Interior Woodlands have a total AAC (allowable annual cut) of approximately 1.76 million m<sup>3</sup>/year. Harvest volumes are reported to government and tracked monthly by Interfor. Interfor Interior's harvest levels are balanced over the five year cut control period for each licence and well within sustainable levels.

The woodlands operations that are included within the scope of the Company's SFI certification are covered by a multi-site 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. Government-approved forest stewardship plans (FSPs) that address both timber and non-timber values are in place for each division. In addition, each of the TFLs has a Management Plan (MP) which outlines the management objectives, resource information and inventory data used to support proposed harvest levels which are approved by Government. Various higher level plans developed by government (e.g., Land and Resource Management Plans) also provide direction to forest management within the areas managed by the organization.

The areas covered by Interfor's Interior Woodlands' SFI certification fall within the following WWF (World Wildlife Fund) ecoregions: (1) Cascade Mountains Leeward Forests, (2) Fraser Plateau and Basin Complex, (3) North Central Rockies Forests, and (4) Okanagan Dry Forests with the majority of the stands located in the following biogeoclimatic zones:

- Interior Cedar Hemlock (ICH)
- Montane Spruce (MS)
- Engelmann Spruce-Subalpine Fir (ESSF)
- Interior Douglas-fir (IDF)
- Sub-Boreal Spruce (SBS)

The forests managed by the Company are predominantly coniferous with the main commercial tree species harvested being lodgepole pine, Douglas-fir, spruce, western red cedar and subalpine fir. Because of the stand compositions and uniform ages, the forest management approach employed by the Company is predominantly even-aged management: clearcut harvesting with the retention of reserves of standing trees either



within or adjacent to harvest areas, replanting of harvest areas within a few years with a mix of ecologically suited tree species using government-approved stocking standards and control of competing vegetation through the use of mechanical means.

### Description of Interfor’s Interior Manufacturing Facilities and Fiber Sourcing Program

The mills included within the scope of the Company’s SFI fiber sourcing certification are:

- Adams Lake Lumber sawmill
- Grand Forks sawmill
- Castlegar sawmill

The Company’s fiber sourcing needs vary between facilities. While the majority of fiber is sourced directly from the Company’s own woodlands, approximately 40% is purchased from third parties. Interfor’s Interior Woodlands sources fiber from other organizations (forest companies and B.C. Timber Sales) who hold their own SFM certifications, with a small percentage coming from uncertified private land or woodlots. In addition, a small portion of the Company’s fiber sourcing is obtained through purchase stumpage that is logged by Interfor’s Interior Woodlands contractors under the Company’s environmental management system. All wood is sourced from within the Southern Interior of British Columbia; primarily in the Thompson Rivers, Okanagan-Shuswap and Selkirk Natural Resource Districts.

Interfor’s Interior Woodlands participates in the WCSIC (Western Canada SFI Implementation Committee) 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’s Interior Woodlands is a member) in order to identify trends in performance and opportunities for improvement.

### Audit Scope

As a result of the COVID-19 pandemic, the 2020 audit was conducted remotely. Interfor’s existing SFI Forest Management and Fiber Sourcing certificates were originally due to expire in 2020. Based on discussion between Interfor and KPMG PRI the certificates were extended to 2021 and an additional surveillance audit was conducted in 2020 rather than a recertification audit. This should allow for the recertification audit to include a full field assessment when it is conducted, which was not possible in 2020. As a result of this change in the certification strategy, the 2020 remote surveillance audit covered priority performance measures and indicators under each of the SFI program objectives. The performance measures and indicators assessed are identified in the tables on the following pages.

The scope of the 2020 SFI surveillance audit of Interfor’s Interior Woodlands operations included two of the woodlands operations: Adams Lake and Grand Forks, as well as fiber procurement activities for the company’s Adams Lake and Grand Forks sawmills.

### The Audit

- **Audit Team** – The audit was conducted by Sylvi Holmsen, RPF, EP(EMSLA). Sylvi is an employee of KPMG PRI and has conducted numerous forest management and fiber sourcing audits under a variety of standards including SFI, FSC, and CSA Z809.
- **2020 SFI Surveillance Audit** – The audit involved a remote assessment consistent with the IAF ID3 guidance for extraordinary events and IAF MD4 use of information and communication technology. The audit assessed selected elements of the Company’s SFI program, and included review of records related to a sample of field sites (10 roads, 15 cutblocks, 9 silviculture sites and 15 wood procurement sites) and

<b>Interfor Interior Woodlands 2019 SFI Surveillance Audit Findings</b>	
Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	1
New opportunities for improvement	3

**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.

Major non-conformities must be addressed immediately or certification cannot be achieved / maintained.

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

interviews with staff to evaluate conformance with the requirements of the current SFI forest management and fiber sourcing standards. The audit took a total of 13.25 auditor days to complete, eight days of which were spent on an extended document review and remote audit of the operations included in the audit sample. The balance of audit time was spent preparing the audit plan, completing various audit checklists and preparing the main and public summary audit reports.

- **Multi-site Audit Sampling** – Interfor Corporation, Interior Woodlands Operations holds a multi-site SFI certificate covering a total of three woodlands divisions and associated fiber sourcing activities. The remote audit assessed records and practices at two out of three divisions (divisions Adams Lake and Grand Forks) during the course of the audit. This sample size is consistent with IAF requirements regarding audit sampling for multi-site certifications.
- **Interfor Interior Woodlands Operations SFI Program Representative** – Randy Waterous, RFT served as Interfor’s SFI program representative during the audit.

### Use of Substitute Indicators

The audit involved an assessment of conformance against a selection of priority performance measures and indicators for each of the objectives 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.

### Audit Objectives

The objective(s) of the audit were to evaluate the sustainable forest management system at Interfor’s Interior Woodlands to:

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

Interfor Interior Woodlands 2020 Audit Sample Size	
Roads	10
Bridges	4
Harvesting	15
Silviculture	9
Wood procurement	15



Interfor manages the woodlands in the Company’s operating areas to accommodate habitat needs for a wide variety of wildlife that inhabit the forest.

In the Grand Forks area, Interfor is participating in a mule deer study that is using remote cameras to record the presence of mule deer and other wildlife, including predators and competing ungulates such as elk, at various sites in the study area.



## Evidence of Conformity with the SFI 2015-2019 Forest Management and Fiber Sourcing Standards

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

SFI Forest Management Objective	Key Evidence of Conformity
1. Forest Management Planning	PM 1.1—Forest Stewardship Plans (FSPs), Management Plans (MPs), land use plans, cut control reports, Timber Supply Analysis.
2. Forest Health and Productivity	PM 2.1—Ecosystem classification, FSPs, site plans (SP), silviculture reports, CENGEA reports.
3. Protection and Maintenance of Water Resources	PM 3.1 and 3.2—Review of site plans & harvest plans; under the FSP through riparian management measures, Environmental Management System (EMS), standard operating procedures (SOP), pre-work records, inspection records, bridge and road inspection program and records, CP, SPs, MPs
4. Conservation of Biological Diversity	PM 4.1 and 4.2—Higher level plans, FSPs, Landscape Unit Plans, site plans; associated Timber Supply Review (TSR), EMS Handbook, field inspections, wildlife management strategies, species at risk lists and information, CENGEA reports, GAR orders, general wildlife measures, CP, SPs, noxious weed management plan, Boundary Weed Committee, invasive plant committee.
5. Management of Visual Quality and Recreational Benefits	PM 5.2—SPs, CENGEA reports
6. Protection of Special Sites	PM 6.1—Higher level plans, FSPs, harvest & site plans, special site inspections, archeological assessments, SP.
7. Efficient Use of Fiber Resources	PM 7.1—Waste billing reports, EMS inspections.
8. Recognize and Respect Indigenous Peoples Rights	PM 8.2—Records of consultation with local First Nations, interviews with Company staff.
9. Legal and Regulatory Compliance	PM 9.1—EMS manual, SOPs, pre-work, inspection records, regulatory compliance reports, incident reports and action plans
10. Forestry Research, Science and Technology	PM 10.1—Records of research projects and funding, staff interviews
11. Training and Education	PM 11.1—EMS Handbook, training records, interviews with staff.
12. Community Involvement and Landowner Outreach	PM 12.2—List of education and outreach events, staff interviews.



Interfor Interior Woodlands operations planted over 7.8 million seedlings encompassing nine species in 2019. Prior to the start of planting, the planting crews have a prework to discuss site specific information such as safety hazards and the planting prescription.



When Interfor builds forest roads, crossings on fish-bearing stream are designed to maintain fish habitat and ensure fish passage. This arch culvert has an open bottom, that maintains the original stream bed. Other design elements, such as the retaining wall and rock placed adjacent to the creek help prevent sediment from washing off the road surface and fill slopes and entering the creek.

### Evidence of Conformity with the SFI 2015-2019 Forest Management and Fiber Sourcing Standards (cont'd)

SFI Forest Management Objective	Key Evidence of Conformity
13. Public Land Management Responsibilities	PM 13.1—Stakeholder consultation records, FSPs, MPs, and associated referral process, site plans, referral of site plans to First Nations, water users, ranchers and local property owners, staff interviews.
14. Communications and Public Reporting	PM 14.2—Annual report to SFI Inc.
15. Management Review and Continual Improvement	PM 15.1—Management review records, internal audit and related action plans.

SFI Fiber Sourcing Objective #	Key Evidence of Conformity
1. Biodiversity in Fiber Sourcing	PM 1.1—Higher level plans, SFM Plan, FSPs, Landscape Unit Plans, site plans; and associated Timber Supply Review (TSR), species at risk lists and information, GAR orders, general wildlife measures, Boundary Weed Committee, invasive plant committee, Wood Producer Information Package, interviews with procurement staff.
2. Adherence to Best Management Practices	PM 2.2—Wood Producer Information Package, which includes fibre sourcing policy, and records of its distribution to wood producers, Log Purchase Agreements, records of implementation of the BMP monitoring system, interviews with procurement staff.
3. Use of Qualified Resource and Qualified Logging Professionals	PM 3.1—Wood Producer Information Package List of Qualified Resource and Logging Professionals included in the Wood Producer Information Package, records of proportion of fibre delivered by source, interviews with procurement staff.
4. Legal and Regulatory Compliance	PM 4.1—Company policies regarding regulatory compliance, procedures to ensure compliance with applicable regulatory requirements, purchase wood inspections, interviews with staff.
5. Forestry Research, Science and Technology	PM 5.1—WCSIC meetings, records of research projects and funding, staff interviews.
6. Training and Education	PM 6.1—EMS Handbook, training records, Wood Producer Information Package, log procurement policy, risk assessment, interviews with staff.



Interfor purchases fiber from a variety of sources such as other licencees and private land. In one case, on a sale purchased from BC Timber Sales, Interfor worked with the logging contractor and a geotechnical engineer to revise the harvest system for the timber sale licence (TSL). The TSL was originally layed out for a cable harvest system, but Interfor, the contractor and the engineer were able to develop a plan that allowed the entire block to be harvested using the Tractionline system to tether an excavator for hoe-chucking. This ensured crew safety and managed for low site disturbance on the steeper slopes.

### Evidence of Conformity with the SFI 2015-2019 Forest Management and Fiber Sourcing Standards (cont'd)

SFI Fiber Sourcing Objective #	Key Evidence of Conformity
7. Community Involvement and Landowner Outreach	PM 7.2—SFMP, FSPs, stakeholder consultation record, wood procurement program, contracts, Wood Producer Information Package distribution, risk assessment, inspection results, staff interviews.
8. Public Land Management Responsibilities	PM 8.1—Higher level plans, FSPs, MPs, and associated referral processes; site plans, referral of site plans to stakeholders, procurement staff interviews.
9. Communications and Public Reporting	PM 9.1 and 9.2—Certification summary report, annual report to SFI Inc.
10. Management Review and Continual Improvement	PM 10.1—Management review records, internal audit and related action plans.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas	NA. No fiber is sourced from outside North America.
12. Avoidance of Controversial Sources Including Illegal Logging	NA. No fiber is sourced from outside North America.
13. Avoidance of Controversial Sources Including Fiber Sourced from Areas without Effective Social Laws	NA. No fiber is sourced from outside North America.



As part of the company’s environmental management system, the company carries out emergency response training and drills with employees and contractors. Above, Interfor employees take part in a fire drill.

### Good Practices

A number of good practices were identified during the course of the audit, including:

- SFI forest management objective 3 (protection and maintenance of water resources): Interfor has recently developed a watershed risk management framework to identify, assess and document the potential for impacts to water quantity and quality.
- SFI forest management objectives 1 (forest management): The access management planning initiative at Adams Lake will provide a more structured approach to developing and maintaining access as need for operations and to meet environmental and forest management objectives.
- SFI forest management objective 8 (Indigenous Peoples): The Interfor First Nations Partnerships – Objectives and Guiding Principles document provides a structure to Interfor’s commitment to building constructive relationships with First Nations.

## Follow-up on Findings from Previous Audits

At the time of this assessment there were 2 open non-conformities from previous Interfor Interior Woodlands external SFI audits. The audit team reviewed the status of the action plans that were developed by the Company to address the previous audit findings and concluded that they: (1) had been substantially implemented as required, and (2) were substantially addressing the root cause(s) of the non-conformities. As a result, the previously identified non-conformities were downgraded to opportunities for improvement.

## Areas of Nonconformance

A total of 1 minor non-conformity was identified during the 2020 SFI surveillance audit of Interfor's Interior Woodlands forest management and fiber sourcing operations, as follows:

- SFI Fiber Sourcing Standard performance measure 2.2 requires the organization to monitor the use of best management practices. Interfor has implemented a risk assessment process that drives inspections of procurement sites and this information is tracked in the Purchase Wood Tracker. Review of the tracking spreadsheets and a sample of wood purchases during the audit identified a non-conformity with the inspection requirements. Two timbermarks had been risk rated and identified as requiring inspections. However, inspections have not yet been completed on either purchase. (Adams Lake).

## Opportunities for Improvement

A total of 3 new opportunities for improvement were also identified during the audit, as follows:

- SFI Forest Management Objective 9 (legal and regulatory compliance) – The audit identified an opportunity to improve the implementation of the inspection process for winter harvest blocks. For winter operations, the final inspection is completed once the site is snow-free in the spring. Review of a sample of pre-work and inspection records during the remote audit noted that this leaves a possible gap in the inspections and addressing risk items if there is no interim inspection completed at the time operations cease.
- SFI Forest Management Objective 9 (legal and regulatory compliance) – The audit identified an opportunity to improve the documentation of the Contractor Fuel Handling Checklists. There is room in the checklist for adding comments which could provide context to the inspection, such as recording the number and type of fuel tanks inspected. However, few of the checklists reviewed during the audit had comments included.
- SFI Fiber Sourcing Objectives 2 (biodiversity) – Review of the purchase wood tracking spreadsheets during the audit identified the following opportunities to improve the risk assessment and inspection process for fiber sourcing:
  - i) The risk assessment sets a threshold of 1,000m<sup>3</sup> for purchases from private unmanaged forest land. Below this threshold, the purchases has a lower risk value. As a result, in most cases inspections would not be required as the fiber sourcing risk would typically rank out as low or medium. If actual fiber delivered is greater than 1,000m<sup>3</sup>, the risk could be pushed to a higher classification which would mean that the site should be considered for an inspection. However, there isn't a clear mechanism to flag these purchases for follow up.
  - ii) In some cases, a risk assessment is completed and identifies a requirement to complete an inspection. However, the volume of wood delivered to the mill ends up being less than the 1,000m<sup>3</sup> threshold, so no inspection is completed.



Interfor operates in a variety of terrain conditions. Many blocks are on steep slopes necessitating the use of cable harvesting systems. Interfor and the company's logging contractors have been trying a variety of new systems and equipment on steeper slopes such as the steep slope forwarder above and the tractionline machine and tilt feller buncher system below. The Tractionline machine is used to tether the feller buncher to allow it to work on the steeper slopes safely. Other advantages over cable harvesting systems include the ability to retain more trees contributing to visual quality and biodiversity objectives.



## Audit Conclusions

The audit found that the Interfor Interior Operations' sustainable forest management system and fiber sourcing program:

- Were in full conformance with the requirements of the SFI 2015-2019 forest management and fiber 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 continue to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that Interfor's Interior Woodlands operations continue to be certified to the SFI 2015-2019 forest management and fiber sourcing standards.

## Corrective Action Plans

Corrective action plans designed to address the root cause(s) of the 1 minor non-conformity identified during the audit have been developed by Interfor's Interior Woodlands operations and reviewed and approved by KPMG PRI. The next audit will include a follow-up assessment of these issues to confirm that the corrective action plans developed to address them have been implemented as required.

## Focus Areas for the Next Audit Visit

The following issues/potential concerns have been identified as focus areas for the next audit visit:

- Implementation of the action plans developed by Interfor's Interior Woodlands operations to address all open audit findings identified during previous external audits.
- Silviculture activities and records.
- Implementation of new Forest Stewardship Plans.
- Follow up on the use of steep ground, tethered harvesting systems, with a focus on fire hazard abatement and site preparation. (Adams Lake)



In addition to managing the company's forest lands, the company also provides forest management assistance to local First Nations, such as thinning stands on the Little Shuswap Indian Band woodlot licence.

### Contacts:

Chris Ridley-Thomas, RPBio, EP(EMSLA) 604-691-3088  
 Sylvi Holmsen, RPF, EP(EMSLA) 604-691-3431

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