



Forest Certification REPORT



Interfor Corporation, Coastal Woodlands Operations — 2020 SFI Surveillance Audit

From August 24-26, 2020 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 2020 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 Order, 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 Company's SFI fibre sourcing certification applies to the Interfor Acorn sawmill located in Delta, BC. 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 participates in the Western Canada SFI Implementation Committee (WCSIC) Purchase Wood Monitoring Program by completing risk assessments for all wood



purchases and completes purchase wood inspections as necessary. The results are then collated by WCSIC (of which Interfor is a member) in order to identify trends in performance and opportunities for improvement.

Audit Scope

As a result of restrictions in accessing field sites during the COVID-19 pandemic a fully remote audit was conducted in 2020. Interfor's existing SFI certificate was due to expire in October 2020, requiring a full recertification audit in 2020. Rather than conduct a fully remote re-certification audit, KPMG and Interfor agreed to extend the existing SFI certificate by 12 months and conduct an additional surveillance audit in 2020 in the hope that this would allow for a full field audit in 2021 to better support the recertification process.

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 2020 SFI surveillance audit of Interfor Corporation's Coastal Woodlands operations included the company's coastal woodland tenures, as well as the purchase wood program.

The Audit

- **Audit Team** – The audit was conducted by KPMG PRI employees Yurgen Menninga, RPF, EP(EMSLA), and Orrin Quinn, RPF, MBA. Both have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **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 (30 cutblocks with associated roads, 12 wood purchases) to evaluate conformance with the requirements of the current SFI forest management and fibre sourcing standards. The audit took a total of 13 auditor days to complete, including audit planning, document reviews, interviews, and completing 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. The remote audit assessed records and practices related to all three Interfor locations.
- **Interfor Corporation's SFI Program Representative** – Kai Sonnenburg, RPF, Area 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.

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	Harvesting records, government cut control records, interviews with staff.
2. Forest Health and Productivity	Not in scope for the 2020 audit
3. Protection and Maintenance of Water Resources	Not in scope for the 2020 audit
4. Conservation of Biological Diversity	Not in scope for the 2020 audit
5. Management of Visual Quality and Recreational Benefits	Sustainable forest management plan, Forest Stewardship Plan (FSP), harvest plans, simulated harvest modelling, interviews with staff, company inspection records.
6. Protection of Special Sites	Not in scope for the 2020 audit
7. Efficient Use of Fibre Resources	Waste reports, survey results, interviews with staff, staff inspections.
8. Recognize and Respect Indigenous Peoples Rights	Not in scope for the 2020 audit
9. Legal and Regulatory Compliance	Forest management plan, compliance records, health & safety policy, company inspection records, interviews with staff.
10. Forestry Research, Science and Technology	Not in scope for the 2020 audit
11. Training and Education	Not in scope for the 2020 audit
12. Community Involvement and Landowner Outreach	Not in scope for the 2020 audit
13. Public Land Management Responsibilities	Records of public land planning processes, FSPs and associated referral process, site plans, records of plan referrals to local stakeholders, staff interviews.
14. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
15. Management Review and Continual Improvement	Forest management plan, management review records, interviews with staff, internal audit and related action plans.



An example of the steep terrain Interfor operates on is shown on the background of this photo. On such topography the company has a Professional Geologist perform a terrain stability field assessment. The assessment may recommend specific methodology to reduce the risk of slope instability, such as road construction techniques, helicopter logging rather than conventional logging, or to not harvest an area at all.

During the 2020 audit a sample of terrain assessments were reviewed, and the recommendations were found to have been included in harvesting and road construction plans. As well, company inspection records demonstrated the prescriptions were verified to have been implemented as prescribed.

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 2020 audit
2. Adherence to Best Management Practices	Fibre sourcing policy, written fibre sourcing agreements, records of implementation of the BMP monitoring system, company inspection records, interviews with staff.
3. Use of Qualified Resource and Qualified Logging Professionals	Not in scope for the 2020 audit
4. Legal and Regulatory Compliance	Inspection records, supplier records interviews with staff,.
5. Forestry Research, Science and Technology	Not in scope for the 2020 audit
6. Training and Education	Not in scope for the 2020 audit
7. Community Involvement and Landowner Outreach	Not in scope for the 2020 audit
8. Public Land Management Responsibilities	Records of public land planning processes, FSPs and associated referral process, site plans, records of plan referrals to local stakeholders, staff interviews.
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, interviews with staff.
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

**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	1
New opportunities for improvement	4

Good Practices

The following good practice was identified during the course of the audit:

- SFI Forest Management Objective 13 (Public Land Management Responsibilities): Interfor has been leading the Landscape Reserve Design (LRD) process for several landscape units in the Great Bear Rainforest South Timber Supply Area. The LRD Fact Sheet is provided to stakeholders showing the proposed designs, and was found to be well designed for a range of audiences. It provides general information on the objectives and targets that the reserves need to meet by seral stage & ecosystem, an overview map of proposed reserves/ harvestable areas, and habitat & resource values captured by the LRD. It gives stakeholders a good overview of how the targets are proposed to be met, and where the reserves are proposed to be located.

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 the previous audit finding and concluded that they: (1) had been substantially implemented as required, and (2) were adequately addressing the root cause(s) of the non-conformity. As a result the previously identified non-conformity is now closed.

Areas of Nonconformance

The following new minor non conformity was identified during the audit:

- SFI Forest Management Objective 9 (regulatory requirements) – Interfor has various processes in place to ensure regulatory requirements are met, examples of which include (1) pre-work documents where block-specific requirements are communicated to harvest contractors, and (2) checklists for road planning and design to document that applicable regulatory requirements are incorporated.

For the sample of files reviewed the audit found that generally the prework documents and road planning and design checklists were completed, however in six cases they could not be provided.

Opportunities for Improvement

The following opportunities for improvement were identified during the audit:

- SFI Forest Management Objective 5 (visual quality) – The audit noted some outdated references in an internal guidance document for managing the visual impact of harvesting.
- SFI Forest Management Objective 9 (regulatory conformance) – On some of the harvesting maps it was noted that text and symbols overlaying each other made the maps difficult to read. For example, on one map hatching representing landslide potential overlapped in places with other similarly coloured hatching showing areas prescribed for windfirming treatment. On another map the hatching for landslide potential overlapped with falling corner numbers which fallers use to reference their location when falling trees in the block. The obscuring on maps introduces a risk that the plan will not be implemented as prescribed—such as a windfirming area not being treated, or fallers misunderstanding their location when falling.

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.

- SFI Forest Management Objective 9 (regulatory conformance) – The audit noted that for some blocks the final inspections were not filed in a timely manner, which introduces the risk they may be lost, or the responsible person moves on and records are not retrievable.
- SFI Forest Management Objective 9 (regulatory conformance) – Through the audit various personnel noted that there are many checklists and signoffs to be completed, that some may be unnecessarily redundant/duplicated, and that it was not always clear which ones are optional versus mandatory. The EMS could benefit from an overview to assess this and make the layout and structure more concise.

Audit Conclusions

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

- Was 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;
- Has been effectively implemented, and;
- Is 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

Corrective action plans designed to address the root cause(s) of the non-conformity identified during the audit have been developed by Interfor, 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 items have been identified as focus areas for the next audit visit:

- Blocks sold as standing timer, under which the Interfor EMS still applies and is monitored by Interfor staff.
- Full implementation of the electronic field forms used for preworks, inspections, action tracking, etc.

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