

# REPORT Forest Certification



## Interfor Corporation - Interior Woodlands Operations 2022 SFI Surveillance Audit

In July, 2022 an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of Interfor Corporation ("Interfor" or "Company")'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 1.46 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 1.95 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 are within approved 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



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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 source 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 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

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 the SFI program objectives for:

- Protection and maintenance of water resources;
- Management of visual quality and recreation benefits;
- Efficient use of fibre resources;
- Legal and regulatory compliance;
- Community involvement and landowner outreach; and;
- Management review and continual improvement.

The scope of the 2022 SFI surveillance audit of Interfor's Interior Woodlands operations included two of the woodlands operations: Grand Forks and Castlegar, as well as fiber procurement activities for the company's Grand Forks and Castlegar sawmills.

### The Audit

- **Audit Team** – The audit was conducted by Lead Auditor Sylvi Holmsen, RPF, EP (EMSLA) and audit team member Shawn Ellsworth, RPF, EMS(LA). The audit team are all employees of KPMG PRI and have conducted numerous forest management and fiber sourcing audits under a variety of standards including SFI, FSC, and CSA Z809.
- **2022 SFI Surveillance Audit** – The audit assessed all elements of the Company's SFI program, and included on-site field work. The audit took a total of 15.75 auditor days to complete, 10.5 days of which were spent on an extended document review and on-site audit field reviews of the operations included in the audit sample. The

#### Interfor Interior Woodlands 2022 SFI Surveillance Audit Findings

Open nonconformities from previous audits	0
New major nonconformities	0
New minor nonconformities	0
New opportunities for improvement	3

#### Types of audit findings

##### Major nonconformities:

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

##### Minor nonconformities:

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

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

Major nonconformities must be addressed immediately or certification cannot be achieved / maintained.

##### Opportunities for Improvement:

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



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** – The remote audit assessed records and practices at two out of three divisions (divisions Grand Forks and Castlegar) 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

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.

## 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	Not in scope in 2022
2. Forest Health and Productivity	Not in scope in 2022
3. Protection and Maintenance of Water Resources	Field inspections of riparian/streams/roads, review of site plans & harvest plans; under the FSP through soil hazard ratings/disturbance limits and riparian management measures, Environmental Management System (EMS), regulatory agency inspections, standard operating procedures ("SOP"), pre-work records, inspection records, internal audit field inspections, cutting permits ("CPs"), site plans ("SPs"), Forest Stewardship Plans ("FSPs"), LRM
4. Conservation of Biological Diversity	Not in scope in 2022
5. Management of Visual Quality and Recreational Benefits	Higher level plans, sustainable forest management plans ("SFMP"), FSPs, CP, SP, LRM, field inspections, visual and green-up assessments, field audits and inspections
6. Protection of Special Sites	Not in scope in 2022

### Interfor Interior Woodlands 2022 Audit Sample Size

Roads and bridges	14
Harvesting	12
Silviculture	1
Wood procurement	3



The most common silviculture system at the Interfor Interior Woodlands operations is 'clearcut with reserves'. This may be retention of patches mature trees or individual trees dispersed across the block. Benefits include wildlife habitat and biodiversity. Reserved patches are strategically located to manage aesthetics and are often placed at locations that protect values such as special plants, cultural features, water or other forest values. Patches are also chosen to be representative of the harvested stand. Individual tree retention may target specific species and or diameter sizes of trees and is prescribed in the site plan and harvest plan.



## Evidence of Conformity with the SFI 2015-2019 Forest Management and Fiber Sourcing Standards Con't

SFI Forest Management Objective	Key Evidence of Conformity
7. Efficient Use of Fiber Resources	SFMP, waste reports, field inspections, field audits and inspections
8. Recognize and Respect Indigenous Peoples Rights	Not in scope in 2022
9. Legal and Regulatory Compliance	SFMP, inspection records, health & safety policy, field inspections, SOPs, pre-work, EMS manual, regulatory compliance reports, incident reports, SAFE certification, audit field inspections
10. Forestry Research, Science and Technology	Not in scope in 2022
11. Training and Education	Not in scope in 2022
12. Community Involvement and Landowner Outreach	SFMP, FSPs, WCSIC minutes & resources, stakeholder consultation records, contracts, staff interviews
13. Public Land Management Responsibilities	Not in scope in 2022
14. Communications and Public Reporting	Not in scope in 2022
15. Management Review and Continual Improvement	SFMP, management review records, internal audit and related action plans

SFI Fiber Sourcing Objective #	Key Evidence of Conformity
1. Biodiversity in Fiber Sourcing	Higher level plans, SFM Plan, FSPs, Landscape Unit Plans, site plans; and associated Timber Supply Review (TSR), species at risk lists and information, Government Action Regulation Orders ("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	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	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



In 2021, BC experienced a significant forest fire season which impacted some of Interfor Interior Woodlands' operating areas. In response to the fire damage, Interfor focused 2022 harvesting activities on these areas and worked with other companies to ensure the damaged timber can be utilized. Salvage logging also reduces safety risk to forest users by removing dead trees that can become hazardous and permits the areas to be reforested in a timely manner.

Where possible, individual trees were retained to provide some structural diversity on these blocks.



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

SFI Fiber Sourcing Objective #	Key Evidence of Conformity
4. Legal and Regulatory Compliance	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	WCSIC meetings, records of research projects and funding, staff interviews
6. Training and Education	EMS Handbook, training records, Wood Producer Information Package, log procurement policy, risk assessment, interviews with staff and contractors
7. Community Involvement and Landowner Outreach	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	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	Certification summary report, annual report to SFI Inc.
10. Management Review and Continual Improvement	SFMP, 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

## Good Practices

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

- SFI forest management objective 2 (forest health and productivity): Very good retention of dispersed trees on all blocks and, in particular, retention required for the implementation of Williamson's Sapsucker habitat prescriptions.
- SFI forest management objective 3 (protection and maintenance of water resources): Good implementation of the enhanced riparian protection recommendations to meet Penticton Indian Band's riparian protection objectives.
- SFI forest management objective 4 (conservation of biological diversity): Good efforts to retain clumps of soapberry (*Shepherdia canadensis*) during mechanical site preparation.



Williamson's Sapsucker has been identified as a red listed species in BC. It's breeding range in BC is located in the southern part of the province and prefers coniferous forests with standing dead trees or trees with existing cavities with a preference for Western Larch. In areas identified as within the range of the Williamson's Sapsucker, Interfor implements habitat prescriptions that include requirements for the retention of suitable nest trees and protection of trees with existing cavity nests, as well as retaining suitable foraging habitat such as sap trees and decaying logs and stumps that provide habitat for ants.



- SFI forest management objective 7 (efficient use of forest resources): Developing a log salvage plan with the Box Lake lumber mill to help them keep running and make efficient use of the burnt timber in the Nakusp area.
- SFI forest management objective 3 (protection and maintenance of water resources): To facilitate improvements in road management, the company has developed a YouTube video on good maintenance, deactivation and rehabilitation techniques.

### Follow-up on Findings from Previous Audits

At the time of this assessment there were no open nonconformities from previous Interfor Interior Woodlands external SFI audits.

### Areas of Nonconformance

No new nonconformities were identified during the SFI surveillance audit of the Interfor Interior woodlands and fibre sourcing operations.

### Opportunities for Improvement

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

- SFI Forest Management Objective 9 (legal and regulatory compliance) – The audit identified an opportunity to improve Interfor's inspection process to ensure that regulatory and safety requirements are met in relation to fire extinguishers and handling and transportation of fuel in truck box fuel tanks.
- SFI Forest Management Objective 2 (forest health and productivity) – While Interfor has an active program of inspection of harvesting operations, the audit identified an isolated opportunity to improve contractor awareness of block completion activity requirements related to piling brush and decompaction of temporary roads.
- SFI Fiber Sourcing Objective 2 (forest health and productivity) - The audit identified an opportunity to improve the communication of best management practices to suppliers. The field audit noted isolated weaknesses related to the piling of logging debris too close to standing trees and water control on road surfaces.

### 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



The field audit looked at a sample of recently installed bridges. Grass seeding stabilizes soils on cut and fill slopes, prevents ingress of invasive species and prevents the movement of sediment into water courses. Safety features include bridge delineators and well anchored curb logs.



Interfor's Interior Woodlands operations continue to be certified to the SFI 2015-2019 forest management and fiber sourcing standards.

### 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 action plans to address the audit findings.
- Conformance with the requirements of the SFI 2022 Forest Management and Fiber Sourcing Standards.
- Field inspection of log procurement focused on higher risk procurement sites.
- Field inspection of a sample of silviculture activities.



Interfor has contributed to efforts to support caribou recovery of the local Southern Mountain Central Selkirk subpopulation in the Arrow Lakes area of the West Kootenays. To protect young caribou calves from predation, the females are moved in the late winter to a maternity pen built by the Arrow Lakes Caribou Society in the Kuskanax Creek area. The caribou and their calves are released in July when the calves are six to eight weeks old. A key component of their winter diet is arboreal lichens, which they will browse from trees or dig through the snow to locate.

Interfor provided materials and in-kind support for the construction of the maternity pens and staff took part in the collection of lichen to help feed the captured cows.



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