

FSC® Controlled Wood (FSC-STD-40-005)

Public Summary Report

2023

Canadian Forest Products Ltd. (Kootenay Mills)



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FSC Certificate Registration Code:	KF-CW-001058
Date Certification was Issued: Certificate Expiry Date:	April 25, 2023 April 24, 2028
Type of Evaluation:	Surveillance A1
Evaluation Date(s):	August 8, 2023 to November 24, 2023
System to evaluate the Due Diligence System (DDS):	See Appendix 1



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Information about the DDS

Information about who has developed the DDS or elements of it, including whether the DDS was developed by an external party	The Due Diligence System was developed by the organization.
Information on the engagement of one or more experts in the development of control measures, if applicable	The organization did not engage experts in the development of control measures. Qualifications: Scope of service:
Description of any significant changes in the DDS	There have been no significant changes in the DDS since the previous report.
Timeline and circumstances of an extension for the period during which the organization shall adapt the DDS to approved FSC risk assessments, where applicable	Not applicable.

Procedure for filing complaints

Contact information of the organization's person or position responsible for addressing complaints	
Name:	Sara Cotter, RPF
Position:	FMS & Tenures Coordinator
Address:	5162 Northwood Pulp Mill Road, PO Box 9000 Prince George, BC, V2L 4W2
Phone:	T: 250-962-3500 F: 250-962-3582
E-mail:	Sara.Cotter@canfor.com
The company complaint procedure	<p>Complaint Process</p> <ul style="list-style-type: none"> ▪ Within two weeks of receiving the complaint provide an initial response that notifies the complainant/s that the complaint has been received and inform the complainant/s of the complaints procedure, ▪ Conduct a preliminary assessment to determine whether evidence provided in the complaint is or is not substantial, by assessing the evidence provided against the risk of damaging the value (FM certification) or using material from unacceptable sources (CW/CoC certification), ▪ Engage in dialogue with the complainant/s that aims to solve the complaint provided and assessed as being substantial before further action is taken, ▪ Canfor Corporation/Canfor Pulp Ltd. will forward all substantial complaints and complaints that have elevated into disputes to the certification body and FSC Canada within two weeks of receipt of the complaint along with information on the steps taken to resolve the complaint with a description of how a precautionary approach will be used,

	<ul style="list-style-type: none"> ▪ Employ a precautionary approach towards FM operations and continued sourcing of the relevant material while a complaint is pending, ▪ Investigate a complaint assessed as substantial within two months of its receipt and determine corrective actions to be taken by Canfor Corporation/suppliers and the means to implement and enforce the corrective action. If a corrective action cannot be determined and/or enforced operations at the site or relevant material and/or suppliers shall be excluded from the FSC-FM certified lands and/or the Canfor Corporation/Canfor Pulp Ltd. controlled wood supply chain, ▪ Conduct follow up verification to ensure corrective action has been taken by Canfor Corporation/suppliers and that it is effective, ▪ Exclude the relevant material/suppliers from the Canfor Corporation/Canfor Pulp Ltd. controlled wood supply chain if no corrective action has been taken, ▪ Notify the complainant, the certification body and FSC Canada of the results of the complaint and any actions taken to achieve resolution, ▪ Maintain records of correspondence, investigation evidence and all actions taken to resolve the complaint. <p>Where substantial opposition from Indigenous Peoples to Canfor Corporation/Canfor Pulp Ltd.'s activities is identified Canfor Corporation/Canfor Pulp Ltd. as the case may be will cease operations at the identified site and address the event following the complaint process outlined above.</p>
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Description of the DDS, including supplier structure for each participating site

Site Name	Exact number of suppliers	approximate or exact number of sub-suppliers	Supplier type	Average length of the non-FSC supply chain	Risk Assessment (risk of mixing material with non-eligible inputs in the supply chain(s) during transport, processing, and storage)
Elko Sawmill	32	0	Primary	1	Low
Radium Sawmill	32	0	Primary	1	Low
Skookumchuck Mobile Chipper	32	0	Primary	1	Low

A description of the supply area(s) and respective risk designation(s)

The following tables are grouped by identified areas with a homogeneous risk designation in the applicable risk assessment for each controlled wood category.

Country	Source Area	Controlled Wood Category	Risk Designation	Name FSC or Company Risk Assessment and assessment type
Canada	British Columbia (BC)	Category 1	Low risk	FSC National Risk Assessment For Canada FSC-NRA-CA V2-1
		Category 2	Specified risk	
		Category 3	Specified risk	
		Category 4	Specified risk	
		Category 5	Low risk	

Country	Source Area	Controlled Wood Category	Risk Designation	Name FSC or Company Risk Assessment and assessment type
Canada	Alberta (AB)	Category 1	Low risk	FSC National Risk Assessment For Canada FSC-NRA-CA V2-1
		Category 2	Specified risk	
		Category 3	Specified risk	
		Category 4	Specified risk	
		Category 5	Low risk	

For source areas not covered by a National Risk Assessment, the organization’s risk assessment is attached (excluding confidential information).

Control measures implemented by the organization for each indicator not designated as low risk in the applicable risk assessment

For each of the homogenous risk areas identified above, the implemented control measures:

Source areas	Specified risk indicator	Control Measure	Description of control measure
BC and AB	2.3	CM 1	Indigenous Peoples with legal and/or customary rights within the Forest Management Unit do not oppose the Forest Management Plan.
BC and AB	3.1	CM 8	Evidence demonstrates that forests in the sourcing area have a management plan that contributes to the recovery of woodland caribou critical habitat, as identified in the Federal Recovery Strategy. The management plan identifies and implements: a) Best Management Practices (BMPs) that reduce disturbance to and restore critical habitat* including, but not limited to: <ul style="list-style-type: none"> access management (e.g. road decommissioning, integrated access plans, restoration of linear features); or aggregate harvesting (i.e. harvest scheduling to minimize disturbance footprint). b) Harvest deferrals, set asides, and/or protection areas within areas of critical habitat*, where forest operations are not permitted. Rationale is provided as to how such actions will contribute to reducing the level of disturbance over time in critical habitat, in support of meeting the threshold requirements in the Federal Recovery Strategy.
BC and AB	3.2	CM 2	Evidence demonstrates that a minimum of 80% of the IFL is not threatened by forest management operations in the long-term. AND The cumulative impacts of forest harvesting will not reduce the IFL to below 50,000 ha.
BC and AB	3.2	CM 5	Forest operations do not reduce IFLs below 50,000ha, AND all meet applicable options below: a) For an IFL between 50,000ha and 62,500, cumulative impacts forest operations do not affect more than 10% of the IFL.

			<p>b) For an IFL between 62,501 and 75,000 ha, cumulative impacts forest operations do not affect more than 20% of the IFL.</p> <p>c) For an IFL between 75,001 and 200,000 ha, cumulative impacts forest operations do not affect more than 30% of the IFL.</p> <p>d) For an IFL between 200,001 and 500,000 ha, cumulative impacts forest operations do not affect more than 35% of the IFL.</p> <p>e) For an IFL larger than 500,001 ha, cumulative impacts forest operations do not affect more than 45% of the IFL.</p>
BC and AB	4.1	CM 1	Evidence demonstrates that supplied material does not originate from areas converted to non-forest.
BC and AB	4.1	CM 2	<p>Evidence demonstrates that supplied material originates from acceptable sources of conversion, including:</p> <ul style="list-style-type: none"> ▪ Conversion that results in conservation benefits (e.g. ecological restoration, species at risk protection), and ▪ Publicly approved changes in zoning within urban areas
BC and AB	4.1	CM 3	<p>The Organization demonstrates support for existing integrated land management processes designed to reduce the cumulative impact of changes to non-forest landscapes.</p> <ul style="list-style-type: none"> ▪ Documented support promoting integrated land management processes that aim to reduce the cumulative impact of conversion of forests to non-forest uses; ▪ Participation in integrated land management discussions; and ▪ Working within their sphere of influence to enact mitigation strategies designed to reduce the impact of conversion to non-forest uses.

Field verification performed by the organization as a control measure

The organization did not undertake field verification as a control measure.

Brief summary of findings from KPMG field verification(s)

Brief summary of findings from field verification(s)	KPMG interviewed suppliers and reviewed the origin and species, as well as harvesting in the field and did not find information demonstrating that the DDS CMs are not implemented, or that the requirements of FSC-STD-40-005 were not met.
Justification for the sampling rate applied in any type of field verification of the DDS	<ul style="list-style-type: none"> • If the Company has established field verification as a control measure, KPMG FCSI shall conduct field verification of a sample of supply units. • The number of control measures that the Company has identified in its DDS requiring field verification shall be identified for each type of risk. Refer to table below to determine the number of field verifications required in the sampling pool. • Supplier sampling should focus on high-risk suppliers, such as those supplying higher volumes and/or supplying from specified risk areas. • Field verification of suppliers includes either an assessment at the forest-of-origin or on-site verification of suppliers in the supply chain (such as the mill site and storage yards) including review of supply and origin records.

	<ul style="list-style-type: none"> An assessment of the Company’s supplier audit program will inform the sample size. A robust Company internal audit program may result in a lower number of supplier field verifications. 														
	<table border="1"> <thead> <tr> <th>Number of control measures established by Org. that include field verification</th> <th># of field verifications required</th> </tr> </thead> <tbody> <tr> <td>All clients with a CW Risk Assessment</td> <td>One</td> </tr> <tr> <td>One control measure</td> <td>Two</td> </tr> <tr> <td>Two control measures</td> <td>Three</td> </tr> <tr> <td>Three control measures</td> <td>Four</td> </tr> <tr> <td>Four control measures</td> <td>Five</td> </tr> <tr> <td>Five control measures and above</td> <td>Discuss scope with BU Leader or KPMG FCSI President to confirm mitigation of risk</td> </tr> </tbody> </table>	Number of control measures established by Org. that include field verification	# of field verifications required	All clients with a CW Risk Assessment	One	One control measure	Two	Two control measures	Three	Three control measures	Four	Four control measures	Five	Five control measures and above	Discuss scope with BU Leader or KPMG FCSI President to confirm mitigation of risk
	Number of control measures established by Org. that include field verification	# of field verifications required													
	All clients with a CW Risk Assessment	One													
	One control measure	Two													
	Two control measures	Three													
	Three control measures	Four													
	Four control measures	Five													
Five control measures and above	Discuss scope with BU Leader or KPMG FCSI President to confirm mitigation of risk														

Summary of the organization’s stakeholder consultation process performed according to Annex B for FSC-STD-40-005

The organization did not engage in a formal stakeholder consultation process.

Summary of stakeholder consultation conducted by the KPMG

Formal stakeholder consultation was not required or completed by KPMG for this surveillance audit.

Evaluation of the organization’s conformity to Corrective action requests (CARs) issued by the certification body in the previous evaluation

There were no previous nonconformities applicable to the scope of FSC-STD-40-005.

Summary of nonconformities to FSC-STD-40-005 identified during the current evaluation

No nonconformities were identified during the audit.

Certification decision

Maintained certification

Appendix 1: Brief description of the system developed for the evaluation of the DDS

KPMG FCSI's system for evaluating the relevance, effectiveness and adequacy of the due diligence systems (DDS), according to the scope and scale of the organization's operation includes:

Verification of risk designations against available sources of information and applicable requirements

Risk designations in National Risk Assessments do not require verification.

Where a company risk assessment is applicable, KPMG FCSI shall verify risk designations ensuring that the Company is conducting its risk assessment in accordance with the requirements of FSC-STD-40-005 including properly referencing all sources of information. The verification includes:

- Verifying that the Company is conducting its risk assessment in accordance with the requirements of Annex A of FSC-STD-40-005, including full and proper inclusion of the risk assessment indicators and full and proper referencing of the sources of information in Annex A.
- Verifying that the Company in its risk assessment is fully and properly citing any other relevant information sources cited as required by FSC;
- With respect to CW category 3, verifying that the Company has made a clear effort to incorporate assessment of all eco-regionally relevant information, including specifically information contained on the WWF Wildfinder database respecting ecoregions listed as 'critical/endangered' or 'threatened';
- Reviewing the information contained in the FSC Global Forest Risk Registry (GFRR) to assess whether any of the conclusions on risk (which are at the national rather than provincial or ecoregional scale) for the 5 CW categories differ from those included in the Company's Risk Assessment, and if so, whether the Company's Risk Assessment provides an adequate rationale for those situations where its conclusions on risk differ;
- Verify that the information originates from credible, reputable sources and is of a sufficient quality and vintage to be credibly and reliably applied to the risk assessment;
- Where possible, corroborating the evidence provided by the Company against relevant, reliable, credible, reputable independent sources not used by the Company to verify consistency in the information used to designate risk.

Verification with a scope and sampling pool relevant to the DDS under evaluation

Control Measures are field verified for adequacy for National Risk Assessments and Company Risk Assessments.

If the Company has established field verification as a control measure, KPMG FCSI shall conduct field verification of a sample of supply units. See also report section: *Justification for the sampling rate applied in any type of field verification of the DDS.*

Regardless if the Company has established field verification as a control measure, sampling of suppliers is done to confirm mitigation of risk related to origin and risk of mixing of material with non-eligible inputs.

Corroborating evidence provided by the organization with independent sources when possible:

KPMG FCSI shall collaborate evidence provided by the organization by:

- Reviewing all relevant evidence provided by the Company to verify relevance and reliability.
- Verify that the information originates from credible, reputable sources and is of a sufficient quality and vintage to be credibly and reliably applied to the risk assessment.
- Where possible, reviewing relevant credible independent sources not used by the Company to verify consistency in the information used to designate risk.

KPMG FCSI will confirm:

- Documentation of the origin of the material.
- A robust risk assessment conducted by the organization related to origin of the material and related to mixing material with non-eligible inputs in the supply chain.
- That the organization has developed and implement adequate control measures.
- That the organization has reviewed and, if necessary, revised the DDS to ensure its relevance, effectiveness or adequacy.