



Canadian Forest Products Ltd. and Canfor Corporation (Canfor) 2023 SFI® Re-registration Audit Summary Report

Between May and November 2023 an audit team from KPMG Performance Registrar Inc. (“KPMG PRI” or “KPMG”) carried out an SFI re-registration audit of Canadian Forest Products Ltd. and Canfor Corporation’s (“Canfor” or “Company”) B.C. and Alberta woodlands divisions and fibre procurement activities, assessing them against the SFI 2022 Sustainable Forestry Initiative® (SFI) Forest Management (FM) and Fibre Sourcing (FS) standards. This Audit Summary Report provides an overview of the process and KPMG’s findings.

Description of Canfor’s SFI Standard Certifications

Canfor’s eight (8) woodlands divisions are covered by a multi-site certificate for the SFI forest management standard. The woodlands and Canfor Pulp. Ltd. are covered under a SFI Fiber Sourcing Standard certificate. Canfor was initially certified to the SFI standard in 2019 and this is a recertification year. The certification is valid until June 2024.

Description of Canfor’s British Columbia and Alberta Woodlands

Canfor’s woodlands manage Crown land tenures and also procure logs for the Company’s mills in British Columbia and Alberta. Canfor’s multi-site SFI Forest Management Standard certificate applies to the following eight woodlands divisions:

- Chetwynd Woodlands
- Fort St. John Woodlands
- Grande Prairie Woodlands
- Houston Woodlands
- Kootenay Woodlands
- Prince George (and Mackenzie) Woodlands
- Vanderhoof and Fort St. James Woodlands
- Whitecourt Woodlands

The SFI Fiber Sourcing Standard certificate applies to the eight woodlands division and Canfor Pulp Ltd. procurement. The certification is under Canfor Corporation.

A list of the SFI certified tenures managed by each woodlands division is posted at www.canfor.com/responsibility/certification. All associated tenures are included in SFI multisite certification, with the exception of the Kootenay Woodlands division where some tenures are certified to another forest management certification standard.

Canfor’s SFI certified woodlands have a total AAC (allowable annual cut) of 10.5 million m³/year, with an associated area under management of approximately 11 million ha. The 2023 audit found that the Company’s forest harvesting conforms to the SFI FM standard objectives related to long-term harvest levels.

The Company’s SFI standard certification addresses the objectives, associated performance measures, and indicators demonstrating performance measures are met. In addition, government approved forest stewardship/management plans that address both timber and non-timber values are also in place. Various higher level plans



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developed by government also provide direction regarding forest management practices.

The forests managed by Canfor are predominantly coniferous with the main commercial tree species being lodgepole pine, white and Engelmann spruce, Douglas-fir, balsam and subalpine fir, and trembling aspen.

The Company’s operations fall within the following World Wildlife Fund's (WWF) ecoregions:

- (1) Muskwa/Slave Lake Forests
- (2) Northern Transitional Alpine Forests
- (3) North Central Rockies Forest
- (4) Central British Columbia Mountain Forests
- (5) Alberta-British Columbia Foothills Forests
- (6) Alberta Mountain Forests
- (7) Canadian Aspen Forests and Parklands
- (8) Mid-Continental Canadian Forests
- (9) Northern Cordillera Forests.

These are also the ecoregions from which the Company procures fibre from third parties to supplement harvest from its own woodlands operations.

The typical forest management approach employed by the Company is based on even-aged management, ground-based harvesting systems, and clearcut harvesting with the retention of reserves of standing trees either within or adjacent to harvest areas. Following harvesting, the area either regenerates naturally, or through replanting of harvest areas within a few years with a mix of ecologically suited tree species, and control of competing vegetation through the use of government-approved chemical herbicides and/or mechanical means where necessary.

Description of Canfor’s Manufacturing Facilities and Fibre Sourcing Program

The Company’s fibre sourcing needs vary considerably between facilities. Across the company the majority of fibre is sourced directly from the Company’s own woodlands. The remainder is purchased from third parties, mostly from other organizations who hold their own Sustainable Forest Management (SFM) certifications, with a small percentage coming from uncertified private land and oilfield salvage operations.

The fibre sourcing program provides logs for the Company’s processing facilities including the Intercontinental Pulp Mill, Northwood Pulp Mill, Fort St. John Sawmill, Fox Creek Sawmill, Grande Prairie Sawmill, Houston Sawmill, Polar Sawmill, Prince George Sawmill, Plateau Sawmill, Spruceland Sawmill, Whitecourt Sawmill, Wynnwood Sawmill, and the Prince George Chip Plant.

Canfor participates in the Western Canada SFI Implementation Committee (WCSIC) Purchase Wood Monitoring Program by completing risk assessments for all wood purchases, and site inspections as necessary. The results are then collated by WCSIC in order to identify trends in performance and opportunities for improvement.

Canfor 2023 SFI Standards Audit Findings	
Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	10
New opportunities for improvement	15

Audit Scope

The scope of the audit included a review of all elements of the SFI FM, SFI FS, standards and the organization’s activities and management system processes that pertain to them. The audit included activities conducted under the Company’s management system since the previous audit.

The Audit

- **Audit Team** – The audit was conducted by a five person audit team comprising KPMG staff auditors and a contract auditor. Cindy Hutchison, RPF, was lead auditor and participating as team members were Mike Buell, RPF, Lorne Carson, RPF, Sam Gildiner, RPF, and Camila Massaroth, FIT.
- **2023 SFI Standard(s) Reregistration Audit** – The onsite portion of the audit included in-person reviews of active as well as completed harvest, road construction, and silviculture sites. In total the audit included site visits related to a sample of field sites (14 roads, 16 harvesting sites, 19 silviculture or post-harvest sites, and 11 wood procurement sites) to evaluate conformance with the requirements of the standards. The audit took a total of 44.0 auditor days to complete, 34 days of which were spent on-site auditing the divisions 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** – The 2023 audit sampled the Whitecourt, Kootenay, Prince George, and Fort St. John Woodlands as well as the Company’s corporate functions. This sample size is consistent with IAF requirements regarding audit sampling for multi-site certifications.
- **Canfor’s SFI Program Representative** – Darrell Regimbald, RPF, Certification Specialist, served as Canfor’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 SFI 2022 Forest Management and SFI 2022 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 Canfor to:

- Determine its conformance with the requirements of the SFI 2022 Forest Management and SFI 2022 Fiber Sourcing standards;
- Evaluate the ability of the system to ensure that Canfor woodlands divisions meet applicable regulatory requirements;
- Evaluate the effectiveness of the system in ensuring that Canfor meets its specified SFM objectives; and
- Where applicable, identify opportunities for improvement.

Types of audit findings

Major non-conformities:

One or more of the SFI 2022 Standard(s) performance measures or indicators has not been addressed or has not been implemented to the extent that a systematic failure of a Certified Organization’s SFI system to meet an SFI objective, performance measure or indicator occurs.

Minor non-conformities:

An isolated lapse in SFI 2022 Standard(s) implementation which does not indicate a systematic failure to consistently meet an SFI objective, performance measure or indicator .

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 division within 3 months or certification cannot be achieved / maintained. Corrective action plans to address minor non-conformities must be fully implemented within 12 months.

Evidence of Conformity with the SFI 2022 Forest Management and SFI 2022 Fiber Sourcing Standards

Primary sources of evidence assessed to determine conformity with the SFI standards are presented in the following tables.

SFI Forest Management Standard Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	Forest management plans (FMP/FSP/SFMP) and approvals, government standards, general development plan, ecosystem classification systems, economic impact study, annual reports, timber supply review, geographic information system (GIS), forest inventory records, production monitoring/cut control spreadsheet(s), harvesting records, treatment summaries, landbase balancing spreadsheet, interviews with planning staff.
2. Forest Health and Productivity	Standard Operation Procedures, FMP/FSP/SFMP, site plans, silviculture reports and surveys, silviculture operating plan, stocking standards, sowing requests, operating ground rules, pre-works, vegetation management guidelines, chemical product labels, WHO classifications, pesticide service registration, pesticide applicator license, maps and instructions, field inspections.
3. Protection and Maintenance of Water Resources	Standard Operation Procedures, FMP/FSP/SFMP, site plans, harvest plans, logging contracts, pre-works, regulations, ECA calculations, annual reports, field inspections of riparian areas.
4. Conservation of Biological Diversity	Standard Operation Procedures, FMP/FSP/SFMP, annual reports, site plans, assessments, GIS, interviews with planning staff, pre-works, field inspections.
5. Management of Visual Quality and Recreational Benefits	Standard Operation Procedures, FMP/FSP/SFMP, GIS, visual assessments, LRM database query, SFI Annual Report and other annual reports, spatial harvest sequence and variance, site plans, harvest plans, pre-works, FRIAA Agreements, field inspections.
6. Protection of Special Sites	Standard Operation Procedures, FMP/FSP/SFMP, site plans, GIS, COPI consultation records, pre-works, cultural assessment, special site inspections.
7. Efficient Use of Fibre Resources	FMP/FSP/SFMP, waste reports, utilization specifications, processor calibration records, field inspections.
8. Recognize and Respect Indigenous Peoples' Rights	Indigenous Peoples' Policy, employee training, COPI records of consultation with local Indigenous Peoples, Standard Operation Procedures, annual reports, pre-audit questionnaire responses, cultural heritage assessments, interviews with Company staff and representatives of local Indigenous Peoples.
9. Climate Smart Forestry	Canfor Climate Change Vulnerability and Adaptation Assessment, Woodlands Climate Smart Forest Strategy, Annual Operations Schedule, annual reports.
10. Fire Resilience and Awareness	Fire Preparedness Plan, annual reports, training records, maps, burn plan, fire salvage plan, fire management program meeting minutes, field inspections.



Stream retention at Whitecourt Woodlands.



“Critter pile” at Prince George Woodlands.

SFI Forest Management Standard Objective #	Sources of Key Evidence of Conformity
11. Legal and Regulatory Compliance	Quickscribe, Google of regulations, Standard Operation Procedures, FMP/FSP/SFMP, site plans, Natural Resources Compliance and Enforcement Database, Canfor policies, field inspections.
12. Forestry Research, Science & Technology	Records of research projects and funding, training programs, staff interviews.
13. Training and Education	Standard Operation Procedures, Canfor policies, training agendas and records, pre-works, my learning database records, QLP training summary, training matrices, contractor agreements, WCSIC minutes and resources, interviews with staff and contractors.
14. Community Involvement and Landowner Outreach	Payment to SIC, WCSIC meeting minutes, community and landowner outreach records, Canfor Wood Producer Information Package, outreach tracking records, public advisory group meeting minutes, staff interviews.
15. Public Land Management Responsibilities	Records of cooperative public land planning processes, records of consultation with local stakeholders, staff interviews.
16. Communications and Public Reporting	Certification summary report on SFI website, SFI annual progress report, LRM reports.
17. Management Review and Continual Improvement	Internal audit and related action plans in Enablon/ITS, management review meeting minutes.

SFI Fiber Sourcing Standard Objective #	Sources of Key Evidence of Conformity
1. Biodiversity in Fibre Sourcing	Wood Producer Information Package (WPIP), FECV assessments, HCV Assessments, written fibre sourcing agreements, records of involvement in local or regional conservation efforts, interviews with procurement staff and wood producers.
2. Adherence to Best Management Practices	Fibre sourcing policy, WPIP, written fibre sourcing agreements, records of implementation of the BMP monitoring system, Purchase Wood Inspections, Purchase Wood Monitoring Program guide.
3. Use of Qualified Resource Professionals, Qualified Logging Professionals and Certified Logging Companies	List of Qualified Resource and Logging Professionals, QLP training summaries, records fibre delivered by QLPs, interviews with procurement staff.
4. Legal and Regulatory Compliance	Quickscribe, google of regulations, Standard Operation Procedures, site plans, Natural Resources Compliance and Enforcement Database, Canfor policies, field inspections.
5. Forestry Research, Science & Technology	Records of research projects and funding, training programs, staff interviews.



An SFI Fiber Sourcing Site in the Kootenays. The logging contractor left high levels of retention in the cutblock.

SFI Fiber Sourcing Standard Objective #	Sources of Key Evidence of Conformity
6. Training and Education	Standard Operation Procedures, Canfor policies, training agendas and records, pre-works, my learning database records, QLP training summary, training matrices, contractor agreements, WCSIC minutes and resources, interviews with staff and contractors.
7. Community Involvement and Landowner Outreach	Payment to SIC, WCSIC meeting minutes, community and landowner outreach records, Canfor Wood Producer Information Package, outreach tracking records, public advisory group meeting minutes, staff interviews.
8. Public Land Management Responsibilities	Records of cooperative public land planning processes, records of consultation with local stakeholders, staff interviews.
9. Communications and Public Reporting	Certification summary report on SFI website, SFI annual progress report.
10. Management Review and Continual Improvement	Internal audit and related action plans in Enablon/ITS, management review meeting minutes.
11. Avoid Controversial Sources	Due diligence system, controversial sources risk assessments, procedures to assess any substantiated concerns, Environmental Risk Assessment process to avoid controversial sources, interviews with procurement staff.



Values at risk are field marked with stubbed trees at Fort St. John Woodlands.

Good Practices

The following good practices were noted during the audit:

Canfor Pulp Ltd. (initial audit of new site)

1. During the purchase wood mock site inspection, the Director of Forest Residuals showed a high level of understanding of the inspection form and its inputs.
2. The organization has a well-written, robust and clear Wood Producer Information Package.

Whitecourt Woodlands (joining the certificate)

1. Replacing of water crossings.
2. Buffers on random unofficial campsites.
3. Contractor promoting planting private land parcels in the white zone.

Kootenay Woodlands

1. Agreement with Paper Excellence chipping piles for hog
2. New utilization product – “Gen band”

3. Operations personnel “Block Summary Notes”
4. Sale of “guitar wood” to a local Creston broker

Prince George Woodlands:

1. Planting of burn piles was done consistently in blocks visited.
2. Implementation of ‘critter piles’ for wildlife, good utilization, and preservation of special sites.
3. Prince George Administration:
 - Prince George Administration demonstrated well maintained tools and documentation for the multisite.
 - New indigenous relations policy promotes meaningful relationship with First Nations.
 - The Canfor WPIP not only covers G1/G2 species but includes the BC Status Endangered species in the FECV review and recommendations.
 - The Management Review is a very thorough overview of the SFI system, trends, and improvements.

Fort St. John Woodlands:

1. Procurement contracts and assessments were exceptionally well done, and interviews with contract employees demonstrated good understanding of Best Management Practices, and a high level of diligence.
2. The Canfor Staff at Fort Saint John demonstrated that the interaction with stakeholders in forest management planning is exceptionally robust and meaningful. As a result, there appears to be a large number of active PAG members and substantial Indigenous representation compared similar groups.
3. Canfor far exceeded WTP targets on all landscape units with an average WTP area of 12.3% and the average target is 5%.

Follow-up on Findings from Previous Audits

At the time of this assessment there were a total of three open non-conformities from previous audits: 1 Canfor multisite, and 2 Canfor Whitecourt. For the current audit, Canfor Whitecourt has become part of the Canfor Multisite certificate.

The audit team reviewed the implementation of the action plans developed by Canfor Forest Products Ltd. and Canfor Corporation to address these findings, and found that they had been effectively implemented. As a result, all of the non-conformities identified during previous audits have now been closed.



Planting of burn piles in Prince George Woodlands.



Use of georeferenced maps in Prince George Woodlands.

Areas of Nonconformance

Nine new minor non-conformities were identified during the audit of Canfor’s woodlands and fibre sourcing divisions as follows:

Finding # 2023-NC-01
 Finding type MINOR non-conformity
 Standard SFI 2022 Forest Management

Clause and requirement: Performance Measure 11.1. Certified Organizations shall comply with applicable federal, provincial, state, and local forestry and environmental laws and regulations. Indicator 11.1.2 System to achieve compliance with applicable federal, provincial, state, or local laws, and regulations.

Description of finding: At one site, a bridge was missing a large portion of its running surface. This endangers worker safety as it unsafe for industrial use and is in contravention to Forest Practices and Planning Regulation Section 72 that states: “A person who constructs or maintains a road must ensure that the road and the bridges, culverts, fords and other structures associated with the road are structurally sound and safe for use by industrial users.”

The situation was also creating sedimentation in the stream which is in contravention of FPPR 55(1) which states “An authorized person who builds a stream crossing as part of a road, a temporary access structure or permanent access structure must locate, build and use the crossing in a manner that (a) protects the stream channel and stream bank immediately above and below the stream crossing, and (b) mitigates disturbance to the stream channel and stream bank at the crossing.”

Finding # 2023-NC-02
 Finding type MINOR non-conformity
 Standard SFI 2022 Forest Management

Clause and requirement: Indicator 2.3.3. Post-harvest conditions conducive to maintaining site productivity.

Description of finding: One cutblock was observed to contain critical trout habitat (as indicated on the pre-work) requiring a high level of diligence to avoid erosion. The auditor observed erosion into the cutblock (note: not the streams) from the reclaimed road in areas where there was insufficient woody debris placed on the road. This erosion was burying recently planted trees.

Finding # 2023-NC-03
 Finding type MINOR non-conformity
 Standard SFI 2022 Forest Management

Clause and requirement: Indicator 3.1.1. Program to implement federal, state, or provincial water quality best management practices during all phases of management activities. Indicator 10.2.1. Participation in, or support of, local, state, provincial, federal, or Indigenous fire management and prevention programs.

Description of finding: During an inspection of one block it was noted that in one of the forestry machines inspected, the extinguisher was empty, there were no spill kits, and there was no fire-fighting equipment. During an interview of one of the



Culvert on road construction at Whitecourt Woodlands

operations at another block it was noted that the operator was not aware of the location of the spill kit and that a fire extinguisher was in the red zone.

Finding # 2023-NC-04
 Finding type MINOR non-conformity
 Standard SFI 2022 Forest Management

Clause and requirement Performance Measure 3.1 Certified Organizations shall meet or exceed all applicable federal, provincial, state, and local water quality laws and meet or exceed best management practices. Indicator 3.1.3. Monitoring of overall best management practices implementation.

Description of finding: Sedimentation off five bridge decks was noted for Canfor (2) and Canfor maintained (3) FSR bridges. Erosion and sediment control BMPs for forest roads and stream crossings were not effectively implemented.

Finding # 2023-NC-05
 Finding type MINOR non-conformity
 Standard SFI 2022 Forest Management

Clause and requirement: Indicator 7.1.1. Program or monitoring system to ensure efficient utilization.

Description of finding: Deficiencies in the program or monitoring system were identified in the field at Fort St. John and Prince George Woodlands:

Fort St. John Woodlands

At one block, slash piles included low grade merchantable saw logs. Interviews with staff familiar with waste and scaling confirmed they were aware of the issue.

At another block , approximately 1 bunk of large processed logs and one turn of skidded unprocessed logs were left at the landing. Harvest inspection notes from last inspection indicate “no more action is required at this time”.

During the site visit to a third block (where hauling had been completed) several oversize sawlogs were observed. Canfor staff indicated that the procedure is to stack oversize logs on top of piles and move them while loading. A couple of logs were behind some larger waste material.

Prince George Woodlands

At two other blocks merchantable sawlogs were used in log bundle culverts. Using pulp and low quality logs would be better to maximize utilization.

Finding # 2023-NC-06
 Finding type MINOR non-conformity
 Standard SFI 2022 Forest Management

Clause and requirement: Indicator 8.1.1. Certified Organizations shall develop and implement a written policy acknowledging a commitment to recognize and respect the rights of Indigenous Peoples. This policy shall provide reference to a program

that includes:... c. appropriate training of personnel and contractors so that the Certified Organization is competent to fulfill their responsibilities under Objective 8 of the Forest Management Standard.

Description of finding: Layout contractors in the Kootenays have indicated that they do not specifically receive any training on recognizing and understanding indigenous values from an operational perspective (they have limited their field review to items identified in the planning checklist), and indigenous awareness training is not identified as a training item in the contractor training matrix.

Finding # 2023-NC-07
 Finding type MINOR non-conformity
 Standard SFI 2022 Forest Management

Clause and requirement: Performance Measure 11.1 Certified Organizations shall comply with applicable federal, provincial, state, and local forestry and environmental laws and regulations. Indicator 11.1.2 System to achieve compliance with applicable federal, provincial, state, or local laws, and regulations.

Description of finding: Canfor EPRP, internal audit follow-up, and FMS Alerts sent to contractors require all contractors for harvesting and road construction to be pre worked prior to starting activities and all equipment operators to always have a map with them. Interviews with a harvester operator on one block confirmed that a prework did not occur prior to starting activities and that the operator did not have a map (paper and/or digital).

Finding # 2023-NC-08
 Finding type MINOR non-conformity
 Standard: SFI 2022 Rules for Use of SFI On-Product Labels and Off-Product Marks

Clause and requirement: 6.4 The SFI label identification number must be added under the logo mark.

7.3 A word mark must be an adjective, it cannot be a noun, so when it is used in text, the word “standard” must appear after the mark. The mark should not be plural or possessive.

Description of finding: The SFI logo or word marks were identified as being used without the registration mark on first use; without the label ID number; and SFI word marks has been used without the word “standard.”

Finding # 2023-NC-09
 Finding type MINOR non-conformity
 Standard SFI 2022 Fiber Sourcing

Clause and requirement: Performance Measure 2.2 SFI-certified organizations shall, individually or through cooperative efforts monitor the use of best management practices relative to scale. Indicator 2.2.1. A verifiable monitoring system to: confirm that harvests of purchased stumpage comply with best management practices...

Description of finding: One procurement contractor in Fort St. John was working on site without a spill kit, and with a fire extinguisher that was not charged. Although the contractor indicated they have a two-hour check-in, the contractor had no other awareness of a contractor safety program.

A review of the Wood Purchase Inspection form noted that although there are questions about legislation, water quality, and soils, there are no specific question about spill or fire preparedness, fuel management, or safety. Although the Wood Producer Information Package covers these best practices, there is no guidance indicating that emergency preparedness and safety should be covered under these broad questions provided. There is evidence in the field that these BMPS are not always being met.

Opportunities for Improvement

Sixteen (16) new opportunities for improvement were also identified during the audit as follows:

SFI 2022 Forest Management

OFI-01: Clause and requirement: Indicator 1.1.1 (g) requires up-to-date maps or a geographic information system (GIS).

Two block maps were observed with small polygons on the harvest plan map had two symbols: one was labeled as non-productive in the legend, but the other did not have a legend label and the location of critter piles were not located on harvest map, but were located on deactivation plan map. Finding # 2023-OFI-02

OFI-02: Clause and requirement: Performance Measure 1.1 Certified Organizations shall ensure that forest management plans include long-term harvest levels that are sustainable and consistent with appropriate growth-and-yield models. Indicator 1.1.5. Documentation of forest management (such as: planting, fertilization, and thinning) consistent with assumptions in harvest plans.

It was noted in Fort Saint John that the TSR regeneration delay in the TSR data package 2015 was not well aligned with the indicator (#30) in the SFMP.

OFI-03: Clause and requirement: Indicator 2.3.3 Post-harvest conditions conducive to maintaining site productivity (such as: retained down woody debris and minimized skid trails).

The road deactivation prescription on one block was to roll back roads (and restrict access) but the activity created excessive mounding and compaction which has created conditions which may restrict planting without improvements to the site or clear direction to planting crews. At another block, there was a small amount of site degradation on a steep slope and some roadside rutting. The operators stopped and moved to a different area, and the site supervisor planned to rehabilitate the area. There is an opportunity to strengthen options for approaches to steep slope harvesting and recognize the potential for impact.

OFI-04: Clause and requirement: Indicator 2.4.1 Program to protect forests from damaging agents. Although invasive species training is occurring and prework documents mention the absence of invasive species there is no clear planning

direction for the identification and confirmation of invasive species prior to, during, or following harvesting and road building activities.

OFI-05: Clause and requirement: Indicator 3.2.2 Program to protect water quantity during all phases of management. During the site visit to one block it was observed that the bottom of the culvert was 4-5 ft above the S6 stream channel. There is an opportunity to provide more guidance on high water mark levels and the installation of culverts.

OFI-06: Clause and requirement: Indicator 4.1.2. Development of criteria and implementation of practices, as guided by regionally based best scientific information, to retain stand-level wildlife habitat elements such as snags, stumps, mast trees, down woody debris, den trees and nest trees. One block's site plan identified fisher habitat to be considered with CWD and retention, but the plan was not clear about how these objectives were to be met. Additionally, at Fort St. John Woodlands site plans require retention of clumps of >30 trees of a specific diameter. This may be difficult for operators to judge and having approximately that number of trees may still functionally meet the intent of the prescription.

OFI-07: Clause and requirement: Indicator 4.2.1 Program to protect threatened and endangered species. Although species at risk training is occurring and Canfor staff and contractors are demonstrating awareness of species at risk, the presence of the G2-G3 species Northern Myotis has been confirmed in the Fort St. John operating area. Training has not included this species.

OFI-08: Clause and requirement: Performance Measure 11.1 Certified Organizations shall comply with applicable federal, provincial, state, and local forestry and environmental laws and regulations. Indicator 11.1.2 System to achieve compliance with applicable federal, provincial, state, or local laws, and regulations.

During logging at one block the company installed a temporary bridge over a creek. After the work was carried out, the bridge was deactivated, and barriers were installed. However, it was observed that the barriers were not effective and were easily removed from the site, and there was the possibility of passage from one side to another. Improved contractor guidance on effective closing of roads for safety and to reduce public impact on resources may be beneficial.

OFI-09: Clause and requirement: Indicator 11.1.2 System to achieve compliance with applicable federal, provincial, state, or local laws, and regulations. During the site visit to one block confusing ribboning was observed. Orange ribboning was used for block boundary and red was used for stream center lines. The red ribboning has faded to orange which could lead to confusion.

OFI-10: Clause and requirement: Performance Measure 11.2. Certified Organizations shall comply with all applicable social laws at the federal, provincial, state, and local levels in the country in which the Certified Organization operates. Indicator 11.2.1. ... commitment to comply with social laws, such as ... occupational health and safety. During the site visit to a block it was observed that spill kits met minimum requirements for heavy harvesting equipment; however, there is an opportunity to include gloves and eye protection in the list.

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OFI-11: Clause and requirement: SFI FM Performance Measure 14.1 / SFI FS Performance Measure 7.1 Certified Organizations shall support and promote efforts by consulting foresters, state, provincial and federal agencies, state or local groups, professional societies, conservation organizations, Indigenous Peoples and governments, community groups, sporting organizations, labor, universities, extension agencies, the American Tree Farm System® and/or other landowner cooperative programs to apply principles of sustainable forest management. SFI FM Indicator 14.1.2. / SFI FS Indicator 7.1.2 Support, individually and/or through cooperative efforts involving SFI Implementation Committees, education and outreach to forest landowners describing the importance and providing implementation guidance on: ...conservation objectives, such as critical wildlife habitat elements, biodiversity, threatened and endangered species, and Forests with Exceptional Conservation Value ...reporting of inconsistent practices. SFI FM Indicator 14.2.1. / SFI FS Indicator 7.2.1 Periodic educational opportunities for the public promoting sustainable forestry...

At the Prince George Woodlands management strategies for endangered species are available on request from Canfor for wood producers. The reach could be broadened by making this available online.

SFI 2022 Fiber Sourcing

OFI-12: Clause and requirement: Indicator 3.1.1. Program to promote the use of qualified logging professionals, qualified resource professionals and/or certified logging companies where available. In Whitecourt logging contractors sign off on a review of the Wood Producer Information package, however, only 60% of Fiber Sourcing contractors demonstrated signed-off information/training packages. Canfor Pulp Ltd. indicated they would encourage Wood Producers to become Qualified Logging Professionals, but there was no procedure on how producers access training to become QLPs.

OFI-13: Clause and requirement: Performance Measure 11.1. The SFI-certified organization shall have a process to access and collect information regarding the sources of its procured fiber. 11.1.1. The SFI-certified organization shall collect information on the source of the fiber, through a due diligence system to address the likelihood of sourcing from controversial sources... Performance Measure 4.1 SFI-certified organizations shall comply with all applicable federal, provincial, state, and local forestry and related and environmental laws and regulations. Indicator 4.1.3. Demonstration of commitment to legal compliance through available regulatory action information. The environmental risk assessment (ERA) spreadsheet is used to demonstrate the implementation of the DDS at Prince George and other sites. The timbermark is identified and it is understood that a timbermark from BC aligns with the BC geographic risk assessment is applied. A review of the completed ERA for Prince George (BC Example) and Grand Prairie (AB Example) demonstrated that the timbermark field is not consistently completed (sometimes the word “various” is used, and sometimes a place holder is used rather than an actual timbermark). Within the spreadsheet there is no flag or identification to the procurement forester if the material originates outside of the geographic risk assessed area (BC/AB) so there may be a risk if log procurement is done from an area outside of the DDS and procurement staff may not recognize the gap.

OFI-14: The standard Canfor Log Purchase Contract indicates if the material is “SFI” or “CSA” or “FSC” but does not use the correct claim terminology in the contract.

OFI-15: Clause and requirement: Indicator 2.2.2. Use of information from the verifiable monitoring system to maintain rates of conformance to best management practices and

to identify areas for improved performance. Results of purchase wood inspections are being tracked at the site level. Inputting into a larger Canfor database would further enable analysis of conformance to BMPs across supply areas.

OFI-16: Clause and requirement: Performance Measure 13.1 Certified Organizations shall require appropriate training of personnel and contractors so that they are competent to fulfill their responsibilities under the SFI 2022 Forest Management Standard. Indicator 13.1.3. Staff education and training sufficient to their roles and responsibilities. Indicator 13.1.4. Contractor education and training sufficient to their roles and responsibilities. On two blocks the strip cut was being implemented appropriately, but the logging supervisor and logging contractor were not aware of the silvicultural objective of the prescription.

Audit Conclusions

The audit found that Canfor’s sustainable forest management system and fibre sourcing program:

- Were in full conformance with the requirements of the SFI 2022 Forest Management and the SFI 2022 Fiber Sourcing standards included within the scope of the audit, except where noted otherwise in this report, and;
- Continues to be effectively implemented; and
- Is sufficient to systematically meet applicable requirements and expected outcomes, provided that the system continues to be implemented and maintained as required.

In addition, the audit found that the scope of Canfor Forest Products Ltd. and Canfor Corporation’s certification to the SFI FM, SFI FS Standard is appropriate. Whitecourt Woodlands is confirmed to be an additional site for the SFI FM and SFI FS Standard multisite certificates.

As a result, a decision has been reached by the lead auditor to recommend that Canfor Forest Products Ltd. and Canfor Corporation continue to be certified to the SFI FM, SFI FS Standards.

Corrective Action Plans

Corrective action plans designed to address the root cause(s) of the non-conformities identified during the audit have been developed by Canfor and reviewed and approved by KPMG PRI. The next surveillance 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 have been identified as focus areas for the next audit visit:

- Implementation of the action plans developed by Canfor to address all open non-conformities identified during this audit.
- The status of the opportunities for improvement identified during this audit.
- Any areas of increasing public debate or elevated environmental risk identified at the audit planning stage.
- Any changes to the organization’s activities, operations, practices and systems.
- Higher risk SFI objectives and a sampling of additional SFI objectives.
- Any significant changes in regulatory requirements.

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