

REPORT Forest Certification



Canadian Forest Products Ltd., WynnWood Division 2017 SFI Re-certification Audit

From May 17-19, 2017 an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI re-certification audit of Canadian Forest Products Ltd. (Canfor)'s, WynnWood division woodlands operations and fibre procurement activities against the requirements of the 2015-2019 edition of the Sustainable Forestry Initiative® (SFI) standard. This Certification Summary Report provides an overview of the process and KPMG's findings.

Description of Canfor WynnWood's Woodlands Operations

The Canfor WynnWood division's woodlands operations are located in the North Central Rockies Forests ecoregion, and are managed from offices in the community of Wynndel, near Creston B.C. The division's certified woodlands operations encompass a total area of 54,730 hectares of Crown land held in forest license A20214 and have an annual allowable cut (AAC) of 65,461 cubic metres per year. The audit found that the Company's forest harvesting continues to conform to the AAC applicable to these operations.

The forest types are coniferous with the main commercial species harvested by Wynnwood being lodgepole pine, Douglas-fir, spruce, western larch, western red cedar and subalpine fir. Based on the stand compositions and uniform ages, these stands are managed using even-aged silvicultural systems, and planted using ecologically based government-approved stocking standards.

A Forest Stewardship Plan (FSP) establishes the objectives for key timber and non-timber values to guide forest management and takes management direction from the Kootenay-Boundary Land-Use Plan which sets regional land use objectives and was established through a government managed stakeholder consultation process.

Description of Canfor WynnWood Division's Manufacturing Facilities and Fibre Sourcing Program

Canfor Wynnwood division's SFI fibre sourcing certification includes the WynnWood sawmill, which manufactures finished building products such as siding, trim, and flooring.

While most of the mill's demand is met through Canfor WynnWood's own woodlands, approximately 40% is purchased from the Kootenay region of B.C. from other certified Crown land sources including other Canfor divisions, some non-certified Crown land sources (including purchased stumpage), and a minor amount from private land.

Canfor WynnWood participates in the Western Canada SFI Implementation Committee (WCSIC) 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 Canfor WynnWood is a member) in order to identify trends in performance and opportunities for improvement.



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Audit Scope

The audit was conducted against the requirements of the 2015-2019 edition of the SFI Forest Management and Fibre Sourcing standards. The SFI objectives that were assessed during the 2017 audit are shown in tables on pages 3&4 later in this report.

The scope of the audit included the company’s woodlands operations noted above, as well as fibre procurement activities for the Company’s sawmill located in Wynndel, B.C.

The Audit

- **Audit Team** – The audit was conducted by Yurgen Meninga, RPF, EP(EMSLA), and Branden Beatty, RPBio, EP(EMSLA), who are both employees of KPMG PRI and have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **2017 SFI Re-certification Audit** – The audit involved an on-site assessment of all elements of the Company’s SFI program, and included visits to several field sites (6 harvesting cutblocks, 6 road construction project, 1 bridge site, 2 silviculture cutblocks, and 2 fibre sourcing sites) to evaluate conformance with the requirements of the current SFI forest management and fibre sourcing standards. The audit took a total of 8 auditor days to complete, 5 days of which were spent on-site. The balance of audit time was spent preparing the audit plan, completing various audit checklists, and preparing the main and public summary audit reports.
- **Canfor WynnWood’s SFI Program Representative** – Don Vaillancourt, silviculture forester, served as WynnWood’s SFI program representative during the audit.

Use of Substitute Indicators

The audit involved an assessment of conformance against all 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 Canfor’s WynnWood division to:

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

These objectives were met.

Canfor Wynnwood Division 2017 SFI Audit Findings

Major non-conformities	0
Minor non-conformities	1
Opportunities for improvement	2

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.

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

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.

SFI Forest Management Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	Forest management plan, geographic information system, forest inventory records, harvesting records, interviews with planning staff.
2. Forest Health and Productivity	Site plans, silviculture reports, field inspections.
3. Protection and Maintenance of Water Resources	Field inspections of riparian areas, review of site plans & harvest plans.
4. Conservation of Biological Diversity	Forest management plan, Forest Stewardship Plan (FSP), site plans, interviews, field inspections.
5. Management of Visual Quality and Recreational Benefits	Forest management plan, FSP, harvest plans, field inspections.
6. Protection of Special Sites	Forest management plan, FSP, site plans, field inspections.
7. Efficient Use of Fibre Resources	Forest management plan, waste reports, field inspections.
8. Recognize and Respect Indigenous Peoples' Rights	Company policy on Indigenous Peoples' rights, records of consultation with local Indigenous Peoples, pre-audit questionnaire responses, interviews with Company staff.
9. Legal and Regulatory Compliance	Forest management plan, environmental management plan (EMP), health & safety policy, field inspections, regulatory agency reports.
10. Forestry Research, Science & Technology	Forest management plan, EMP, records of research projects and funding, staff interviews.
11. Training and Education	Forest management plan, EMP, training records, SIC minutes & resources, interviews with staff and contractors.
12. Community Involvement and Landowner Outreach	Forest management plan, EMP, SIC minutes & resources, community and landowner outreach records, staff interviews.
13. Public Land Management Responsibilities	Records of cooperative public land planning processes, forest management plan, 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, internal audit and related action plans.

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SFI Fibre Sourcing Objective #	Sources of Key Evidence of Conformity
1. Biodiversity in Fibre Sourcing	Program to promote biodiversity in fibre sourcing, records of involvement in local or regional conservation efforts, interviews with procurement staff.
2. Adherence to Best Management Practices (BMPs)	Fibre sourcing policy and records of its distribution to wood producers, written fibre sourcing agreements, records of implementation of the BMP monitoring system, inspection of a sample of procurement sites.
3. Use of Qualified Resource and Logging Professionals	List of Qualified Resource and Logging Professionals, records of proportion of fibre delivered by QLPs, interviews with procurement staff.
4. Legal and Regulatory Compliance	Company policies regarding regulatory compliance, procedures to ensure compliance with applicable regulatory requirements, inspection of a sample of procurement sites, regulatory agency reports.
5. Forestry Research, Science & Technology	Records of research projects and funding, staff interviews.
6. Training and education	Training records, SIC minutes & resources, interviews with staff and contractors.
7. Community Involvement and Landowner Outreach	SIC minutes & resources, community and landowner outreach records, staff interviews.
8. Public Land Management Responsibilities	Records of cooperative public land planning processes, records of plan referrals to local stakeholders, procurement 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.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas	N/A— not sampled during the 2017 audit
12. Avoidance of Controversial Sources including Illegal Logging	N/A— not sampled during the 2017 audit
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	N/A— not sampled during the 2017 audit

Follow-up on Findings from Previous Audits

The audit team reviewed the status of the action plans that were developed by the Company to address non-conformities identified at the last SFI audit and concluded that they: (1) had been implemented as required, and (2) were effective in addressing the root cause of these non-conformities. As a result, all of the previously identified non-conformities have now been closed.

Areas of Nonconformance

The following non-conformity was identified during the SFI audit:

- SFI Forest Management Objective 2 (forest productivity) – In one case of road construction in steep terrain the site plan referenced the recommendations in a terrain specialist's report. However, the audit found that not all of the recommendations (i.e. specialist supervision during construction, closely spaced cross-drains, and seasonal measures prior to the spring freshet) were included in the road construction design, and were not applied in the field.

Opportunities for Improvement

A total of two opportunities for improvement were also identified during the audit. The key opportunities noted during the audit included:

- SFI Forest Management Objective 4 (biodiversity) – Some blocks assessed had a prescription to leave a specific number of green trees standing, and indeed these were retained post-harvest. However in some cases burn piles were created close enough to these retained trees such that after burning the green tree prescription may not be met.
- SFI Fibre Sourcing Objective (landowner outreach) – Woodsellers and landowners are provided with an information package outlining best management practices for their lands, however some of the internet links that are included no longer function..

Audit Conclusions

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

- Were 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;
- 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 continues to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that Canfor WynnWood division's be re-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-conformities identified during the audit have been developed by Canfor WynnWood 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 focus areas have been identified for the next audit visit:

- Transition to Canfor's forest management system procedures & processes, including storing of records such as preworks and inspections.
- Finalization by government of changes to zones of ecological classification, and amendments to stocking standards (i.e. geographical and elevation limits for planting of specific tree species)

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