



## FSC® Chain of Custody Documented Control System

**Company:** Canadian Forest Products Ltd.

**Location:** Canal Flats and Elko facilities British Columbia, Canada.

**Certification Contact:** General Manager International Marketing and Sales

**Date:** April 13, 2012

The Procedures stated herein are designed to support the standards for FSC Chain of Custody certification in Canfor's Canal Flats and Elko Sawmills and are maintained onsite by the Chain of Custody Multi-Site Coordinator. However, the Corporate Office of the organization holds ultimate management responsibility for maintaining the certification contract with the certification body and will be held responsible for upholding the Chain of Custody system and ensuring that the requirements of the relevant Chain of Custody certification standard are met at the participating sites included in the scope of the multi-site certificate. Therefore, should any written procedure or standard stated herein directly conflict those maintained by Canfor's Corporate Office, the latter will be deemed to have precedence. The Corporate Office position responsible for the Chain of Custody certification is as follows:

- General Manager International Sales and Marketing

### PART 1: CERTIFICATE SCOPE

#### 1.1 Scope Definition

Scope Item	Check all that apply to the Certificate Scope		
Input Material	<input checked="" type="checkbox"/> FSC 100%	<input type="checkbox"/> FSC Mix	<input type="checkbox"/> FSC Recycled
Categories for all FSC Product Groups:	<input type="checkbox"/> FSC Controlled Wood	<input checked="" type="checkbox"/> Controlled material	<input type="checkbox"/> Post-consumer Reclaimed <input type="checkbox"/> Pre-consumer/ Other Reclaimed
System for Controlling FSC Claims:	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit
FSC Claims for FSC Product Groups:	<input type="checkbox"/> FSC Mix X%	<input checked="" type="checkbox"/> FSC Mix Credit	
	<input type="checkbox"/> FSC Recycled X%	<input type="checkbox"/> FSC Recycled Credit	
	<input type="checkbox"/> FSC 100%	<input checked="" type="checkbox"/> FSC Controlled Wood	
Outsourcing:	<input checked="" type="checkbox"/> FSC-certified Subcontractors		<input checked="" type="checkbox"/> Non-certified Subcontractors
Minor Components:	<input type="checkbox"/> < 1% of Product Volume		<input type="checkbox"/> ≥ 1% to ≤ 5%
Trademark Use:	<input checked="" type="checkbox"/> FSC on-product Labelling	<input checked="" type="checkbox"/> FSC Promotional	<input checked="" type="checkbox"/> RAC Seal

## 1.2 FSC Product Groups

FSC Product Groups	Product Types (FSC-STD-40-004a)	FSC Claim	Species *	Input Material Category(ies)	Control System for FSC Claim	Sites
Log	W1.1	FSC Mix	SPF	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Lumber	W6.1	FSC Mix	SPF	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Log	W1.1	FSC Mix	Fir/Larch	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Lumber	W6.1	FSC Mix	Fir/Larch	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Rough Green	W6.1	FSC Mix	Fir/Larch	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Rig mat	W5	FSC Mix	Fir/Larch	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Log	W1.1	FSC Mix	WRC	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Lumber	W6.1	FSC Mix	WRC	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Chips	W3.1	FSC Mix	SPF / Fir/Larch	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Sawdust	W3.2	FSC Mix	SPF / Fir/Larch	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill
Shavings	W3.3	FSC Mix	SPF / Fir/Larch	FSC 100% Controlled material	Credit	Elko & Canal Flats Sawmill

\* Species above include:

SPF - White Spruce *Picea glauca*, Engelmann Spruce *Picea engelmannii*, Lodgepole Pine *Pinus contorta*,  
Subalpine Fir *Abies lasiocarpa*, Amabilis Fir *Abies amabilis*

- Plus less than 2% of other species are delivered to the mills and these are covered under 3.2.1 section C of this Chain of Custody Documented Control System: Grand Fir *Abies grandis*, White Pine *Pinus monticola*, Western Hemlock *Tsuga heterophylla*, Ponderosa Pine *Pinus ponderosa*

Fir/Larch - Douglas Fir *Pseudotsuga menziesii*, Western Larch *Larix occidentalis*

WRC - Western Red Cedar *Thuja plicata*,

## **PART 2: QUALITY MANAGEMENT**

### **2.1 Responsibilities**

**Responsible position** is (are) Canfor's Sawmill (s) FSC Multi-Site Chain of Custody Coordinator (s) and is (are) accountable for ensuring that FSC chain of custody and its control procedures are in place and maintained at all FSC certified sites in the Kootenay region. For the site level, it will be the Chain of Custody Site Coordinator.

### **2.2 Procedures**

The following listed Corporate Office procedures and/or work instructions covering applicable Chain of Custody standard requirements are available to relevant staff.

- Documented Control System
- FSC Trademarks use documented control system
- FSC manual for multi-site certification
- Fibre Procurement Assessment Procedure

Personnel responsible for maintaining documented procedures and/or work instructions including qualifications and/or training measures for this responsibility are defined in each of the listed above procedures.

Central procedures are available on Canfor's website ([www.canfor.com](http://www.canfor.com)) at:

### **2.3 Documents**

FSC-STD-40-004 v 2.1– FSC Chain of custody standard for companies supplying and manufacturing FSC-Certified products

FSC-STD-40-005 v2.1 – Standard for company evaluation of FSC Controlled Wood

FSC-STD-50-001 v1.2 Certificate Holder Trademark Requirements

FSC-STD-40-003 v1.0 Multi site Chain of Custody

These documents are available on [www.fsc.org](http://www.fsc.org)

### **2.4 Training**

- All key personnel shall know and understand their specific responsibilities in order to implement all the requirements of this Documented Control System.
- Training will take the form of either presentations, review of job-specific written control procedures and / or verbal one-on-one instruction.
- Training shall be documented and records kept on file by Canfor's Chain of Custody Multi-Site Coordinator – this includes all training records from the Corporate Office as well.

- The training will consist of an overview of FSC Chain of Custody certification and the FSC Chain of Custody Document Control System and each person's specific responsibilities.
- The Chain of Custody Multi-Site Coordinator will be responsible for Chain of Custody training at the Elko and Canal Flats facilities while the Marketing Analyst will be responsible for the Corporate Office Chain of Custody training.

## **2.5 Records**

- All database information dating back to the inception of those systems in place and will continue to be maintained.
- Records include purchase and sales documents, training records, production records, volume summaries and trademark approval.
- All records relating to FSC deliveries and production will be retained for at least 5 years.
- The FSC deliverables and the FSC Mix Credit Account are recorded in MS Excel (CWPM TBA) spreadsheets maintained by the FSC Chain of Custody Multi-Site Coordinator, separately, by Sawmill and Species Group.
- Fibre procurement and sales records are available in the Canfor's Logs Production Module databases and summary reports are to be readily available at the time of annual audits.

### **2.5.1 Suppliers**

A central list of suppliers has been established and is maintained up-to-date by the Corporate Office. Each participating site is responsible to update and transmit the list to the Corporate Office. The list will be updated by each participating site each time a new supplier of wood fibre is contracted. The list will be updated at least once a year by the participating site and the update submitted to the central office.

### **2.5.2 Conversion Factors**

Material is converted from weight to volume based on conversion factors derived through the mill sampling program. Round wood deliveries by volume (m<sup>3</sup>) are compiled monthly and input into the FSC Credit accounting table. Input fibre credit are reported in cubic meter and converted into units of board feet and BDMT of co-products monthly. Conversion factors are established through monthly inventories, consumption and production. The conversion factors will be revised at least once per year.

LRFs are generated daily and monthly, and averages – both gross (rough lumber) and net (after trim loss, planing, etc.) – are tracked in a database referred to as Canfor's Logs Production Module. The same methodology will be used to establish chips, sawdust, and shavings recovery factors.

## **Volume Summary Data for each FSC Product Group**

Canfor's Elko and Canal Flats sawmills are managing a credit account for each of their FSC products groups. Annual volume summaries are integrated into the sawmills FSC Credit accounting table. The annual volume summaries provide qualitative information for each material category received/used and product type produce/sold, as follows:

- Inputs received
- FSC Mix Credit available
- FSC Mix Credit credits sales and /or labelled
- FSC Controlled Wood sales

### **2.5.3 Volume accounting Records**

Data for each FSC product group will be obtained from FSC tracking system upon request by Rainforest Alliance auditors including:

- Reference to supplier invoice for inputs;
- Quantities of inputs;
- Material category of inputs (credit claim);
- Claim period for outputs;
- FSC claim of outputs;
- Product item information for outputs used on sales invoices;
- Reference to sales invoices for outputs.

## **PART 3: PURCHASING AND RECEIVING**

### **3.1 Sourcing**

#### **3.1.1 Input Specifications**

Eligible inputs sourced for each FSC product groups will be categorized according to the following material categories:

- **FSC 100%:** FSC certified inputs from an FSC certified supplier;
- **Controlled material:** non-FSC virgin inputs controlled by implementing applicable FSC-STD-40-005 requirements
- **FSC Controlled Wood:** material originating in non FSC-certified forests supplied with an FSC claim by a supplier which has been assessed for conformity with FSC Chain of custody and/or FSC Controlled Wood requirements (FSC-STD-40-005 or FSC-STD-30-010)

#### **3.1.2 Supplier Verification**

The validity and scope of the FSC certificate of suppliers of certified material will be checked annually on [www.info.fsc.org](http://www.info.fsc.org), by Operations Manager, South Region FMG.

### **3.1.3 Procedures for Purchasing Certified and Controlled Material**

When purchasing any roundwood for the Canal Flats or Elko Sawmill, a Log Purchase Agreement is used. Log purchase information is stored in a database referred to as Genus Logs Production Module. A software tool called Crystal Reporting is used to generate the Log Purchase Agreement. It is a core requirement for all supplier's – defined in the Log Purchase Agreement – that all log purchases must meet the standards for Controlled Wood, defined in the FSC Standard FSC-STD-40-005 (Version 2-1); no logs will be delivered which do not meet this standard, without the explicit written permissions of the Site Manager. If delivery of uncontrolled volume is authorized, this volume must be physically segregated from all other site inventory at all times. Canfor's policy for Fibre Procurement with respect to Controlled Wood is located on their website at the following address: (<http://www.canfor.com/responsibility/environmental/certification>).

When entering information into Genus Logs Production Module, the supplier's FSC CoC Number is to be verified and – if applicable – entered as FSC – certified material.

### **3.1.4 Generating of Raw material inputs on-site**

Canfor generates sawmill co-products which include chips, sawdust and shavings. Chips, sawdust and shavings are managed under Canfor's credit system and will be sold with a FSC Mix Credit claim.

Procedures for Tracking Certified Volumes of Raw Materials Generated Onsite

- Trim Blocks – trim blocks are chipped at the Canal Flats sawmill... Chips – all woodchips are delivered to the Skookumchuk Pulp Mill.
- Chips from the mobile chipper – low-grade logs (pulp logs) are delivered into the Canal Flats & the Elko log yards, which are then processed by a mobile chipper. Chips, fines and Hog Fuel are produced. A report is produced that shows the FSC-certified delivery volumes of pulp logs into the Canal Flats & Elko mill yards.
- Sawdust – Sawdust production and shipments are recorded in Canfor's Logs Production Module. A sawdust recovery factor is calculated and applied to the net FSC log deliveries each month to determine the volume of certified sawdust.
- Shavings – Shavings are produced and sold at the Canal Flats and Elko Planermills. These volumes are tracked in Canfor's Logs Production Module, and available on the Monthly Cost Statement. This total is then multiplied by the percentage of FSC log deliveries to the respective Sawmill during the current month. Some Shavings volume is used internally at the Canal Flats' and Cranbrook millsites; for this usage, all uncertified volume is used first, with any excess internal usage drawing from the FSC – certified balance.

## 3.2 Receipt and storage

### 3.2.1 Identification of input

- A. Procedures for Verifying the Certified or Controlled Status of Material Purchased.
- On receipt of material or prior to further use or processing the supplier invoice and supporting documentation will be checked to ensure the following:
  - The supplied material quantities and quality are in compliance with the supplied documentation;
  - The material category is indicated;
  - The supplier's invoice (or bill of lading) and supporting documentation quote the site's FSC Chain of custody or FSC Controlled Wood code for material supplied with FSC claims;
- B. Procedures for Recording Quantities of Certified Materials Received.
- All logs received by each Sawmill cross the mill's respective Scales.
  - Upon arrival at the scales, truckloads of logs are weighed, and the scaler enters information – such as the weight, species, stratum, and origin – into an interface computer program. Stratums are derived from the government-approved yearly Stratum Plan that is produced by Canfor's Forest Management Group (FMG).
  - Procured material is traceable in Canfor's Logs Production Module by Forest Tenure (ie TFL 14, FL A18978); therefore, FSC certified material can be queried by Tenure.
  - The FMG Woodlands Accountant imports delivery information from the Scale computer into Canfor's Logs Production Module, which converts the weights into volumes. (see FMG standard works for Chain of custody [http://fmg.canfor.ca/FMG\\_Main/fmg\\_chain\\_of\\_custody\\_swp.xls](http://fmg.canfor.ca/FMG_Main/fmg_chain_of_custody_swp.xls))
  - To obtain a credit for these logs, the above-mentioned system – combined with monthly mill production records – will be used to demonstrate what portion of the mill yard inventory is applicable as FSC-certified. These deliverables will be used to generate an FSC Mix credit system by product groups (SPF & Fir/Larch). The FSC Chain of Custody Multi-Site Coordinator is responsible for tracking certified volumes to ensure the applicability of the FSC credit system.
  - All deliveries are assumed to be uncontrolled material, unless otherwise indicated by the Log Purchase & Residual Fibre Supervisor, prior to the point of sale.
- C. Procedures for Tracking Deliveries by Product Group
- In addition to the two specified products groups, SPF and FL, other species are delivered in very small quantities (see section 1.2). These species combined normally make up less than 2% of all deliveries. Although a few truckloads consisting of these off-species stratums are delivered each year, the majority of the off-species are mixed in SPF truckloads that are designated to SPF stratums.

- It would not be possible to determine certified volumes of these species.
- These off-species are sometimes sorted out in the log yard and sold in log form. Most of these species are mixed in with SPF production at the Sawmill and Planer mill. Currently only Western Red Cedar is separated and sold in lumber form.
- Because of the relatively small volume of these off-species, the even smaller volumes of sales (in either log or lumber form) of these species and the fact that the majority of deliveries cannot be tracked as certified or not, they will be considered as part of the SPF product group. All certified or non-certified log deliveries and log or lumber sales of these species will be included in the SPF delivery and credit account spreadsheets.

D. Procedures for the Handling and Sale of FSC-Certified Logs from the Canal Flats and Elko Sawmills

- Small quantities of logs are sold from the respective mill site. All log volume that is sold is scaled and recorded by Scale personnel. A report is generated each month that summarizes the log sales by species.
- All log sales are deducted from the current month's FSC input volume, prior to conversion calculations into the various products and co-products.
- No logs out of the facilities will be sold as FSC certified.

E. Procedures for Tracking Deliveries of Pulpwood

- Periodically, accumulations of logs deemed unsuitable for Sawmill use are delivered, and are collectively known as Pulpwood. This material may or may not originate in FSC-Certified forests, and is delivered to, and stored at, several locations:
- Canal Flats log yard, Elko log yard, or potentially the Skookumchuk Pulp Mill
- If the Pulpwood will be stored in the Canal Flats or Elko Logyard, it is measured and recorded by the Scalers as normal, except that a pulpwood stratum s used when entering the delivery in Canfor's Logs Production Module. The Pulpwood is stored together, segregated from regular Sawmill log inventory.
- If the Pulpwood will be stored at the Skookumchuk Pulp Mill Site it tracked by personnel in Canal Flats, and is considered a separate inventory under the control of the Site Manager.
- All Pulpwood deliveries must meet the standard for Controlled Wood. No Uncontrolled deliveries will be made to the respective Mill site without the explicit written permission of the Site manager; if delivery of uncontrolled volume is authorized, this volume must be physically segregated from all other site inventory at all times.
- Periodically, Canfor's mobile chipper is moved onto one of the sites, and converts the Pulpwood into chips. The resulting chip FSC credits are transferred if sold with the chips at the time of delivery, using a flat percentage-of-delivered-volume method.

F. Responsible Personnel for Purchasing and Receiving.



- Operations Manager, South Region (FMG)
  - Log Purchase & Residual Fibre Coordinator
  - Receiving – Scalars (at Canal Flats and Elko Sawmill)
  - Senior Woodlands Accountant (FMG)
  - Senior Business Analyst (FMG)
- G. Forms/Records used for Purchasing and Receiving.
- Receiving – Load Description Slip, Scale Slip & Daily Stratum Reports
  - Purchasing – Log Purchase Agreement

### 3.2.2 Segregation

#### **Procedures for Maintaining the Separate Identity of Certified and Controlled Materials Upon Receipt.**

- Under the credit system, FSC-certified and Controlled material will not be physically segregated upon arrival at the sawmill, however its identity will be tracked in Canfor's Logs Production Module database and it will be identifiable through stamp-hammer marks and/or spray-painted timber marks.
- The exception to this is Uncontrolled Materials. If any uncontrolled materials is procured it is to be segregated in the mill yard. Refer to the Assessment Procedures for more details.

#### Procedures for Separate Production and Identity of Certified Material

- Under the Credit System, FSC-certified material will not be physically segregated throughout production (except in the case of Uncontrolled Materials); however the mill's conversion rate (e.g. for lumber, Lumber Recovery Factor, or LRF) will be used to generate the applicable volume credit of lumber saleable as FSC-certified.

## **PART 4: SYSTEMS FOR CONTROLLING FSC CLAIM**

### **4.1 Credit System**

FSC Chain of Custody Multi-Site Coordinator is responsible for maintaining the FSC credit accounting table for lumber and co-products (chips) up to date. This will ensure that there are sufficient credits available at all times for the labelling and sale of FSC certified product.

#### **4.1.1 Specification of Claim Period**

The applicable FSC product groups are in product group schedule and the claim period that will be used for maintaining the credit account for each product group including time period for recording additions and withdrawals from the account is 1 (one) month

#### **4.1.2 Adding credit to the account**

- Canfor's Logs Production Module contains FSC – certified log deliveries (obtained from a crystal report by Tenure) as well as daily/monthly LRFs. This system will generate the conversion, which will be used on the Volume Credit Spreadsheet (FSC Credit Account).
- Only FSC-certified (FSC 100%) inputs will contribute to FSC credit in accounts of product groups FSC Mix.
- If FSC Controlled Wood claims are made for products that are not sold with FSC Mix Credit claim, a corresponding credit account will be set up to manage the FSC Controlled Wood product group.
- FSC credits added to the account will be based on the converted quantities using the identified conversion factors.
- FSC credits will be added to the account after ownership is taken of the inputs and the material category has been verified, and before the inputs enter processing / production.

#### **4.1.3 Withdrawing credit from the account**

- The quantities of products that are FSC-labelled and/or sold with FSC Mix Credit claim will be deducted from the available FSC credit in the applicable FSC product group credit account.
- When FSC Controlled Wood claims are made for products that are not sold with FSC Mix Credit claims, the quantities of products that are sold with FSC Controlled Wood claims will be deducted from the available credit in the applicable FSC Controlled Wood credit account.

#### **4.1.4 General Credit Account Management**

- The credit accounts will never be overdrawn.
- The credit accounts will be kept to date and the credit available in the credit account will be available to relevant staff.
- The sum of new credit will not exceed what has been added to the account over the past 12-months.
- Any unsold FSC credit that exceeds new credit added over the past 12-months will be deducted at the start of each new claim period.

#### **4.1.5 FSC Claims**

- FSC Mix product groups will be sold with a credit claim up to the total available FSC credit in the applicable credit account.
- Products within an FSC product group may be supplied with / sold with an FSC Controlled Wood claim when that volume has not been sold with an FSC Mix Credit claim. This is only allowed when FSC Controlled Wood claims are approved in the certificate scope and FSC Controlled Wood are managed in a credit account.
- Production is tracked by the Sales / Production Coordinator at each of the facilities covered by the Chain of Custody certificate and communicated monthly to the FSC Multi-Site Chain of Custody Coordinator.

Responsible Personal for Production

- Site Manager at Elko and Canal Flat facilities
- FSC Multi-Site Chain of Custody Coordinator
- Sales / Production Coordinator

#### Forms/Records Used for Purchasing and Receiving

- Receiving – Load Description Slip, Scale & Daily Statum Reports
- Purchasing – Log Purchase Agreement
- Currently, Canfor's Logs Production Module database will contain inventories of FSC saleable material (by license).
- Canfor Wood Products Marketing (CWPM) data base will also contain summaries of material sold as FSC-certified

## **PART 5: SALES AND DELIVERY**

FSC certified products will be labelled in accordance with the standards set forth by FSC. The FSC trademark use will be approved by Rainforest Alliance and will be used on specific products. Lumber stamps and package labels include the FSC logo.

Completed certified orders are entered into the sales inventory system by sales staff located in the Vancouver sales office. The status of all orders is real time on the Integrated Corporate Marketing System (ICMS) Production is updated daily on the system. Orders are processed upon shipment.

Bills Of Lading (BOL) are issued to car loaders to facilitate loading of either truck or rail cars. Upon completion of loading, the car loader signs the BOL. The Sales / Production Coordinator verifies the load and then prepares the final BOL. All invoicing is performed through the Vancouver sales office.

Responsible personnel for finished product handling and sales

- FSC Chain of Custody Site Coordinator
- Sales / Production Coordinator
- Shipping Supervisor
- Marketing Analyst (CWPM)

### **5.1 Sales and delivery documents**

All sales and delivery documents issued for products sold with an FSC claim shall include the following information:

- Name and contact details of company;
- Name and address of customer;
- Date when the document was issued;
- Description of the product;
- Quantity of the products sold;
- FSC Chain of custody certificate code **SW-COC-01594** or FSC Controlled Wood code **SW-CW-001594**, applicable to the FSC claim (*must change out when we receive Canfor certificate code*)

- Clear indication of the FSC claim for each product item or the total products as follows:
  - **FSC Mix Credit** for product sold under the FSC chain of custody certificate code
  - **FSC Controlled Wood** for product sold under the FSC Controlled Wood certificate code
- If separate delivery documents are issued, information sufficient to link the invoice and related delivery documentation to each other

## 5.2 Delivery documents

When a copy of the sales document does not physically go with the product, all the required details in section 5.1 above will be included on the delivery documentation.

The sales / production coordinator performs a visual check to ensure that the load matches the bill of lading before the truck or railcar leaves the site.

## 5.3 FSC claims and on-product labelling

Products that carry an FSC label will always be sold with the corresponding FSC claim on the sales and transport documentation.

When invoices are issued with FSC claims, the corresponding product will not carry any on-product marks/claims of another forestry conformity assessment scheme.

Responsible Personnel for Finished Product handling and Sales

- FSC Chain of Custody Site Coordinator
- Shipping / Production Coordinator
- Shipping Supervisor
- Marketing Analyst (CWPM)

Forms/Records used for Finished Product handling and Sales

- Handling – Order Files/Bill of Lading/Invoice
- Sales – Click-View reports

## **PART 6: TRADEMARK USE**

### **6.1 On-product labelling**

The FSC Chain of Custody Multi-Site Coordinator is responsible for using FSC trademarks supplied to Canfor's Elko and Canal Flats Sawmills on confirmation of FSC Chain of custody certification.

The FSC Chain of Custody Multi-Site Coordinator is also responsible to comply with the requirements of the corporate procedure "FSC Trademarks use documented system" for obtaining necessary approvals to label FSC certified products.

The Marketing Analyst (Corporate Office) is responsible to ensure that all uses of the FSC trademarks by the participating sites are approved by Rainforest Alliance prior to use.

Elko and Canal Flats sawmills shall submit all approvals via the Corporate office and keep records of approvals.

#### **6.1.1 Submittal to Rainforest Alliance**

Submittal of FSC trademarks use to Rainforest Alliance of the central FSC trademarks use documented control system.

All documentation with Rainforest Alliance concerning trademarks use approvals will be kept for a minimum of five years.

#### **6.1.2 Applying the FSC label**

The lumber eligible for FSC labelling with approved **FSC Mix** label.

### **6.2 Promotional use of FSC trademarks**

See the corporate office FSC trademarks use documented control system for requirements of promotional use of FSC trademarks.

Responsible Personnel for Labels and Logo use

- General Manager, International Sales & Marketing (see Corporate Office FSC trademarks use document)

## **PART 7: OUTSOURCING**

Canfor sawmills contracts out kiln drying of lumber to Tembec's Cranbrook operation. The dried lumber is returned to the sawmills.

The sawmills contract out to rail reloading facilities and will be directed to follow the general provisions for Outsourcing as applicable to their operations.

### 7.1 General Provisions for Outsourcing

- A. Canfor Elko and Canal Flats sawmills will have each outsourcing arrangement approved by Rainforest Alliance and included in its certificate scope prior to outsourcing.
- B. Canfor Elko and Canal Flats sawmills shall include procedures in its documented control system that covers each outsourcing arrangement.
- C. Canfor Elko and Canal Flats sawmills will have legal ownership of all materials for use in FSC-certified products included in each outsourcing arrangement.
- D. Canfor Elko and Canal Flats sawmills will not relinquish legal ownership of all materials for use in FSC-certified products during each outsourcing arrangement.
- E. Canfor Elko and Canal Flats sawmills will have an agreement or contract (e.g., outsourcing agreement) that covers each outsourcing arrangement with each subcontractor.
- F. Canfor Elko and Canal Flats sawmills will include in the above outsourcing agreement a clause reserving the right of Rainforest Alliance to audit the subcontractor.
- G. Canfor Elko and Canal Flats sawmills will ensure the subcontractor tracks and controls all materials that are outsourced for use in FSC-certified products to ensure they are not at risk of mixing or contamination with any other materials during the outsourcing arrangement.
- H. Canfor Elko and Canal Flats sawmills will ensure the subcontractor maintains records of inputs, outputs, and shipping documents associated with all material processed during the outsourcing arrangement.
- I. Canfor Elko and Canal Flats sawmills will issue the final invoice with the FSC certificate holder's certificate code for the FSC-certified products following the outsourcing arrangement as is required under normal FSC CoC procedures.
- J. If Canfor Elko and Canal Flats sawmills do not issue the final invoice for the FSC-certified products following the outsourcing arrangement; the products will **not** be sold as FSC-certified.
- K. If outsourcing arrangement requires that the subcontractor apply FSC labels to the FSC-certified products, Canfor Elko and Canal Flats sawmills will ensure the subcontractor only uses the FSC labels covered by the scope of the outsourcing arrangement and outsourcing agreement.
- L. Canfor Elko and Canal Flats sawmills will ensure the subcontractor does not use the FSC and Rainforest Alliance trademarks for promotional use or on any products not included in the outsourcing arrangement.
- M. Canfor Elko and Canal Flats sawmills will ensure the Subcontractor does not further outsource processing of the material to any other entity.
- N. Canfor Elko and Canal Flats sawmills will maintain a subcontractor list of the names and contact details of all subcontractors included in the scope of the certificate.
- O. Outsourcing of FSC-certified products is acceptable in cases that the Canfor Elko and Canal Flats sawmills would not normally take physical possession of the products after outsourcing.