



# REPORT Forest Certification



## Carrier Forest Products Ltd. — 2015 Surveillance Audit

In October 2015, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI Surveillance Audit of Carrier Forest Products Ltd.'s Prince Albert Forest Management Agreement area woodlands and procurement operations against the requirements of the 2010-2014 edition of the Sustainable Forestry Initiative® (SFI) Standard. This Certification Summary Report provides an overview of the process and KPMG's findings.

### Description of Carrier Forest Products Ltd's Woodlands and Procurement Operations

Carrier's Crown land woodlands operations are situated within the Prince Albert (PA) Forest Management Area (FMA) in northern Saskatchewan. Carrier is a shareholder in Sakaw Aisky Management Inc. which is a working consortium of various stakeholders managing forestlands within the PA FMA. Carrier has an annual allocation of 375,000 m<sup>3</sup> of softwood harvest within four geographic operating areas.

The woodlands operations that are included within the scope of the Company's SFI certification are covered by government-approved harvest plans that address both timber and non-timber values. These are developed to be consistent with higher level plans such as the Detailed Forest Management Plan which provide direction to forest management within the areas managed by the organization.

The forests managed by the Company are within the boreal forest eco-region, and are made up of mixed-wood stands on the west and softwood dominated stands to the north and east. Common tree species are, pine, spruce, and balsam.

The forest management approach employed by the Company is based on even-aged management, ground-based harvesting systems, clearcut harvesting with the retention of reserves of standing trees, and regeneration of conifer species regeneration through planting with a mix of ecologically suited tree species.

### Description of Carrier Lumber Ltd.'s Manufacturing Facilities and Fibre Sourcing Program

The company operates a sawmill near the community of Big River, Saskatchewan. Most of the logs for the mill are sourced from the company's SFI-certified timberlands, with the remainder being purchased from other crown-land operators (most of which are also SFI-certified) as well as a small amount from privately held land.

The Company 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 the Company is a member) in order to identify trends in performance and opportunities for improvement.

### Audit Scope

The scope of the audit covered the following:



## Findings: Carrier Forest Products Ltd. — 2015 Surveillance Audit

- The objectives of the SFI standard noted at Table 1 later in this report and the organization’s activities and management system processes that pertain to them.
- Activities conducted under the Company’s management system between August 31, 2014 and October 9, 2015.

### The Audit

- **Audit Team** – The audit was conducted by Yurgen Menninga, RPF, EP(EMSLA), and Dennis Lozinsky, RPF, EP(EMSLA). Yurgen Menninga, the Lead Auditor on this engagement, is an employee of KPMG PRI, and has conducted numerous forest management audits under a variety of standards including SFI, CSA Z809, FSC and ISO 14001 standards. Dennis Lozinsky is a contractor for KPMG PRI with experience in conducting forest management audits against the SFI, CSA Z809, FSC and ISO 14001 standards.
- **2015 SFI Surveillance Audit** – The audit involved an on-site assessment of a sample of elements of the Company’s SFI program, and included visits to several field sites (4 roads, 4 cutblocks, 2 silviculture sites) to evaluate conformance with the requirements of the SFI standard. The audit took a total of 5 auditor days to complete, 4 days of which were spent on-site at the operations included in the audit sample. The balance of audit time was spent preparing the audit plan, completing an audit checklist, and preparing the main and public summary audit reports.
- **Carrier Lumber Ltd.’s SFI Program Representative** – Dean Mamer, RPFT, served as carrier Lumber Ltd.’s SFI program representative during the audit.

### Use of Substitute Indicators

No substitute indicators were utilized during the audit.

### Audit Objectives

The following audit objectives were included within the scope of the audit:

- Determine its conformance with the requirements of the SFI 2010-2014 standard;
- Evaluate the ability of the management systems to ensure that Carrier Forest Products Ltd. meets applicable regulatory requirements;
- Evaluate the effectiveness of the systems in ensuring that Carrier Forest Products Ltd. meets its specified objectives, and;
- Where applicable, identify opportunities for improvement.

### Audit Conclusions

Carrier Forest Products’ SFI program was found to be implemented by the Company in all material respects, and meets the requirements of the 2010-2014 version of the SFI Standard except where noted otherwise in this report.

#### Carrier Forest Products Ltd. 2015 Audit Findings

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

#### 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:**

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.

## Findings: Carrier Forest Products Ltd. — 2015 Surveillance Audit

### Evidence of Conformity with SFI 2010-2014

Primary sources of evidence assessed to determine conformity with the SFI 2010-2014 standard are presented in Table 1 below.

SFI Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	Not in scope in 2015
2. Forest Productivity	Silviculture database, survey data; field inspections for reforestation
3. Protection and Maintenance of Water Resources	Not in scope in 2015
4. Conservation of Biological Diversity	Detailed Forest Management Plan (DFMP), field inspections; Species at Risk, Standards and Guidelines, Woodland Caribou Recovery Plans
5. Management of Visual Quality and Recreational Benefits	Not in scope in 2015
6. Protection of Special Sites	TFM, identification of special sites, CDC database, indigenous peoples correspondence, RAN
7. Efficient Use of Forest Resources	Not in scope in 2015
8. Landowner Outreach	SFI Implementation Committee (SIC) Wood Producer Information Package, SFI awareness training events, participation in SIC initiatives
9. Use of Qualified Resource and Logging Professionals	Not in scope in 2015
10. Adherence to Best Management Practices	SIC Wood Purchase Information, Wood Purchase agreements, wood purchase inspections, SIC Wood Producer Annual Report
11-13	N/A to Canadian Sourcing
14. Legal and Regulatory Compliance	Woodlands EMS/SFM Guidebook, DFMP, permits, inspection records, internal audit, health & safety policy.
15. Forestry Research & Technology	Not in scope in 2015
16. Training and Education	SIC training policy, Training Matrix, training materials, prework documents
17. Community Involvement in the Practice of Sustainable Forestry	Not in scope in 2015
18. Public Land Management Responsibilities	FMP approval process, AOP and stakeholder comments, aboriginal communities, general public.
19. Communications and Public Reporting	Certification summary report, SFI annual report.
20. Management Review and Continual Improvement	Environmental Management System, management review, internal audit.

## Findings: Carrier Forest Products Ltd. — 2015 Surveillance Audit

### Good Practices

The following good practice was identified during the course of the audit.

- SFI Objective 7 (Efficient Use of Forest Resources) – The company has a buyer for small diameter logs, increasing utilization.
- SFI Objective 18 (Public Land Management Responsibilities) — The company has a good public engagement process and was found to accommodate stakeholders at the planning stage and during harvest operations.

### Follow-up on Findings from Previous Audits

At the time of this assessment there was one open non-conformity from previous external SFI audits. The audit team reviewed the status of the action plans that were developed by the Company to address these previous audit findings and concluded that they: (1) had been implemented as required, and (2) were effective in addressing the root causes of these non-conformities. As a result, all of the previously identified non-conformities have now been closed.

### Areas of Nonconformance

No non-conformity was identified during the SFI surveillance audit of the company's operations:

### Opportunities for Improvement

One new opportunity for improvement was identified during the audit.

- The company has yet to develop action plans to be achieve the requirements of the new 2015-2019 version of the SFI standard.

### Audit Conclusions

The audit found that Carrier Lumber Ltd.'s sustainable forest management system:

- Was in full conformance with the requirements of the SFI 2010-2014 standard included in the scope of the audit, except where noted otherwise in this report;
- Has been effectively implemented, and;
- Is sufficient to systematically meet the commitments included within the organization's environmental and SFM policies, provided that the system continues to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that Carrier Lumber Ltd. continue to be certified to the SFI 2010-2014 standard.

#### Contacts:

Chris Ridley-Thomas, RPBio, EP(EMSLA) (604) 691-3088  
David Bebb, RPF, EP(EMSLA) (604) 691-3451

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