



REPORT Forest Certification



Interfor Corporation—Interior Woodlands Operations July 2014

In July 2014, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an annual surveillance audit of the Interfor Corporation (Interfor's) SFI certification for the Interfor Interior Woodlands (collectively Adams Lake, Grand Forks and Castlegar Woodlands Divisions). The audit was conducted against the requirements of the 2010-2014 edition of the Sustainable Forestry Initiative® (SFI) standard. This Certification Summary Report provides an overview of the audit process and KPMG's findings.

Description of Interfor's Interior Woodlands Operations

Interfor's Interior Woodlands Operations conduct forest operations through three distinct operations in the interior of British Columbia, all of which are covered under an SFI certificate issued by KPMG PRI that is valid until August 22, 2015. The total area subject to certification is approximately 975,000 hectares of Crown land with an associated allowable annual cut of approximately 1.5 million m³/year. Interfor's Interior Woodlands Operations include the following:

- Adams Lake Woodlands, which is geographically located in the southern interior of the Province of British Columbia in the Adams Lake and Thompson geographic areas, with the nearest community being the village of Chase. Tenures managed by the operation are Forest Licences A18693, A18694, A74910 and TL T0888.
- Grand Forks Woodlands, which is located in the Boundary region of the province immediately adjacent to the Canada-USA border. Tenures managed by the operation are Forest Licence A18969 and Tree Farm Licence (TFL) #8.
- Castlegar Woodlands, which is located on the Arrow Lakes in the community of Nakusp. The operation manages Tree Farm Licence #23, as well as licences recently acquired from Springer Creek Forest Products (TFL 3, FL A20192).

All divisions source their fiber through both long term tenures (quota) with the Provincial government, and through the purchase of fiber from other Crown and non-Crown sources. Sawmills associated with each woodlands primarily produce random length lumber for the domestic and U.S market and more specialty products for overseas markets.

Audit Scope

The audit was conducted against the requirements of the 2010-2014 edition of the SFI standard, and incorporated a limited scope assessment against the SFI program objectives for:

- Forest productivity
- Conservation of Biological Diversity including Forests with Exceptional Conservation Value;
- Protection of Special Sites;
- Landowner Outreach;
- Fibre sourcing (landowner outreach, adherence to best management practices, promotion of conservation of biological diversity, etc.);
- Legal and regulatory compliance;
- Training and Education;
- Public Land Management Responsibilities, and;
- Management review and continual improvement.



Findings: Interfor—Interior Woodlands Operations—July 2014

The Audit

- **Audit Team** – The audit was conducted by Sylvi Holmsen, RPF, EP(EMSLA) and Bodo von Schilling, RPF, EP(EMSLA). All of the team members have conducted numerous forest management audits in BC under a variety of standards including SFI, ISO 14001 and CSA Z809.
- **SFI Surveillance Audit** – Annual SFI surveillance audits are conducted to ensure that the requirements of the standard continue to be met. The 2014 SFI surveillance audit involved an on-site assessment of the Adams Lake, Grand Forks and Castlegar operations’ environmental management system (EMS) and SFI program, and included visits to several field sites (14 roads, 11 harvest blocks, 10 silviculture sites and 1 procurement site) to evaluate the extent to which the operation’s forest management plans and practices conform to the requirements of the SFI standard.
- **Interfor Interior Woodlands Operations SFI Program Representative** – Randy Waterous, RFT served as Interfor’s SFI program representative during the audit.

Use of Substitute Indicators

No substitute SFI indicators were used during the audit.

Audit Objectives

The objective(s) of the audit were to evaluate the SFM system at Interfor’s Interior Woodlands to:

- Determine its conformance with the requirements of SFI 2010-2014;
- Evaluate the ability of the system to ensure that Interfor Interior Woodlands meets applicable regulatory requirements;
- Evaluate the effectiveness of the system in ensuring that Interfor Interior Woodlands meets its specified sustainable forest management (SFM) objectives, and;
- Where applicable, identify opportunities for improvement.

Audit Conclusions

The audit found that the Interfor Interior Woodlands sustainable forest management system:

- Was in conformance with the requirements of the SFI 2010-2014 requirements included within the scope of the audit, except where noted otherwise in this report;
- Continues to be effectively implemented, and;
- Is sufficient to systematically meet the commitments included within the Company’s SFM policy, provided that the system continues to be implemented and maintained as required.

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 on the following page.

2014 Audit results

Minor non-conformities from previous audits that remain open	1
New major non-conformities	0
New minor non-conformities	1
New opportunities for improvement	4

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, which must be fully implemented by the operation within 3 months.

Major non-conformities must be addressed immediately or certification cannot be achieved / maintained.

Opportunities for Improvement:

Are not non-conformities but are comments on specific areas of the SFM System where improvements can be made.

Findings: Interfor—Interior Woodlands Operations—July 2014

SFI Objective #	Key Evidence of Conformity
1. Forest Management Planning	Sustainable Forest Management Plan (SFMP), Forest Stewardship Plans (FSPs), land use plans, Climate change through a Timber Supply Area (TSA) level initiative known as the Kamloops Future Forests Strategy (FFS).
2. Forest 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; under the FSP through soil hazard ratings/disturbance limits and riparian management measures.
4. Conservation of Biological Diversity	SFMP, FSPs, Landscape Unit Plans, site plans; Innovative Forest Practices Agreement (IFPA) and associated Timber Supply Review (TSR), EMS Handbook, field inspections.
5. Management of Visual Quality and Recreational Benefits	SFMP, FSP, harvest plans, field inspections.
6. Protection of Special Sites	SFMP, FSP, harvest & site plans, special site inspections.
7. Efficient Use of Forest Resources	SFMP, waste reports, field inspections.
8. Landowner Outreach	Wood procurement program, contracts, Best Management Practices (BMP) package distribution, inspection results.
9. Use of Qualified Resource and Logging Professionals	Qualified professional list. Logger training information.
10. Adherence to Best Management Practices	Fiber sourcing policy, wood purchase agreements, inspection protocol and checklists, third party wood supplier inspection records
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas	NA. The Company does not procure wood from outside of North America.
12. Avoidance of Controversial Sources including Illegal Logging	NA. The Company does not procure wood from outside of North America.
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	NA. The Company does not procure wood from outside of North America.
14. Legal and Regulatory Compliance	SFMP, inspection records, health & safety policy; Interior Lumber Manufacturers Association regulatory referrals, field inspections.
15. Forestry Research & Technology	SFMP, FFS initiative.



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In the example depicted above, the Grand Forks operation had rehabilitated roads that were not required for future development.

SFI Objective #	Key Evidence of Conformity
16. Training and Education	SFMP, EMS Handbook, training records, Provincial Implementation Committee (PIC) minutes & resources.
17. Community Involvement in the Practice of Sustainable Forestry	SFMP, PIC minutes & resources, stakeholder consultation records at the FSP and cutting permit stage.
18. Public Land Management Responsibilities	SFMP, FSPs and associated referral process, site plans, referral of site plans to First Nations water users, ranchers and local property owners.
19. Communications and Public Reporting	Certification summary report.
20. Management Review and Continual Improvement	SFMP, management review, internal audit.



Interfor Grand Forks has worked with the Ministry of Forests, Lands and Natural Resource Operations (MFLNRO) on an open forest ecosystem restoration project which is expected to help promote red listed Williamson Sapsucker habitat (also listed on SARA Schedule 1). An under-burn of the site is planned by government biologists.

Good Practices

The following good practices were identified during the course of the audit:

- SFI Objective 2 (Forest Productivity): Increased focus on fire preparedness, including: preparedness inspections, fire drills, development of guidance documents for fire watch, development of fire danger class monitoring system
- SFI Objective 16 (Training and Education): Development and delivery of full-day comprehensive training sessions for contractor employees and truck drivers, covering SFI and other operational issues (Adams Lake)
- SFI Objective 4 (Conservation of Biological Diversity including Forests with Exceptional Conservation Value): Continuation of work with FLNRO to promote ecosystem restoration of Natural Disturbance Type 4 open Douglas fir/Ponderosa Pine to promote Williamson sapsucker habitat. (Grand Forks)
- SFI Objective 16 (Training and Education): Woodlands included archeological assessment crews from two First Nations in the annual EMS/SFI training. (Grand Forks)
- SFI Objective 3 (Protection and Maintenance of Water Resources): Woodlands operation improved fish habitat with the replacement of a culvert with a clear span bridge along the Boyer FSR to a S3 stream that had previously been a barrier to fish movement (Grand Forks)
- SFI Objective 2 (Forest Productivity): Implementation of LIDAR remote sensing technology for development planning on a portion of the Company’s operating area (Adams Lake)

Follow-up on Findings from Previous Audits

At the time of this assessment there was one minor non-conformance open from the 2013 audit regarding inventories and risk assessments for major structures. While the finding was identified at the Grand Forks operation, Interfor determined that the action plan applied at all operations. While Interfor has made substantial progress in developing the Major Structure Risk Assessment Matrix, significant actions required to update the inventories and implement the risk assessment process have not progressed sufficiently to close the finding. KPMG accepts that this ambitious program has taken more than one year to formulate and implement.

New Areas of Nonconformity

The 2014 surveillance audit identified one new minor non-conformity, as follows:

SFI Objective 10.1.3 (Fibre Sourcing): While Log Purchase Agreements were in place with most suppliers, KPMG noted the following issues:

Review of the Log Purchase Agreement indicated the lack of a specific requirement for the seller to follow best management practices or comply with the terms and conditions of Interfor’s Sustainable Management and Log Procurement Policy. One wood purchase also lacked purchase agreement document.

New Opportunities for Improvement

The following five new opportunities for improvement were also identified during the 2014 audit:

SFI Objective 1, 18 (Forest Management Planning, Public Land Management Responsibilities): The current SFMP does not include new licence areas recently acquired by Interfor, and contains outdated references (e.g. to expired or unused documents).

- SFI Objective 2 (Forest Productivity): A new strategy to re-establish pine stands via assisted natural regeneration (via site preparation) may result in challenges in meeting SFI regeneration objectives (i.e. within 5 years). Implementation of careful monitoring of regeneration over this time frame may help to ensure objectives are met.
- SFI Objective 2 (Forest Productivity): Damage to mature retained trees from harvesting was noted on some blocks. Interfor does not specifically manage damage to retained trees, an aspect of its BMPs that could be improved.
- SFI Objective 3 (Protection and Maintenance of Water Resources): A field inspection of active logging during wet conditions identified some silt reaching an S6 stream. Better education regarding working in wet conditions could prevent similar occurrences in the future.



Management of the visual impacts of forest harvesting is a consideration in a number of the Company’s operating areas. In the above picture the Big White ski resort is visible from Interfor’s TFL 8 (managed by Grand Forks Woodlands).

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 Interfor 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.



The 2014 SFI audit of Interfor's Interior Woodlands operations noted a number of examples of effective reforestation of harvested sites similar to that depicted above.

Contacts:

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

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