



J.H. Huscroft Ltd. — 2015 SFI Re-certification Audit

From October 19-22, 2015, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI re-certification audit of forestry and logging (including planning, roads, harvesting, and silviculture) on J.H. Huscroft's Forest Licence A20213, as well as fibre sourcing for the company sawmill in Creston, B.C., against the requirements of the 2015-2019 Sustainable Forestry Initiative® (SFI) forest management and fibre sourcing standards. This Certification Summary Report provides an overview of the process and KPMG's findings.

Description of J.H. Huscroft's Woodlands Operations

J.H. Huscroft's woodlands operations are located in the vicinity of Creston, B.C. and encompass a total area of 107,000 hectares of generally coniferous forests in the mountainous terrain of the Central British Columbia Mountain Forests ecoregion.

J.H. Huscroft's woodlands have a total AAC (allowable annual cut) of 78,600 m³/year. The 2015 audit found that the Company's forest harvesting continues to conform with the allocated harvest level applicable to these operations.

The woodlands operations that are included within the scope of the Company's SFI certification are covered by a sustainable forest management plan that address the Objectives of the SFI forest management standard. In addition, a government-approved forest stewardship plan that addresses both timber and non-timber values is also in place. Higher level plans developed by government (e.g., Kootenay Boundary Land Use Plan) also provide direction to forest management within the areas managed by the organization.

The forest management approach employed by the Company is clearcut harvesting with the retention of single tree and group retention of standing trees either within or adjacent to harvest areas. Areas are harvested with either ground-based or cable yarding system, depending on the terrain, and then replanted within a few years with a mix of ecologically suited tree species. In cases where brush inhibits growth of regenerating areas, the competing vegetation is managed by mechanical brushing.

Description of Huscroft's Manufacturing Facilities and Fibre Sourcing Program

Huscroft's SFI fibre sourcing certification covers procurement of fibre for the company sawmill located in the community of Creston, BC.

While the majority of fiber is sourced directly from the Company's own woodlands, approximately 40% is purchased from third parties, most of which is from other organizations who hold their own SFM certifications (e.g., B.C. Timber Sales, Atco Wood Products Ltd.), with a small percentage coming from uncertified crown and private land. In addition, a small portion of the Company's fibre sourcing is obtained through purchase stumpage that is logged by Huscroft's contractors under the Company's environmental management system.

J.H. Huscroft 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 in order to identify trends in performance and opportunities for improvement.



J.H. HUSCROFT LTD.
EST. 1927

Audit Scope

The audit was conducted against the requirements of the 2015-2019 edition of the SFI forest management and fibre sourcing standards, and incorporated an assessment against the SFI program objectives shown in Tables 1 & 2 in this report

The 2015 SFI re-certification audit covered forestry and logging (including planning, roads, harvesting, and silviculture) on J.H. Huscroft's Forest Licence A20213, as well as fibre sourcing for the company's sawmill located in Creston B.C.

The Audit

- **Audit Team** – The audit was conducted by Bodo von Schilling, RPF, EP(EMSLA). Bodo is a contractor to KPMG PRI, and has conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **2015 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 (7 roads, 4 cutblocks, 1 silviculture site and 4 wood procurement sites) to evaluate conformance with the requirements of the current SFI forest management and fibre sourcing standards. The audit took a total of 6.5 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 off-site review of selected Company documents and records and completing various audit checklists and the main and public summary audit reports.
- **Huscroft's SFI Program Representative** – Rick Hanson, RPF, served as J.H. Huscroft'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 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 J.H. Huscroft Ltd. to:

- Determine conformance with the requirements of the SFI 2015-2019 forest management and fibre sourcing standards;
- Evaluate the ability of the system to ensure that J.H. Huscroft Ltd. woodlands operations meet applicable regulatory requirements, and;
- Evaluate the effectiveness of the system in ensuring that J.H. Huscroft Ltd. meets its specified SFM objectives.

Audit Evidence Reviewed

Primary sources of evidence assessed to determine conformity with the SFI 2015-2019 forest management and fibre sourcing standards are presented in Tables 1 and 2.

J.H. Huscroft Ltd. SFI Re-certification Audit Findings	
Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	3
New opportunities for improvement	2

Table 1: Evidence of Conformity with the SFI 2015-2019 Forest Management Standard

SFI Forest Management Objective	Key Evidence of Conformity
1. Forest Management Planning	Land Use Plan (LUP) for the Kootenay-Boundary, Timber Supply Review, cut control report, geographic information system (GIS).
2. Forest Health and Productivity	Site plans, silviculture reports, field inspections, cutting permits, silviculture surveys, GIS, Fire Preparedness Plan, Emergency Response Plan.
3. Protection and Maintenance of Water Resources	LUP, Forest Stewardship Plan (FSP), Sustainable Forest Management Plan (SFMP), field inspections, site plans & harvest plans, operational contracts, GIS.
4. Conservation of Biological Diversity	SFMP, FSP, LUP, Species at Risk program, GIS, site plans, field inspections.
5. Management of Visual Quality and Recreational Benefits	LUP, SFMP, FSP, harvest plans, field inspections, visual models, field inspections.
6. Protection of Special Sites	LUP, SFMP, FSP, harvest & site plans, archaeological assessments, GIS., field inspections
7. Efficient Use of Fibre Resources	SFMP, waste survey results, field inspections, cut control report.
8. Recognize and Respect Indigenous Peoples' Rights	SFM Policy, archaeological assessments.
9. Legal and Regulatory Compliance	SFMP, SFM policy, regulatory reports.
10. Forestry Research, Science & Technology	SFMP, West Kootenay Climate Change Committee information.
11. Training and Education	SFMP, SFM Policy, training records, WCSIC minutes & resources.
12. Community Involvement and Landowner Outreach	SFMP, Timber Producer Information Package, WCSIC minutes & resources.
13. Public Land Management Responsibilities	LUP, SFMP, FSP, site plans, referral process of operational plans to First Nations.
14. Communications and Public Reporting	Certification summary report.
15. Management Review and Continual Improvement	SFMP, management review, internal audit report.

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.

Table 2: Evidence of Conformity with the SFI 2015-2019 Fibre Sourcing Standard

SFI Fibre Sourcing Objective #	Key Evidence of Conformity
1. Biodiversity in Fibre Sourcing	SFMP, FSP, LUPs, site plans, OGMAs, Species at Risk program, BEC mapping, GIS
2. Adherence to Best Management Practices	Timber producer info package, procurement documents including purchase contracts, inspections
3. Use of Qualified Resource and Qualified Logging Professionals	Timber producer info package.
4. Legal and Regulatory Compliance	SFMP, SFM Policy, regulatory reports.
5. Forestry Research, Science and Technology	SFMP, TSA, West Kootenay Climate Change Committee information.
6. Training and Education	SFMP, training records, SIC minutes & resources.
7. Community Involvement and Landowner Outreach	LUPs, FSP, SFMP, Timber Producer Information Package.
8. Public Land Management Responsibilities	LUPs, SFMP, FSP, site plans, referral process of operational plans to First Nations.
9. Communications and Public Reporting	Certification summary report.
10. Management Review and Continual Improvement	SFMP, management review, internal audit report.
11-13—These objectives relate to sourcing fibre from outside Canada and the USA.	Not applicable to J.H. Huscroft. No wood sourced from outside of Canada or USA.



An example of a cutblock harvested by J.H. Huscroft, with overstory retention dispersed across the opening.

Good Practices

A number of good practices were identified during the course of the audit. Examples included:

- SFI Forest Management Objective 3 (water quality) – Logging contractors and personnel were found to have a high level of awareness of environmental management and sustainable forest management. As well, one contractor had provided the harvesting equipment with on-board GPS, displaying the operator's location relative to mapped features such as roads, boundary streams etc.
- SFI Forest Management Objective 7 (utilization) – The company operations supervisor, logging contractor, as well as mill personnel have a robust system of monitoring and communicating log quality. As well, the company arranged a mill tour with logging contractors, further generating awareness regarding how log processing in the forest relates to mill utilization.

Follow-up on Findings from Previous Audits

There were no open non-conformities from prior audits that required follow up during the 2015 audit.

Areas of Nonconformance

A total of three minor non-conformities were however identified during the SFI re-certification/surveillance audit of J.H. Huscroft's woodlands and fibre sourcing operations. These included:

- SFI Fibre Sourcing Objective 2 (best management practices) – The company provides an information package to wood sellers, however the material does not include a program to address adverse weather conditions as required by the standard.
- SFI Fibre Sourcing Objective 6 (training and education) – The Fibre Sourcing standard states there are to be written agreements with logging contractors and purchase wood suppliers that require the use of qualified logging professionals. However, J. H. Huscroft's written agreements do not currently contain a clause requiring the use of qualified logging professionals.
- SFI Logo Use Rules— The company uses the SFI logo, but in some cases the use does not meet the SFI Logo Use Rule requirements

Opportunities for Improvement

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

- SFI Forest Management Objective 3 (forest productivity) – During the harvest planning process for one block, issues were raised regarding slope stability. While these issues were addressed, they were not appropriately documented
- SFI Fibre Sourcing Objective 2 (best management practices) – It was noted that there were some weaknesses in documenting some relevant internal audit and management review details.



The audit included an assessment of this recently constructed bridge, to verify that construction conformed to the procedures and regulations regarding water quality, and fish habitat.

Audit Conclusions

The audit found that the J.H. Huscroft'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 that J.H. Huscroft be certified to the SFI 2015-2019 forest management and fibre sourcing standards.

Corrective Action Plans

Corrective action plans designed to address the root cause of the non-conformities identified during the audit have been developed by J.H. Huscroft 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.

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