

## **2017 SFI Public Summary Report**

### **Sinclar Group Forest Products Ltd.**

### **Sustainable Forestry Initiative® (SFI) Fiber Sourcing Standard [2015-2019]**

### **Sustainable Forestry Initiative® (SFI) Forest Management Standard [2015-2019]**

**Date: November 17, 2017**

### **Project Scope and Objectives**

PricewaterhouseCoopers LLP (“PwC”) completed a Maintenance Assessment on Sinclar Group Forest Products Ltd.’s (“Sinclar” or “the Company”) Forest Management and Fiber Sourcing in North America for the woodlands in the Prince George Timber Supply Area (“TSA”). The forest management and fiber sourcing activities are managed by the Central Office in Prince George, B.C. The Lead Assessor was James Lucas, EMS (LA) and the additional audit team member was Sean Pledger, PwC Assessor. The audit team was accompanied by Sinclar Group Forest Products Ltd.’s SFI Representative, Les Dillabaugh.

The primary objective of the assessment was to assess the Company’s SFI management system and to evaluate the Company’s implementation of the SFI Standards in the office and field.

### **Indicators**

All of the indicators in the SFI Forest Management and Fiber Sourcing Standard were within the scope of the assessment, except for SFI Fiber Sourcing Objectives 11-13 since the Company is not sourcing outside Canada and the US. There were no substitute indicators.

### **Assessment Process**

On September 19-22<sup>th</sup>, 2017, the assessment team conducted interviews and reviewed appropriate documentation to assess policies and procedures, and tested the implementation of SFI program requirements at the office in Prince George, B.C. The field assessments were conducted in the Fort St. James and Vanderhoof areas and a total of 15 sites were visited, which included 2 active and 7 completed harvest sites with associated roads, 2 silviculture sites as well as 3 completed procurement sites. In total, the audit team spent 2.5 days in the office and 2.5 days on-site for field assessments. The audit report was dated November 17, 2017.

### **Sinclar Group Forest Products’ Forest Management Program**

Sinclar’s woodland operations include 5 replaceable Forest Licences and 2 non-replaceable Forest Licences with an annual allowable cut (“AAC”) of approximately 1.55 million cubic meters per year across 592,000 hectares of public land. This AAC includes the Vanderhoof Community Forest (80,000 m<sup>3</sup>/year) as well as a non-replaceable forest license (100,000 m<sup>3</sup>) for the Saik’uz First Nation which Sinclar manages. The majority of Sinclar woodlands operations are within the Prince George TSA, with a small volume (23,000 m<sup>3</sup>) in the Lakes TSA, all located in the central interior of British Columbia. AAC harvest levels are determined at the TSA level by Government and reviewed periodically. Sinclar’s

woodlands operations and associated SFI program are managed from three offices which are located in Prince George, Vanderhoof and Fort St. James, BC.

All of the Sinclair woodlands operations are covered by a government approved Forest Stewardship Plan's ("FSP's"). The FSP establishes results and strategies to meet objectives set by Government to guide forest management professionals in their decision making. Various higher level plans developed by government (i.e. Land and Resource Management Plan) also provide forest management direction.

The woodlands are located predominantly within the Sub-Boreal Spruce Biogeoclimatic zone with a small portion in the Engelmann Spruce-Subalpine Fir Biogeoclimatic zone. The forest types are primarily coniferous leading with the main commercial species being lodgepole pine, interior spruce, subalpine fir and a minor component of Douglas-fir.

Sinclair's forest management approach uses even-aged silviculture systems, based on the uniform age and composition of the existing stands. Harvesting is carried out using ground-based clear-cutting harvesting with the retention of single and groups of trees within and/or adjacent to the harvesting areas. Regeneration is predominantly achieved through artificial means (i.e. tree planting). Ecologically based, government approved stocking standards are used to determine species mix with the main species planted being lodgepole pine, interior spruce and Douglas-fir. Natural ingress of lodgepole pine, interior spruce and sub-alpine fir supplements the planted trees. Competing vegetation is managed through the use of government approved herbicides and/or mechanical means.

### **Sinclar Group Forest Products' Manufacturing Facilities and Fibre Sourcing Program**

Sinclar provides fibre to three sawmills, Lakeland Mills, located in Prince George, BC, Nechako Lumber Company Ltd. in Vanderhoof and Apollo Forest Products, located in Fort St. James, BC. The majority of fibre for the three sawmills is sourced directly from the company's Forest Licences, with the remainder being purchased under the company's SFI Fibre Sourcing program. The Fibre Sourcing program includes risk-based field verification of harvesting practices.

Sinclar participates in the Western Canada SFI Implementation Committee ("WCSIC") Purchase Wood Monitoring Program by completing risk assessments for all wood purchased and completing purchase wood inspections as required.

**Summary of Conformance, Findings, and Good Management Practices**

**SFI FOREST MANAGEMENT**

<b>Objective</b>	<b>Performance Measure</b>	<b>Evidence of Conformity</b>	
<b>Objective 1. Forest Management Planning</b>	<i>Performance Measure 1.1 Program Participants shall ensure that forest management plans include long-term harvest levels that are sustainable and consistent with appropriate growth-and-yield modes.</i>	<i>Evidence: Sinclar SFI Evidence Package, Interviews with Sinclar Staff and contractors, Document review on-site</i>  Due to the public lands and tenure system, the Province of British Columbia is largely responsible through the Timber Supply Review process and the volume allocation process with each forest license. The MoF is responsible for and completes a periodic (usually every 5 years) full long-term resource (timber supply) analysis of each Timber Supply Area including the Prince George TSA. The MoF maintains inventory of the forest resources in all areas managed by the Company and where wood is procured from Crown land.	
	<b>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</b>		
	<i>Performance Measure 1.2 Program Participants shall not convert one forest cover type to another forest cover type, unless in justified circumstances.</i>	<i>Evidence: interviews with staff</i>  The Company does not convert one forest type to another forest type and manages plantation establishment using approved Forest Stewardship Plan stocking standards that include specifications for preferred and acceptable species as per Provincial silviculture legislation requirements.	
	<b>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</b>		
	<i>Performance Measure 1.3 Program Participants shall not have within the scope of their certification to this SFI 2015-2019 Forest Management Standard, forestlands that have been converted to non-forestland use.</i>	<i>Evidence: field assessments, interviews with staff</i>  The Company does not have forestlands that have been converted into non forestland use within the scope of their certification.	
<b>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</b>			
<b>Objective 2. Forest Health and Productivity</b>	<i>Performance Measure 2.1 Program Participants shall promptly reforest after final harvest.</i>	<i>Evidence: field assessments and records</i>  Field observations and records associated with each timber harvest were used to confirm practices. Site Plans identify desirable advanced natural regeneration to be protected during harvest and subsequent activities. Strategies and expectations are communicated at the pre-work and monitored during inspections. After harvest, the site conditions are assessed to determine if the objectives of the site level plan were achieved.	
	<b>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</b>		
	<i>Performance Measure 2.2 Program Participants shall minimize chemical use required to achieve management objectives while protecting employees, neighbors, the public and the environment, including wildlife and aquatic habitats.</i>	<i>Evidence: interviews with staff and EMS procedures</i>  The Company’s Integrated Pest Management (“PMP”) Plan was used to confirm practices. It is currently under review as the renewal period is five years The Company only uses pesticides for their intended use and in accordance with the label by licensed applicators and has committed that pesticide applicators will be trained to the current standards and supervised by certified applicators.	

	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 2.3 Program Participants shall implement forest management practices to protect and maintain forest and soil productivity.</i>	<i>Evidence: field observations and harvest site plans</i>  This was observed in the field and the harvest site plans.  Forest Stewardship Plans have site disturbance limits for permanent and temporary access structures. The Company’s Environmental Management System includes measures to maintain forest and soil productivity. This information is communicated at the pre-work meeting and continually monitored through inspections.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 2.4 Program Participants shall manage so as to protect forests from damaging agents, such as environmentally or economically undesirable wildfire, pests, diseases, and invasive exotic plants and animals, to maintain and improve long-term forest health, productivity, and economic viability.</i>	<i>Evidence: field observations and harvest site plans</i>  This was observed in the field and the harvest site plans.  The Company conforms to applicable laws, regulations and follows guidelines regarding measures that must be taken to protect forest resources (i.e., Wildfire Act). Landscape level and Site Plans address forest health issues. Monitoring and quantifying pest incidence within reforested stands is performed by forestry professionals. Harvest inspections ensure compliance with fire preparedness expectations. Additionally, the Company works cooperatively with MoF programs to ensure that forest pests are identified and dealt with in a timely manner.
	No Nonconformities were identified related to this performance measure.	
	An Opportunity for Improvement was identified related to this performance measure. In general, Sinclair’s contractors were up to date with annual inspections of fire extinguishers on harvesting equipment. One sub-contractor however, had not had their fire extinguisher recently inspected on their processor. The fire extinguisher was observed to be fully charged.	
	<i>Performance Measure 2.5 Program Participants that deploy improved planting stock, including varietal seedlings, shall use best scientific methods.</i>	<i>Evidence: interviews with staff and EMS procedures</i>  Research, testing and evaluation of genetically improved seedlings are conducted by the MoF. The Company uses the government Seed Planning and Registry system to order the most appropriate seed for each site.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 3. Protection and Maintenance of Water Resources</b>	<i>Performance Measure 3.1 Program Participants shall meet or exceed all applicable federal, provincial, state and local water quality laws, and meet or exceed best management practices developed under Canadian or U.S. Environmental Protection Agency – approved water quality programs.</i>	<i>Evidence: field observations and inspection forms, EMS procedures</i>  Procedures are incorporated into the development of site level plans for activities that have the potential to impact the environment. All harvest units reviewed during the assessment included pre-harvest reviews, active harvest inspections and post-harvest closeouts.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 3.2 Program Participants shall implement water, wetland and riparian protection measures based on soil type, terrain, vegetation,</i>	<i>Evidence: field observations, inspection forms and EMS procedures</i>  In general it was found that the monitoring activity was sufficient to meet the Company requirements and to ensure that environmental aspects were addressed.

	<i>ecological function, harvesting system, state best management practices (BMPs), provincial guidelines and other applicable factors.</i>	The Company has a good program in place to meet or exceed all applicable federal, provincial, state and local water quality laws, and meet or exceed best management practices developed under Canadian and BC laws with regards to soil and water protection.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 4. Conservation of Biological Diversity</b>	<i>Performance Measure 4.1 Program Participants shall conserve biological diversity.</i>	<i>Evidence: field observations, inspection forms, EMS procedures</i>  The company's Forest Stewardship Plan incorporates the conservation of biological diversity by setting results and strategies to meet Government established objectives and legislative requirements such as landscape and stand level biological diversity, objectives for water, fish, wildlife and biological diversity within riparian areas, and objectives set for soils and wildlife. Measures are carried in the site level plans developed by Registered Professional Foresters.  Additionally, operational controls have been implemented through the Environmental Management System to conserve biological diversity.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 4.2 Program Participants shall protect threatened and endangered species, Forests with Exceptional Conservation Values (FECV) and old-growth forests.</i>	<i>Evidence: interviews with staff, EMS procedures</i>  The Company's FSP includes results and strategies to meet objectives set by Government for the management of threatened and endangered species and old-growth forests. The Companies species of management concerns program covers off the management of various other species including G1 and G2 ecological plant communities at risk. The species and plant community lists are reviewed and updated annually.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 4.3 Program Participants shall manage ecologically important sites in a manner that takes into account their unique qualities.</i>	<i>Evidence: interviews with staff</i>  Ecologically important sites are identified and mapped. Trained field crews identify ecologically important sites for protection. Site Plans are developed by foresters using the field information gathered.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 4.4 Program Participants shall apply knowledge gained through research, science, technology, and field experience to manage wildlife habitat and contribute to the conservation of biological diversity.</i>	<i>Evidence: interviews with staff, EMS procedures</i>  Conservation is integrated throughout the Company's SFM program. The Company spatially manages its land base through the use of a GIS system that tracks many conservation values.
No Nonconformities or Opportunities for Improvement were identified related to this performance measure.		
<b>Objective 5. Management of Visual Quality and Recreational Benefits</b>	<i>Performance Measure 5.1 Program Participants shall manage the impact of harvesting on visual quality.</i>	<i>Evidence: field observations, interviews with staff and EMS procedures</i>  This was observed in the field and in documented procedures.  Visual quality is part of the Company's management planning and is a requirement as part of their license to operate. The program was reviewed with Apollo's Planning Forester. The Apollo operating area has high visual quality objective ("VQO") areas around Stuart Lake and some of the other high recreation lakes (Kazchek & Green lakes) in the area. Sinclair use a contractor for the visual impact assessment's ("VIA's") which were reviewed for a particular cutting permit in the Kazchek lake area. The VIA was comprehensive

		and made adjustments to harvest boundaries and approach based on the analysis.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 5.2 Program Participants shall manage the size, shape and placement of clear-cut harvests.</i>	<i>Evidence: staff interviews</i>  The Company conforms to applicable laws, regulations and follows guidelines (where appropriate) regarding the size of clearcut harvest areas. Biodiversity guidelines are set out in the Forest Stewardship Plan. The Company tracks clearcut size and reported to the MoF.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 5.3 Program Participants shall adopt a green-up requirement or alternative methods that provide for visual quality.</i>	<i>Evidence: harvest site plans</i>  Where the Company's harvest blocks require compliance with visual green-up in order to harvest adjacent areas, a rationale is included in the Site Plans.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 5.4 Program Participants shall support and promote recreational opportunities for the public.</i>	<i>Evidence: interviews with staff</i>  The FSP establishes results and strategies to meet objectives set by Government for recreational resources within the Prince George TSA. The results are to maintain or enhance the recreational experience for the backcountry user.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 6. Protection of Special Sites</b>	<i>Performance Measure 6.1 Program Participants shall identify special sites and manage them in a manner appropriate for their unique features.</i>	<i>Evidence: harvest site plans</i>  The protection of special sites is part of the Company's management planning and is a requirement as part of their license to operate. Special sites are identified in the GIS, through consultation and on the ground field review. The sites include trap lines, geological and ecological sites and First Nations and sites of importance to the local community.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 7. Efficient Use of Fiber Resources</b>	<i>Performance Measure 7.1 Program Participants shall employ appropriate forest harvesting technology and in-woods manufacturing processes and practices to minimize waste and ensure efficient utilization of harvested trees, where consistent with other SFI 2015-2019 Forest Management Standard Objectives.</i>	<i>Evidence: harvest site plans, interviews with staff and field observations</i>  Site Plans specify standards for post-harvest conditions. Active harvest and post-harvest inspections confirm these standards are met.  The Company has procedures in place to manage waste and maximize value. Harvest conditions are monitored regularly and issues are corrected as found.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 8. Recognize and Respect Indigenous Peoples' Rights</b>	<i>Performance Measure 8.1 Program Participants shall recognize and respect Indigenous Peoples' rights.</i>	<i>Evidence: policy statement and interviews with staff</i>  The Company has a policy which includes the recognition, respect and acknowledgement of the rights of indigenous people.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 8.2 Program Participants with forest management responsibilities on public lands shall confer with affected Indigenous Peoples</i>	<i>Evidence: records and interviews with staff</i>  The Company has procedures in place to confer with affected Indigenous Peoples with respect to sustainable forest management practices. Concerns and responses are documented and addressed through the information sharing process.

	<i>with respect to sustainable forest management practices.</i>	
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 8.3 Program Participants are encourage to communicate with and shall respond to local Indigenous Peoples with respect to sustainable forest management practices on their private lands.</i>	<i>Evidence: records and interviews with staff</i>  The Company communicates regularly with First Nations in relation to FSP planning and harvest activities.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 9. Legal and Regulatory Compliance</b>	<i>Performance Measure 9.1 Program Participants shall comply with applicable federal, provincial state and local forestry and related social and environmental laws and regulations.</i>	<i>Evidence: written contracts, interviews with loggers</i>  Access to applicable Federal and Provincial forestry and related social and environmental laws and regulations were factors in finding conformance. The Company has processes in place to manage for legal compliance.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 9.2 Program Participants shall take appropriate steps to comply with all applicable social laws at the federal, provincial, state and local levels in the country in which the Program Participant operates.</i>	<i>Evidence: field observations</i>  Field reviews of on-going and completed operations were used to confirm this requirement. The Company complies with Provincial and Federal social legislation in Canada.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 10. Forestry Research, Science and Technology</b>	<i>Performance Measure 10.1 Program Participants shall individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners provide in-kind support or funding for forest research to improve forest health, productivity and sustainable management of forest resources, and the environmental benefits and performance of forest products.</i>	<i>Evidence: Interviews with staff and confirmation of financial records.</i>  The Company actively supports forestry research, science, and technology through funding to improve forest health, productivity, and sustainable forest management and the environmental benefits and performance of forest products.  Through the Timber Supply Review process, the Company participates in Ministry of Forests, Lands and Natural Resource Operations (MoFLNRO) forest health, productivity and ecosystem functions analysis.  The Company is an active member on the Board of Directors for the College of New Caledonia Research Forest.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 10.2 Program Participants shall individually and/or through cooperative efforts involving SFI Implementation Committees, associations or</i>	<i>Evidence: Interviews with staff and confirmation of financial records.</i>  The Company is an active member of the Western Canada SFI Implementation Committee.

	<i>other partners – develop or use state, provincial or regional analyses in support of their sustainable forestry programs.</i>	
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 10.3 Program Participants shall – individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners – broaden the awareness of climate change impacts on forests, wildlife and biological diversity.</i>	<i>Evidence: Interviews with staff and confirmation of financial records.</i>  The Company follows carbon research through Provincially led initiatives.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 11. Training and Education</b>	<i>Performance Measure 11.1 Program Participants shall require appropriate training of personnel and contractors so that they are competent to fulfill their responsibilities under the SFI 2015-2019 Forest Management Standard.</i>	<i>Evidence: policy statement and training records</i>  The Company policy statement provides evidence of commitment to the SFI 2015-2019 Fiber Sourcing Standard.  Staff roles and responsibilities are clearly defined and documented. The Company has a reasonable SFI training program for staff and contractors.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 11.2 Program Participants shall work – individually and/or with SFI Implementation Committees, logging or forestry associations, or appropriate agencies or others in the forestry community – to foster improvement in the professionalism of wood producers.</i>	<i>Evidence: Interviews with staff and confirmation of financial records.</i>  The Company financially supports, participates in and assists efforts of the WCSIC to develop and administer wood producer training and education programs.
	No Nonconformities were identified related to this performance measure.  An Opportunity for Improvement was identified related to training. Sinclar trains all staff and contractors in their EMS and other requirements such as fire fighting (eg. S100) training. While training records were up to date for the majority of staff and contractors, staff for one company were found to be tardy on their annual S100 training modules as the training is computer based and some crew members are not comfortable using computers for training. Sinclar could consider providing an alternative form of training for those without the necessary computer skills to complete the online modules.	
<b>Objective 12. Community Involvement and Landowner Outreach</b>	<i>Performance Measure 12.1 Program Participants shall support and promote efforts by consulting foresters, state, provincial and federal agencies, state or local groups, professional</i>	<i>Evidence: WCSIC Wood Producer Information Package</i>  The Company encourages forest landowners to participate in forest management certification programs through the distribution of the WCSIC Wood Producer Information Package.



	<i>societies, conservation organizations, Indigenous Peoples and governments, community groups, sporting organizations, labor, universities, extension agencies, the American Tree Farm System® and/or other landowner cooperative programs to apply principles of sustainable forest management.</i>	
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 12.2 Program Participants shall support and promote, at the state, provincial or other appropriate levels, mechanisms for public outreach, education and involvement related to sustainable forest management.</i>	<i>Evidence: public website</i>  The Company has an extensive program of outreach and landowner education, including a website and is active in the WCSIC.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 12.3 Program Participants shall establish at the state, provincial or other appropriate levels, procedures to address concerns raised by loggers, consulting foresters, employees, unions, the public or other Program Participants regarding practices that appear inconsistent with the SFI 2015-2019 Forest Management Standard principles and objectives.</i>	<i>Evidence: record of public communications</i>  The WCSIC maintains the primary responsibility for receiving SFI program related complaints against program participants in British Columbia and determining if they warrant investigation and ensuring credible response.  Additionally, the Company maintains a record of communications received from the public and responses to concerns/observations of apparent nonconforming practices.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 13. Public Land Management Responsibilities</b>	<i>Performance Measure 13.1 Program Participants with forest management responsibilities on public lands shall participate in the development of public land planning and management processes.</i>	<i>Evidence: Interview with staff</i>  As a license holder under the Crown of BC, the Company must follow strict forest management principles on public lands including participation in the development of public land planning and management processes as part of the license to operate on Crown Lands.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 14. Communications and Public Reporting</b>	<i>Performance Measure 14.1 A Program Participant shall provide a summary audit report, prepared by the certification body, to SFI Inc. after the successful</i>	<i>Evidence: SFI website and staff interviews</i>  PwC prepared the annual public summary report after the completion of the previous maintenance assessment to the SFI 2015-2019 Standard.

	<i>completion of a certification, recertification or surveillance audit to the SFI 2015-2019 Forest Management Standard.</i>	
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 14.2 Program Participants shall report annually to SFI Inc. on their conformance with the SFI 2015-2019 Forest Management Standard.</i>	<i>Evidence: SFI website and staff interviews</i>  The Company reports annually to SFI Inc. on their conformance to the SFI Standards. Records are kept for all the categories of information needed for SFI annual progress report surveys.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 15. Management Review and Continual Improvement</b>	<i>Performance Measure 15.1 Program Participants shall establish a management review system to examine findings and progress in implementing the SFI 2015-2019 Forest Management Standard, to make appropriate improvements in programs, and to inform their employees of changes.</i>	<i>Evidence: EMS procedures and management review meeting minutes</i>  The Company maintains an Environmental Management System for Forest Management of their own forest licenses. Procedures are in place to evaluate effectiveness and examine audit findings, make appropriate improvements and to inform their employees of changes to their certification management system.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	

### SFI FIBER SOURCING

<b>Objective</b>	<b>Performance Measure</b>	<b>Evidence of Conformity</b>
<b>Objective 1: Biodiversity in Fiber Sourcing</b>	<i>Performance Measure 1.1. Promotion and conservation of biological diversity.</i>	<i>Evidence: reviewed maps, risk assessments and documented procedures</i>  In addition to providing information packages (Wood Producer Information Package – WCSIC) and services to non-certified purchase vendors and private wood landowners about Forests with Exceptional Conservation Value, a risk assessment is completed for the purchase of non-certified logs. The company has policies to avoid the purchase of logs from known Forests with Exceptional Conservation Value.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 2: Adherence to Best Management Practices</b>	<i>Performance Measure 2.1. Program Participants shall clearly define and implement policies to ensure that facility inventories and fiber sourcing activities do not compromise adherence to the principles of sustainable forestry.</i>	<i>Evidence: reviewed contracts and documented procedures</i>  Wood purchase inspections ensure that purchased wood originating from non-certified sources and managed private forest land and other sources complies with the procurement program including best management practices (BMPs) compliance.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 2.2. Program Participants shall monitor the use of best management practices.</i>	<i>Evidence: documented procedures and monitoring inspections</i>  Western Canada SFI Implementation Committee (WCSIC) wood purchase monitoring program combined with the Company’s wood purchase inspections and internal audit were used to evaluate the effectiveness of BMPs by wood producers across the fibre supply area.
	No Nonconformities were identified related to this performance measure.	

	An Opportunity for Improvement was identified related to Sinclair’s procurement program. Nechako Lumber mill has recently begun to purchase logs from small local suppliers. While the company is conducting risk assessments under the WCSIC risk assessment tool and inspecting gatewood field sites as guided under the risk assessment matrix, procurement staff may wish to consider conducting inspections on a more frequent basis or on suppliers which come out as “moderate” risk according to the assessment tool.	
<b>Objective 3: Use of Qualified Resource and Qualified Logging Professionals</b>	<i>Performance Measure 3.1. Program Participants shall encourage landowners to utilize the services of qualified logging professionals, certified logging professionals (where available), qualified resource professionals and to apply principles of sustainable forest management to their lands.</i>	<i>Evidence: written contracts and interviews with loggers</i>  The Company’s procurement policy promotes the use of qualified logging and resource professionals. The Company works with a selection of qualified contract loggers.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 4: Legal and Regulatory Compliance</b>	<i>Performance Measure 4.1. Program Participants shall comply with applicable federal, provincial, state and local forestry and related social and environmental laws and regulations and take steps to avoid illegal logging.</i>	<i>Evidence: written contracts and interviews with loggers</i>  Access to applicable Federal and Provincial forestry and related social and environmental laws and regulations were factors in finding conformance. The Company monitors websites, and changes to relevant laws and regulations.  Additionally, the Company’s written contracts require legal title to the supply, and that suppliers shall comply with all applicable governmental laws, rules, and regulations.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 4.2. Program Participants shall take appropriate steps to comply with all applicable social laws at the federal, provincial, state and local levels in the country in which they Program Participant operates.</i>	<i>Evidence: field observations</i>  Field observations of on-going and completed operations were used to confirm this requirement. The Company complies with Provincial and Federal social legislation in Canada.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 5. Forestry Research, Science and Technology</b>	<i>Performance Measure 5.1. Program Participants shall – individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners – provide in-kind support or funding for forest research to improve forest health, productivity, and sustainable management of forest resources, and the environmental benefits and performance of forest products.</i>	<i>Evidence: Interviews with staff and confirmation of financial records.</i>  The Company actively supports forestry research, science, and technology through funding to improve forest health, productivity, and sustainable forest management and the environmental benefits and performance of forest products.  Through the Timber Supply Review process, the Company participates in Ministry of Forests, Lands and Natural Resource Operations (MoF) forest health, productivity and ecosystem functions analysis.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 5.2. Program Participants shall individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners develop or use state, provincial or regional analyses in support of their sustainable forestry programs.</i>	<i>Evidence: Interviews with staff and confirmation of financial records.</i>  The Company is an active member of the Western Canada SFI Implementation Committee.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 5.3. Program</i>	<i>Evidence: Interviews with staff and confirmation of financial</i>

	<i>Participants shall individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners broaden the awareness of climate change impacts of forests, wildlife and biological diversity.</i>	<i>records.</i> The Company follows carbon research through Provincially led initiatives.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 6. Training and Education</b>	<i>Performance Measure 6.1. Program Participants shall require appropriate training of personnel and contractors so that they are competent to fulfill their responsibilities under the SFI 2015-2019 Fiber Sourcing Standard.</i>	<i>Evidence: policy statement and training records</i> The Company policy statement provides evidence of commitment to the SFI 2015-2019 Fiber Sourcing Standard. Staff roles and responsibilities are clearly defined and documented. The Company has a reasonable SFI training program for staff and contractors.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 6.2. Program Participants shall work individually and/or with SFI Implementation Committees, logging or forestry associations, or appropriate agencies or others in the forestry community to foster improvement in the professionalism of wood producers.</i>	<i>Evidence: Interviews with staff and confirmation of financial records.</i> The Company financially supports, participates in and assists efforts of the WCSIC to develop and administer wood producer training and education programs.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 7. Community Involvement and Landowner Outreach</b>	<i>Performance Measure 7.1. Program Participants shall support and promote efforts by consulting foresters, state, provincial and federal agencies, state or local groups, professional societies, conservation organizations, Indigenous Peoples and governments, community groups, sporting organizations, labour, universities, extension agencies, the American Tree Farm System® and/or other landowner cooperative programs to apply principles of sustainable forest management.</i>	<i>Evidence: WCSIC Wood Producer Information Package</i> The Company encourages forest landowners to participate in forest management certification programs through the distribution of the WCSIC Wood Producer Information Package.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 7.2. Program Participants shall support and promote, at the state, provincial or other appropriate levels, mechanisms for public outreach, education and involvement related to sustainable forest management.</i>	<i>Evidence: public website</i> The Company has an extensive program of outreach and landowner education, including a website and is active in the WCSIC.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 7.3. Program Participants shall establish, at the state, provincial, or other appropriate levels, procedures to address concerns raised by loggers, consulting foresters, employees, unions, the public or other Program Participants regarding practices that appear inconsistent with the SFI 2015-2019 Fiber Sourcing Standard principles and objectives.</i>	<i>Evidence: record of public communications</i> The WCSIC maintains the primary responsibility for receiving SFI program related complaints against program participants in British Columbia and determining if they warrant investigation and ensuring credible response. Additionally, the Company maintains a record of communications received from the public and responses to concerns/observations of apparent nonconforming practices.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 8. Public Land</b>	<i>Performance Measure 8.1. Program Participants with forest management</i>	<i>Evidence: Interview with staff</i>

<b>Management Responsibilities</b>	<i>responsibilities on public lands shall participate in the development of public land planning and management processes.</i>	As a license holder under the Crown of B.C., the Company must follow strict forest management principles on public lands including participation in the development of public land planning and management processes as part of the license to operate on Crown Lands.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<b>Objective 9. Communications and Public Reporting</b>	<i>Performance Measure 9.1. A Program Participant shall provide a summary audit report, prepared by the certification body, to SFI Inc. after the successful completion of a certification, recertification or surveillance audit to the SFI 2015-2019 Fiber Sourcing Standard.</i>	<i>Evidence: SFI website and staff interviews</i>  PwC prepared the annual public summary report after the completion of the previous maintenance assessment to the SFI 2015-2019 Fiber Sourcing Standard.
		No Nonconformities or Opportunities for Improvement were identified related to this performance measure.
	<i>Performance Measure 9.2. Program Participants shall report annually to SFI Inc. on their conformance with the SFI 2015-2019 Fiber Sourcing Standard.</i>	<i>Evidence: SFI website and staff interviews</i>  The Company reports annually to SFI Inc. on their conformance to the SFI Standards. Records are kept for all the categories of information needed for SFI annual progress report surveys.
		No Nonconformities or Opportunities for Improvement were identified related to this performance measure.
<b>Objective 10. Management Review and Continual Improvement</b>	<i>Performance Measure 10.1. Program Participants shall establish a management review system to examine findings and progress in implementing the SFI 2015-2019 Fiber Sourcing Standard, to make appropriate improvements in programs, and to inform their employees of changes.</i>	<i>Evidence: EMS procedures and management review meeting minutes</i>  The Company maintains an Environmental Management System for Forest Management of their own forest licenses. Procedures are in place to evaluate effectiveness and examine audit findings, make appropriate improvements and to inform their employees of changes to their certification management system.
		No Nonconformities or Opportunities for Improvement were identified related to this performance measure.
<b>Objective 11. Promote Conservation of Biological Diversity, Biodiversity Hotspots &amp; High Biodiversity Wilderness Areas</b>	<i>Performance Measure 11.1. Program Participants shall ensure that their fiber sourcing programs support the principles of sustainable forestry, including efforts to promote conservation of biological diversity.</i>	N/A – The Company is not sourcing outside Canada/US.
		No Nonconformities or Opportunities for Improvement were identified related to this performance measure.
<b>Objective 12. Avoidance of Controversial Sources including Illegal Logging</b>	<i>Performance Measure 12.1. Program Participants shall ensure that their fiber sourcing programs support the principles of sustainable forestry, including efforts to reduce the risk of illegal logging.</i>	<i>Evidence: policies and EMS procedures</i>  The Company has policies and procedures in place to ensure no fiber is sourced from illegal sources. The Province of B.C. has strong legal mechanisms to help prevent local illegal logging.
		No Nonconformities or Opportunities for Improvement were identified related to this performance measure.
<b>Objective 13. Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws</b>	<i>Performance Measure 13.1. Program Participants shall avoid controversial sources and encourage socially sound practices.</i>	N/A - only sourcing from B.C., where effective social laws are in existence.
		No Nonconformities or Opportunities for Improvement were identified related to this performance measure.

**Specific Good management practices are noted below:**

- One of Sinclair's contractors at its Apollo operations was well organized and could demonstrate ready evidence of training of all staff and sub-contractors. Further, the contractor has shown a commitment to sourcing experienced operators and have brought staff in from as far away as the Maritimes.
- It was observed that Sinclair's Nechako division is achieving excellent utilization of available fiber on the Vanderhoof Community Forest license which they manage. Sawlogs and pulp logs are being utilized for lumber and pellets at the Nechako facility, and logging slash is being processed into hog fuel for consumption at Pacific Bioenergy.

**Conclusion**

The Company has maintained conformance with the requirements of the SFI Standards and continue to be registered to the SFI Standards. The Certificate can be obtained by contacting Les Dillabaugh of Sinclair Group Forest Products Ltd. at 250-614-7666. More information on Sinclair Group Forest Products Ltd.'s sustainable forestry program can be found at: [http://www.sinclar.com/community\\_and\\_sustainability/index.php](http://www.sinclar.com/community_and_sustainability/index.php) .