



Interfor Coastal Woodlands Operations – 2014 SFI Surveillance Audit

In late September 2014, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out a surveillance audit of Interfor Corporation's (Interfor's) Coastal Woodlands 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 audit process and KPMG's findings.

Interfor's Coastal Woodlands Operations

Interfor's Coastal Woodlands Operations include 6 Timber Supply Areas, 1 Tree Farm Licence, 15 Forest Licences and 35 Timber Licences.

The forest landbase managed by the Company's Coastal Woodlands Operations covers approximately 1.83 million hectares, extending from its Sunshine Coast woodlands operation near Vancouver, up to Prince Rupert, 850 kilometres northwest of Vancouver. The timber harvesting land base, where the Company carries out forest harvesting, is less than 20% of this area. The remainder is comprised of non-commercial and inoperable forest and reserves, private land and protected areas.

The area consists primarily of coastal temperate rainforest, approximately 74% of which is old growth forest and 26% is second growth (i.e., stands less than 140 years of age). The terrain is generally mountainous, and is home to a wide variety of wildlife and plant species, including a number of rare, threatened and endangered species.

Audit Scope

The 2014 SFI Surveillance Audit involved a limited scope assessment against the following objectives of the 2010-2014 edition of the SFI Standard:

- Forest Productivity;
- Conservation of Biological Diversity including Forests with Exceptional Conservation Value;
- Protection of Special Sites;
- Landowner Outreach;
- Adherence to Best Management Practices;
- Legal and Regulatory Compliance;
- Training and Education;
- Public Land Management Responsibilities; and
- Management Review and Continual Improvement

The audit included an assessment of Interfor's forest planning and practices within the area managed by Interfor's Coastal Woodlands Operations, as well as fibre sourcing for the Company's Coastal B.C. sawmills.

The Audit

- *Audit Criteria* – The audit was conducted against selected requirements of the SFI 2010-2014 standard.



SFI-01154



#0746



INTERFOR®

- **Audit Team** – The audit was conducted by Yurgen Menninga, RPF, EP(EMSLA), and Adrienne Hegedus, MSc, EMS(LA). Both are employees of KPMG PRI, and have conducted numerous forest management audits under a variety of Standards including SFI, ISO 14001, CSA Z809 and FSC®.
- **SFI Surveillance Audit** – The 2014 SFI Surveillance Audit involved an on-site assessment of Interfor’s SFI program, and included visits to several field sites (7 roads, 15 harvesting blocks, 7 silviculture sites, 7 fuel storage sites/camps and 2 procurement sites) to evaluate the extent to which the Company’s forest management plans and practices conform to the requirements of the SFI standard.
- **Interfor’s SFI Program Representative** – Harry Barrett, RPF served as Interfor’s SFI program representative during the audit.

Use of Substitute Indicators

The audit was based on the indicators included in the 2010-2014 version of the SFI Standard. No substitute indicators were used during the 2014 Surveillance Audit.

Audit Objectives

The objectives of the 2014 audit were to evaluate the Sustainable Forest Management (SFM) system at Interfor’s Coastal Woodlands Operations to:

- Determine its conformance with the requirements of SFI 2010-2014.
- Evaluate the ability of the SFM system to ensure that the Company meets applicable regulatory requirements.
- Evaluate the effectiveness of the system in ensuring that Interfor’s Coastal Woodlands Operations meets its specified objectives.
- Where applicable, identify opportunities for improvement.

Audit Conclusions

The audit found that the Interfor ‘s Coastal Woodlands Operations SFM system:

- Was in full conformance with the SFI requirements included in the scope of the audit, except where noted other wise in this report;
- Continues to be effectively implemented, and;
- Is sufficient to systematically meet the commitments included in the Company’s SFM plan, 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 overleaf.

Interfor Coastal Woodlands 2014 SFI Audit Findings

Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	1
New opportunities for improvement	2

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 implemented within a specified timeframe.

Major non-conformities must be addressed within three months 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

SFI Objective #	Primary Sources of Evidence of Conformity
1. Forest Management Planning	Not in scope in the 2014 audit.
2. Forest Productivity	Sustainable Forest Management (SFM) plan, Forest Stewardship Plans (FSPs), Environmental Management System (EMS) operational controls, review of site plans, interviews with a sample of staff and contractors, review of silviculture records for selected operations, inspection of a sample of field sites.
3. Protection and Maintenance of Water Resources	Not in scope in the 2014 audit.
4. Conservation of Biological Diversity	SFM plan, FSPs, strategic level reserve designs (SLRDs), draft and approved land use plans, EMS operational controls, review of site plans & logging plans, interviews with a sample of staff and contractors, inspection of a sample of field sites.
5. Management of Visual Quality and Recreational Benefits	Not in scope in the 2014 audit.
6. Protection of Special Sites	SFM plan, FSPs, review of site plans and associated archaeological assessment results, review of selected stakeholder and First Nations consultation records, inspection of a sample of field sites.
7. Efficient Use of Forest Resources	Not in scope in the 2014 audit.
8. Landowner Outreach	SFI information package and records of its distribution to landowners and other suppliers of purchase wood, Western Canada SFI Implementation Committee (WCSIC) training policy, WCSIC website and related links, staff interviews.
9. Use of Qualified Resource and Logging Professionals	Not in scope in the 2014 audit.



Windfiring activities have been performed in areas where resources such as streams are in need of protection from timber blowdown. The newly exposed timber edge of this cutblock had the tree crowns topped by helicopter to reduce the risk of wind impact to timber and the nearby stream.

SFI Objective #	Primary Sources of Evidence of Conformity
10. Adherence to Best Management Practices	Purchase wood records, WCSIC wood purchase monitoring report, staff interviews, inspection of a sample of purchase wood blocks.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas	NA. Interfor does not procure wood from outside of North America.
12. Avoidance of Controversial Sources including Illegal Logging	NA. Interfor does not procure wood from outside of North America.
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	NA. Interfor does not procure wood from outside of North America.
14. Legal and Regulatory Compliance	SFM plan and related monitoring results, corporate environmental, social and health & safety policies, EMS non-compliance records, government inspection results, inspection of a sample of field sites.
15. Forestry Research & Technology	Not in scope in the 2014 audit.
16. Training and Education	SFM plan, EMS and SFI awareness training materials and records, interviews with a sample of staff and contractor employees.
17. Community Involvement in the Practice of Sustainable Forestry	Not in scope in the 2014 audit.
18. Public Land Management Responsibilities	SFM plan, FSPs and related agency, stakeholder and First Nations referral correspondence, review of site plans, inspection of a sample of field sites.
19. Communications and Public Reporting	Not in scope in the 2014 audit.
20. Management Review and Continual Improvement	SFM plan, corporate management review, internal audit reports and associated action plans, interviews with a sample of Company staff.



Auditors saw two species of concern during the audit, which the company includes in the species at risk program.

Top photo is a Western Toad (*Anaxyrus boreas*) and bottom photo is a Northern Red-legged Frog (*Rana aurora*).

Good Practices

A number of good practices were noted during the 2014 SFI Surveillance Audit. The following list outlines some of the more notable examples observed by the audit team:

- SFI Objectives 2 (soil productivity) and 7 (utilization): On a block visited during the audit, fallers had identified an area that would be challenging to yard. They stopped falling and consulted with Interfor, and a strategy was developed avoiding difficult yarding and associated increased waste and impacts to soils.
- SFI Objective 18 (public land management responsibilities): Interfor has created a new staff position to manage First Nation relationships., and also
- SFI Objective 18 (public land management responsibilities): The company has several Memorandum of Understandings with First Nations that address training, capacity building and information sharing.
- SFI Objective 4 (conservation of biodiversity): At one of the log dumps visited, the logging contractor had adapted the skids so that bark would be caught before landing in the water. This resulted in less need for bark clean up in the booming grounds, as well as reduced risk of impact to nearby clam beds.
- SFI Objective 16 (training): Throughout the audit, Interfor and their contractors demonstrated that safety and environmental concerns are part of their core values. A relatively new contractor to Interfor has done a notable job of implementing safety and environmental programs as part of regular operation tasks.
- SFI Objective 17 (public involvement in sustainable forestry): In 2013 the company had a high level of interaction with school students, with key staff providing presentations and information sessions to over 650 students on Vancouver Island and on the mid-coast.

Follow-up on Findings from Previous Audits

At the time of this assessment there were a total of 3 open non-conformities from previous audits. The audit team reviewed the implementation of the action plans and found that they had been effectively implemented. As a result, all of the non-conformities identified during previous audits have now been closed.

New Areas of Nonconformity

One new minor non-conformity was identified during the 2014 SFI surveillance audit of Interfor's Coastal Woodlands Operations:

- SFI Section 5 (off-product logo use): A number of cases were noted where a non-conformant SFI logo was in use.

New Opportunities for Improvement

Two new opportunities for improvement were identified during the 2014 Surveillance Audit. These included:

- SFI Objective 3 (protection of water resources): Interfor's procedures require cleaning streams in cases where the stream channel will be impacted. In one non-fish bearing creek introduced debris was observed that may impact the stream channel in the future.



The auditors examined a sample of completed and active harvesting blocks. On both, boundaries such as in these photos were walked to ensure that they matched map boundaries and protected features, such as riparian areas (top photo) and cultural features (bottom photo).

New Opportunities for Improvement—continued

- SFI Objective 14 (legal compliance): A number of housekeeping items were noted in relation to expired fire extinguishers, fuel drip containment / minor spillage, and correct labelling on a fuel slip tank.

Corrective Action Plans

Corrective action plans designed to address the root cause of the non-conformity identified during the 2014 audit have been developed by Interfor's woodlands operations and reviewed and approved by KPMG PRI. The 2015 audit will include a follow-up assessment to confirm that the corrective action plans developed to address the issue have been implemented as required.

Focus Areas for the Next Audit Visit

The following issues/potential concerns have been identified as focus areas for the next audit visit:

- Implementation of the action plans developed by the Company to address all of the open findings from previous audits.
- implementation of new engagement protocols developed by Government to guide First Nations consultation.



New road construction such as shown here was assessed during the audit, confirming roads were constructed as planned for location, stream crossings, and according to best practices.

Contacts:

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

This report may only be reproduced by the intended client, Interfor Corporation, with the express consent of KPMG. Information in this issue is of a general nature with respect to audit findings and is not intended to be acted upon without appropriate professional advice.
© 2014 KPMG. All rights reserved.