



West Fraser Mills Ltd. – B.C. and Alberta Woodlands – 2014

Between February and July 2014 an audit team from KPMG Performance Registrar Inc. (“KPMG” or “KPMG PRI”) carried out a surveillance audit of West Fraser Mills Ltd. (West Fraser’s B.C. and Alberta Woodlands Operations against the requirements of the Sustainable Forestry Initiative® (SFI) 2010-2014 standard. To provide for a more efficient audit, an ISO 14001 re-certification audit was conducted at the same time. This Certification Summary Report provides an overview of the process and KPMG’s findings.

Background

All of West Fraser’s B.C. and Alberta Woodlands Operations (with the exception of High Prairie Forest Products, which is currently covered under a separate, single-site SFI certificate) are included within the scope of multi-site ISO 14001 and SFI certificates issued by KPMG PRI. The Company’s current ISO 14001 certification expires on August 3, 2014, while its SFI certification expires August 22, 2015.

West Fraser’s B.C. and Alberta Woodlands Operations

The area included within the scope of the Company’s combined ISO 14001/SFI certification includes the following West Fraser Woodlands Operations:

- 100 Mile Lumber (woodlands managed by 100 Mile Woodlands)
- Alberta Plywood Ltd.
- Blue Ridge Lumber Inc.
- Chasm Sawmills (woodlands managed by 100 Mile Woodlands)
- Chetwynd Forest Industries
- Edson Forest Products (woodlands managed by Hinton Wood Products)
- Fraser Lake Sawmills
- Hinton Pulp (woodlands managed by Hinton Wood Products)
- Hinton Wood Products
- Pacific Inland Resources
- Quesnel Lumber (woodlands managed by Quesnel Woodlands)
- Quesnel Plywood (woodlands managed by Quesnel Woodlands)
- Slave Lake Pulp (woodlands managed by Alberta Plywood Ltd.)
- Sundre Forest Products (woodlands managed by Sundre Woodlands)
- West Fraser LVL (woodlands managed by Sundre Woodlands)
- Williams Lake Lumber (woodlands managed by Williams Lake Woodlands)
- Williams Lake Plywood (woodlands managed by Williams Lake Woodlands)

West Fraser’s SFI certified operations currently cover a total of approximately 6.9 million hectares (gross area), and provide the Company with a combined allowable annual cut (AAC) of 12.7 million m³ per year.



Audit Scope

The ISO 14001 portion of the audit included a full scope assessment of the West Fraser B.C. and Alberta Woodlands Operation’s Environmental Management System (EMS) against selected requirements of the ISO 14001:2004 standard. The SFI portion of the audit was conducted against selected requirements of the 2010-2014 edition of the SFI standard, and incorporated a limited scope assessment against the SFI program objectives for:

- Forest productivity;
- Protection and maintenance of water resources;
- Conservation of biological diversity;
- Protection of special sites;
- Efficient use of forest resources;
- 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;
- Communications and public reporting, and;
- Management review and continual improvement.

The Audit

- **Audit Team** – The audit was conducted by Dave Bebb, RPF, EP(EMSLA), Neil MacEachern, RPF, Yurgen Menninga, RPF, EP(EMSLA), Bodo von Schilling, RPF, EP(EMSLA) and Dennis Lozinsky, RPF, EP(EMSLA). Members of the audit team have conducted numerous forest management audits under a variety of Standards including SFI, ISO 14001, CSA Z809 and FSC.
- **Combined ISO 14001 and SFI Surveillance Audit** – The audit involved an on-site assessment of the West Fraser B.C. and Alberta Woodlands Operation’s environmental management system (EMS) and SFI program. Site visits were made to a total of 4 out of the 12 woodlands divisions included within the scope of the Company’s ISO 14001 and SFI certifications (Chetwynd and Fraser Lake in BC and Hinton and Sundre in AB) as well as the Company’s Quesnel, B.C. Corporate Office. The audit involved a review of selected EMS and SFI records, interviews with a sample of staff and contractors and visits to field sites (40 roads, 27 cutblocks, 22 silviculture sites, 2 camps, 3 log dumps and 7 wood procurement sites) to evaluate SFM system implementation and the adequacy of forest management plans and practices.
- **West Fraser’s SFI Program Representative** – Stephen Vinnedge, RPF (West Fraser’s Stewardship Forester and Corporate EMS Coordinator) served as the Company’s SFI program representative during the audit.

West Fraser Mills Ltd.—B.C. and Alberta Woodlands 2014 SFI Surveillance Audit Findings

Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	1
New opportunities for improvement	8

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.

Audit Objectives

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

- A limited scope surveillance audit against the requirements of the 2010-2014 version of the SFI standard.
- A full scope re-certification audit against the requirements of the ISO 14001:2004 standard.

Use of Substitute SFI Indicators

The SFI portion of the audit involved an assessment of conformance against the applicable objectives, performance measures and indicators included in the 2010-2014 version of the SFI standard. None of the indicators included in the SFI standard were modified or substituted for the purpose of this audit.

Audit Conclusions

West Fraser's EMS and SFI program were found to be effectively implemented by the Company's B.C. and Alberta Woodlands Operations, and continue to meet the requirements of ISO 14001:2004 and the 2010-2014 version of the SFI Standard except where noted otherwise in the balance of this report. As a result, West Fraser's B.C. and Alberta Woodlands Operations will continue to be certified to the ISO 14001 and SFI Standards.

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 #	Key Evidence of Conformity
1. Forest Management Planning	Sustainable forest management (SFM) plan, forest stewardship plans (FSPs), detailed forest management plans (DFMPs), general development plans (GDPs), annual operating plans (AOPs), Timber Supply Review (TSR) AAC Rationales, Geographic Information System (GIS), site plans, interviews with a sample of staff and contractors, inspection of a sample of field sites.
2. Forest Productivity	SFM plan, FSPs, DFMPs, environmental management system (EMS) operational controls, site plans, interviews with a sample of staff and contractors, inspection of a sample of field sites.
3. Protection and Maintenance of Water Resources	SFM plan, FSPs, DFMPs, EMS operational controls, site plans, interviews with a sample of staff and contractors, inspection of a sample of field sites.



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SFI Objective #	Key Evidence of Conformity
4. Conservation of Biological Diversity	SFM plan, FSPs, DFMPs, interviews with planning staff, wildlife and biodiversity information and strategies contained in divisional GIS, site plans, inspection of a sample of field sites.
5. Management of Visual Quality and Recreational Benefits	SFM plan, FSPs, DFMPs, EMS operational controls, site plans, interviews with a sample of staff and contractors, inspection of a sample of field sites.
6. Protection of Special Sites	SFM plan, FSPs, DFMPs, EMS operational controls, site plans, interviews with a sample of staff and contractors, inspection of a sample of field sites.
7. Efficient Use of Forest Resources	SFM plan, FSPs, DFMPs, EMS operational controls, interviews with a sample of staff and contractors, inspection of a sample of field sites.
8. Landowner Outreach	West Fraser Wood Producer 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	SFM plan, West Fraser Wood Producer Information Package and records of its distribution to landowners, WCSIC website, interviews with wood procurement staff and landowners on a sample of procurement sites.
10. Adherence to Best Management Practices	2013 purchase wood records, 2013 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. West Fraser does not procure wood from outside of North America.
12. Avoidance of Controversial Sources including Illegal Logging	NA. West Fraser does not procure wood from outside of North America.
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	NA. West Fraser 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, inspection of a sample of field sites.



The audit included site visits during both winter and late spring/early summer operating seasons as a means to observe forest practices under as broad a range of conditions as possible.

SFI Objective #	Key Evidence of Conformity
15. Forestry Research & Technology	SFM plan, 2012 Stewardship Report, 2013 corporate and divisional management review records, divisional research records, Land Based Investment Rationales, interviews with divisional staff.
16. Training and Education	EMS Manual, staff and contractor training records, internal audit results, inspection of a sample of field sites, staff and contractor interviews.
17. Community Involvement in the Practice of Sustainable Forestry	SFM plan and related monitoring results, WCSIC meeting minutes, correspondence related to community and school outreach programs, staff interviews.
18. Public Land Management Responsibilities	SFM plan, FSPs, DFMPs, GDPs, AOPs and related agency, stakeholder and First Nations referral correspondence, review of site plans, review of selected stakeholder and First Nations consultation records, responses to questionnaires sent to local First Nations and public advisory committees, inspection of a sample of field sites.
19. Communications and Public Reporting	Certification summary report.
20. Management Review and Continual Improvement	SFM plan, corporate and divisional management reviews, internal audit reports and associated action plans, interviews with a sample of West Fraser staff.



The sample of bridges inspected at the Fraser Lake operation were found to have been effectively installed to avoid impacts to streams and riparian areas (e.g., use of longer span 40 foot bridges on small streams that could have sustained shorter bridges in order to ensure that the installation and associated rip rap are well back of the wetted perimeter).

Follow-up on Findings from Previous Audits

At the time of this assessment there were a total of 3 open minor non-conformities from previous KPMG PRI ISO 14001 and SFI audits. In addition, there was 1 open minor non-conformity applicable to the Company's Edson (previously Sundance) operating area that was originally identified by PwC during an October 2012 SFI audit. The audit team reviewed the status of the action plans that were developed by the Company to address these findings and concluded that the action plans developed to address these findings: (1) had been implemented as required, and (2) were effective in addressing the root cause(s) of these non-conformities. As a result, all of the previously identified minor non-conformities have now been closed.

The 2014 audit also included a review of the current status of the opportunities for improvement identified during previous audits. We found that the majority of the issues that gave rise to these findings have now been addressed by the Company, and the associated opportunities for improvement have been closed.

Good Practices

A number of good practices were identified during the course of the 2014 audit. Examples included:

- SFI Objective 2 (forest productivity) – The field audit of a large sample of Fraser Lake silviculture sites found that the operation's reforestation program is being effectively managed to ensure that harvest sites are promptly reforested with ecologically suited species, monitoring of quality and performance is occurring on regenerating sites and free growing status is achieved well within the regulatory timelines. (Fraser Lake)
- SFI Objective 3 (protection and maintenance of water resources) – The sample of bridges inspected at the Fraser Lake operation were found to have been effectively installed to avoid impacts to streams and riparian areas (e.g., use of longer span 40 foot bridges on small streams that could have sustained shorter bridges in order to ensure that the installation and associated rip rap are well back of the wetted perimeter). (Fraser Lake)
- SFI Objective 3 (protection and maintenance of water resources) – The Hinton operation's road maintenance program includes a stream crossing data collection system cooperatively developed with the Foothills Stream Crossing Partnership (FSCP). The FSCP system uses tablets for documenting inspections (bridges and culverts) and is expected to provide data consistency through a built-in data validation process and system functionality to facilitate remediation planning and reporting. (Hinton)
- SFI Objective 5 (management of visual quality and recreational benefits) – The audit found that West Fraser's Sundre operation is working with a local family that has "adopted" an ATV trail and together the Company and the family maintain the trail system including signage and building culverts at road crossings. (Sundre)
- SFI Objective 8 (landowner outreach) – West Fraser's Sundre operation has a procedure to deliver the SFI Wood Information Package along with the Wood Purchase Agreement. Since the wood supplier returns the signed contract the operation can be assured that the SFI Wood Information Package has been delivered to the correct party. (Sundre)
- SFI Objective 14 (legal and regulatory compliance) – Company logging contractors have installed GPS units in feller-bunchers as a means to improve operational efficiency while reducing the risk of boundary trespasses. (Chetwynd and Sundre)
- SFI Objective 14 (legal and regulatory compliance): The Chetwynd operation's logging plan maps include "zoomed-in" windows on the map where there are a lot of features / line work/labels that overlap. This makes the map easier to read and more user-friendly for the operators. (Chetwynd)
- SFI Objective 18 (public land management responsibilities) – The Chetwynd operation has demonstrated significant efforts to identify and address the concerns of local First Nations (e.g., development of protocol agreements that provide First Nations with greater opportunity to participate in the planning process, voluntarily agreeing to forego the use of herbicides in the Moberly Creek area, etc.). (Chetwynd)
- SFI Objective 18 (public land management responsibilities) – The Hinton operation continues to provide outreach to interested stakeholders and the general public using its previously developed CSA Z809 public involvement process. (Hinton)
- The Hinton operation utilizes a brochure to communicate summary information regarding General Development Plans to stakeholders. The format is easy to understand and provides an overview of harvesting, road construction and silviculture activities. (Hinton)

NB: The above list of good practices is not intended to be comprehensive. Rather, they are simply observations made by the audit team that were deemed worthy of inclusion in this public summary report in support of our assessment of the Company's commitment to continuous improvement.



Many of the Company's woodlands operations continue to obtain the majority of their volume through salvage harvesting of lodgepole pine stands that have been killed by the mountain pine beetle.

New Areas of Nonconformity

The 2014 audit identified 1 new minor non-conformity that was applicable to the SFI standard, as follows:

- SFI Performance Measure 14.1 includes a requirement for Program Participants to have a system to achieve compliance with applicable regulatory requirements. These requirements are addressed through various EMS procedures, including the Company's fuel handling procedures which are designed to be consistent with TDG requirements. The audit found that the Company's fuel handling procedures had been implemented as required in the majority of instances. However, a number of weaknesses were noted in the implementation of these procedures at the Sundre operation (e.g., insufficient secondary containment associated with a stationary single-walled fuel tank, missing or incomplete spill kits on some machines, inappropriate storage of used oil by a planting contractor, etc.).

New Opportunities for Improvement

The 2014 audit identified a total of 8 new opportunities for improvement which related to the requirements of the SFI standard, as follows:

- SFI Performance Measure 8.1 includes a requirement to supply regionally appropriate information regarding various forest management issues to forest landowners. However, the West Fraser Purchase Wood Monitoring Procedure requires that a copy of the Wood Producer Information Package be handed out at time of purchase without differentiating between private landowners and other forest tenure holders, including those operating on Crown land.
- SFI Performance Measure 4.2 requires Program Participants to apply knowledge gained through research, science, technology and field experience to manage wildlife habitat and contribute to the conservation of biological diversity, including species at risk. The audit found that the Fraser Lake operation had effectively implemented its species at risk program, with the following isolated exceptions:
 - The current Fraser Lake site information form does not include all plant communities listed in the species at risk (SAR) list as potentially present at the operation. In addition, the SAR management strategies table does not include management strategies for the Hudson Bay clubrush / rusty hook-moss plant association.
 - The record of the April 4, 2014 Fraser Lake management review does not include documentation of discussion on changes made to the 2014 version of the SAR guide (e.g., respecting Grizzly Bear foraging behavior/habitat).
- SFI Performance Measure 18.1 includes a requirement for Program participants to maintain appropriate contact with local stakeholders over forest management issues through state, provincial, federal or independent collaboration. In addition, section 5.5 of West Fraser's SFM plan requires that the divisional communication log be used to record meetings and correspondence with stakeholders and aboriginal peoples. However, while Fraser Lake's communication log documents the results of planning referrals to and information sharing with First Nations and other stakeholders, the audit found that other forms of communication with stakeholders (e.g., Woodlands Manager discussions with First Nations) are not being recorded.
- SFI Performance Measure 16.1 outlines requirements for staff and contractor training. The Sundre operation determines training needs for staff and contractors and keeps various records related to this training. However, the audit noted that training records had been kept for new hires but not for existing staff that change position internally.



The audit included the inspection of several riparian features (streams, wetlands and lakes) to evaluate the Company's compliance with applicable SFI and regulatory requirements.



- SFI Performance Measure 2.4 requires Program Participants to develop and implement programs to protect forests from damaging agents, including forest fires. In addition, West Fraser’s Emergency Preparedness and Response Procedure requires the Divisional EMS Committee to ensure that responsible woodlands staff periodically conduct and record emergency field tests. However, the audit found that the record of the most recent emergency field test at the Fraser Lake operation was an attendance form as opposed to an actual record of the test.
- SFI Performance Measure 14.1 requires Program Participants to have a system to achieve compliance with applicable federal, provincial, state or local laws and regulations. The audit found that the Company’s non-conformance and corrective action procedures had been implemented by the Hinton operation as required. However, the documentation of incident report descriptions, corrective actions and root cause analysis could be improved.
- SFI Performance Measure 3.1 requires Program Participants to meet or exceed all applicable federal, provincial, state and local water quality laws. Review of a bridge site plan for a recently constructed bridge at the Sundre operation found that the plan was designed to meet applicable regulatory requirements. However, the audit noted that the Sundre Forest Products procedures do not require detailed bridge designs or as-built drawings that might assist staff during installation or act as due diligence records. As well, the bridge’s plan view diagram lacked detail and was not easy to interpret by either the KPMG auditor or the installation supervisor.
- SFI Performance Measure 4.2 requires Program Participants to apply knowledge gained through research, science, technology and field experience to manage wildlife habitat and contribute to the conservation of biological diversity. In addition, the Sundre Operating Ground Rules (OGR) require the Company to implement a 100 metre buffer around inhabited raptor nests. However, during inspection of a harvest block a feller buncher operator stated that should a nest be encountered he would leave the nest but continue to cut timber around it, suggesting that the operator was not aware of the OGR requirement to buffer inhabited raptor nests.



The Hinton operation’s road maintenance program includes a stream crossing data collection system cooperatively developed with the Foothills Stream Crossing Partnership (FSCP). The FSCP system uses tablets for documenting inspections (bridges and culverts) and is expected to provide data consistency through a built-in data validation process and system functionality to facilitate remediation planning and reporting.

Corrective Action Plans

Corrective action plans designed to address the root cause(s) of the non-conformities identified during the 2014 audit have been developed by the Company and reviewed and approved by KPMG PRI. The next Surveillance Audit will include a follow-up assessment of these issues to confirm that the action plans 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 corporate and divisional action plans developed to address open findings from the current and previous SFI and ISO 14001 audits.
- West Fraser's SFI certification expires on August 22, 2015. As a result, the 2015 audit will include a full scope assessment of the Company's conformance with the requirements of the current SFI standard.
- Implementation of the Fraser Lake operation's newly revamped road and bridge inspection and maintenance program.
- As a member of FPAC, West Fraser is a signatory to the Canadian Boreal Forest Agreement, which includes a requirement to integrate the forest management requirements developed under the agreement into existing forest certification audit processes. The 2014 West Fraser audit will include an assessment of performance against these requirements to the extent that they have been finalized.



The field audit of a large sample of Fraser Lake silviculture sites found that the operation's reforestation program is being effectively managed to ensure that harvest sites are promptly reforested with ecologically suited species, monitoring of quality and performance is occurring on regenerating sites and free growing status is achieved well within the regulatory timelines.

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