



WynnWood SFI Surveillance Audit—July 2015

On July 8-9 2015, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of Wynndel Box & Lumber Co. Ltd (dba WynnWood) Crown Land operations against the requirements of the 2010-2014 edition of the Sustainable Forestry Initiative® (SFI) standard. An assessment of WynnWood’s action plans to meet the requirements of the 2015-2019 SFI Standards and Rules was performed as part of this audit. To provide for a more efficient audit, an SFI Chain of Custody surveillance audit was conducted at the same time. This Certification Summary Report provides an overview of the process and KPMG’s findings.

Description of Wynnwood’s Woodlands Operations

WynnWood’s certified woodlands operations encompass a total area of 54,730 hectares of Crown land held in forest license A20214 with the Government of British Columbia, on which the annual allowable cut is 65,461 cubic metres per year. WynnWood’s operating area is in the mountainous terrain east of Kootenay Lake, in south-eastern British Columbia. The woodlands operations are located in the Interior Cedar Hemlock (ICH) and Engelmann Spruce-Subalpine Fir (ESSF) biogeoclimatic zones.

The forest types are coniferous with the main commercial species harvested being lodgepole pine, Douglas-fir, spruce, western larch, western redcedar and subalpine fir. Because of the stand compositions and uniform ages, these stands are managed using even-aged silvicultural systems. The stands are harvested and planned for planting using government-approved stocking standards that are ecologically based.

A Forest Stewardship Plan (FSP) establishes the objectives for key timber and non-timber values to guide forest management and takes management direction from the Kootenay-Boundary Land-Use Plan which sets regional land use objectives and was established through a government managed stakeholder consultation process.

Allowable annual harvest levels are determined at the Timber Supply Area (TSA) level by Government based on periodic Government-conducted timber supply reviews that are linked to allowable harvest volumes for each licence within the TSA. Harvest volumes are tracked and balanced over five year cut control periods for each licence. WynnWood’s harvest levels were below their allocated allowable cut.

The company’s woodlands are managed from offices in the community of Wynndel BC, near Creston, where the company operates a sawmill that manufactures finished building products such as siding, trim, and flooring. WynnWood maintains an SFI Chain of Custody under certificate PRI-SFI-COC-041.

Fibre is purchased from certified Crown land sources, some non-certified Crown land sources (including purchased stumpage), and a very minor amount from private land, all from within southern British Columbia. WynnWood owns private forest land which supplies approximately 4% of the WynnWood sawmill’s fibre. Approximately 40% of the mills’ fibre supply is obtained through the procurement program. Most of the fibre is purchased from wood suppliers, however, a small amount is purchased as standing volume. WynnWood harvests these stands using its own logging contractors and applies the Company’s environmental management system to these operations.



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Audit Scope

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

- Forest management planning;
- Protection and maintenance of water resources;
- Management of visual quality and recreation benefits;
- Efficient use of fibre resources;
- Use of qualified resource and logging professionals;
- Legal and regulatory compliance;
- Training and education;
- Public land management responsibilities;
- Communications and public reporting, and;
- Management review and continual improvement.

A review of action plans to achieve full compliance with SFI 2015-2019 by the end of 2015 was also conducted. The scope of the 2015 SFI audit included all of the woodlands operations noted above, as well as fibre procurement activities for the Company's sawmill at Wynndel, BC.

The Audit

- **Audit Team** – The audit was conducted by Adrienne Hegedus, MSc, EMS(LA) and Michael Alexander, RPF, EMSLA. Adrienne is an employee of KPMG PRI, and Michael is a consultant. Both have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **SFI Surveillance Audit** – The audit involved an on-site assessment of a sample of elements of WynnWood's SFI program, and included visits to several field sites to evaluate conformance with the requirements of the current SFI Standard as well as the action plans to meet the 2015-2019 version of the SFI Standards. 4 auditor days (2 auditors on July 8 & 9) were spent onsite, and another auditor day was spent reviewing action plans and reporting. Annual SFI surveillance audits are conducted by the audit team to ensure that SFI requirements continue to be met.
- **WynnWood's SFI Program Representatives** – Matthew Maddess, RPF and Don Vaillancourt served as WBL's SFI program representatives during the audit.
- **Sampling approach**—The audit sample was a risk based sample selected in consideration of the need to see a broad geographic distribution of activities, to include active sites and to enable assessment of actions on previous audit findings.

Audit Objectives

- To evaluate the Company's conformance with the requirements of the 2010-2014 version of the SFI standard.
- To evaluate the Company's action plans to meet the requirements of the 2015-2019 version of the SFI standard. Findings are listed on the last page of this report.

Company ABC Ltd. SFI Certification Audit Findings	
Major non-conformities	0
Minor non-conformities	2
Opportunities for improvement	1

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.

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Evidence of Conformity with the SFI 2010-2014

Primary sources of evidence assessed to determine conformity with the SFI 2010-2014 standard are presented in Table 1. No substitute indicators were included within the scope.

Table 1: Primary sources of evidence assessed to determine conformity with the SFI 2010-2014 standard

SFI Objective #	Key Evidence of Conformity
1. Forest Management Planning	Timber Supply Review documentation, AAC rationale, Apportionment report, cut control report, Sustainable Forest Management Plan (SFMP)
3. Protection and Maintenance of Water Resources	FSP, site plans, environmental instructions, SFMP, field review
5. Management of Visual Quality and Recreational Benefits	FSP, site plans, visual modelling
7. Efficient Use of Forest Resources	FSP, SPs, inspections, waste & residue report.
9. Use of Qualified Resource and Logging Professionals	Wood Procurement Program documentation
14. Legal and Regulatory Compliance	Environmental Performance Report, site plans, inspections, direct communication with government compliance officer, field review.
16. Training and Education	Training needs matrix, training records, training material
18. Public Land Management Responsibilities	FSP, site plan, stakeholder referral records
19. Communications and Public Reporting	2013 Public Summary Report, SFI Annual Progress Report
20. Management Review and Continual Improvement	Management review records, environmental performance report



The audit sampled the recently planted block in the foreground to assess stocking densities against those prescribed in the plan and the recently harvested block in the upper left corner of the photo to assess conformance with visual quality objectives.

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Good Practices

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

- WynnWood held their annual training session in April 2015. In anticipation of the new 2015-2019 SFI standards, all contractors and any other loggers in the area (ie that could be doing procurement logging) were invited. (*SFI Objective 9 Use of Qualified Logging Professionals and Objective 16 Training and Education*)
- One of WynnWood's contractors is in the process of cutting on a block with high potential for visual impacts. The operator was doing a good job of meeting the visual quality objectives in the prescription. (*SFI Objective 5 Management of Visual Quality and Recreational Benefits*)
- A bridge constructed on the Birkbeck road is a good example of using public comment to adjust construction. To accommodate for neighbor's concerns of impact to the streambank, stumps were left in the ground under the bridge. (*SFI Objective 3, Public Land Management Responsibilities*)
- On a Huggard Creek cutting permit, WynnWood planning and field staff put notable effort into addressing concerns raised by the nearby residents. Many of the block boundaries were adjusted, the tree retention was increased and the slash piling was relocated to address concerns expressed by neighbours during layout and harvesting. (*SFI Objective 3, Public Land Management Responsibilities*)

Field Sample

The audit visited a number of field inspections to various blocks logged by WynnWood on both their own crown land license and on purchase wood blocks. These included the following activities:

- Harvesting: 6 blocks
- Roads: 2 blocks
- Silviculture: 1 block

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Areas of Nonconformance

Two minor non-conformities were identified during the combined SFI surveillance audit of WynnWood's Crown Land operations:

- *SFI land ownership requirements:* SFI issued an interpretation in July 2000 stating that “a Program Participant that owns and controls lands under another subsidiary, joint venture or other arrangement, and then procures wood from that subsidiary would have to complete a full 3rd-party audit for those lands to ensure conformance against all aspects of the SFI 2010-2014 Standard”. The audit determined that a small amount of fibre (approximately 4%) is being received from private land that is owned by the Company but that is not yet certified.
- *SFI Logo use requirements:* The SFI logo on WynnWood letterhead does not contain the logo license code.

Audit Conclusions

No major non-conformances were identified during the audit. As a result, the Company was recommended for continued certification under the SFI standard. .

Corrective Action Plans

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



WynnWood staff and contract loggers were interviewed to assess their understanding of the SFI requirements affecting their jobs.

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Appendix A: Transition to the 2015-2019 Standards and Rules

The Company has developed an action plan to transition to SFI 2015-2019, which has been reviewed by KPMG. The following observations were made in relation to areas currently still in the process of transition:

1. Forest Management Standard Objective 11 Training and Education

Performance Measure 11.1

Indicators:

- **Indicator 1** - As they have not yet officially transitioned to the new standard, WynnWood has not yet communicated a formal commitment statement to the SFI 2015-2019 Forest Management Standard.
- **Indicator 2** - WynnWood has yet to include assignment of roles and responsibilities for new elements of the standard in the structure section of the Company Requirements and Operating Procedure.
- **Indicator 5** - While all contract loggers complete annual training and are considered qualified logging professionals, WynnWood has not yet developed a formal agreement for the use of qualified logging professionals.

2. Fibre Sourcing Standard Objective 6 Training and Education

Performance Measure 6.1

Indicators:

- **Indicator 1** - As they have not yet officially transitioned to the new standard, WynnWood has not yet updated their statement of commitment specific to the 2015-2019 version of the standard, nor have they communicated it to staff and the public.
- **Indicator 5** - WynnWood has yet to have signed agreements for the use of qualified logging professionals for wood purchased in their procurement program.

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