



# REPORT Forest Certification



## Canyon Lumber Co. Inc. 2014 SFI 2010-2014 Re-certification — May, 2014

In May 2014, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) conducted a re-certification audit of Canyon Lumber Co. Inc.'s (Canyon Lumber) Everett, WA procurement 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 process and KPMG's findings.

### Description of Canyon Lumber's Operations

Canyon Lumber operates a lumber mill in Everett, Washington which has manufactured Douglas-fir specialty products since 1907. Canyon Lumber does not own or manage any timberlands operations. One hundred percent of the delivered logs sorted specifically for the mill are procured from suppliers located in Washington State and British Columbia. Wood purchases are made from private suppliers and landowners, the Washington State Department of Natural Resources (WA DNR) or the US Forest Service. Canyon has recently begun purchasing WA DNR timber sales for which it directly hires trained loggers to carry out harvesting, hauling and any associated road building operations.

### 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:

- Efficient use of forest resources;
- Fiber sourcing (landowner outreach, adherence to best management practices, etc.);
- Legal and regulatory compliance;
- Forestry research, science and technology;
- Training and education;
- Community involvement in the practice of sustainable forestry;
- Communications and public reporting, and;
- Management review and continual improvement.

As Canyon Lumber has no timberland and procures from North American sources, Objectives 1-7, 11-13 and 18 are not applicable.



**The Surveillance Audit**

- **Audit Team** – The 2014 surveillance audit was conducted by Mr. Chris Ridley-Thomas, MSc, RPBio, EP(EMSLA). Mr. Ridley-Thomas is the president of KPMG PRI. He has conducted numerous forest management audits under a variety of standards including SFI, FSC, ISO 14001, and CSA Z809 across North America.
- **Audit Approach** - Re-certification audits are conducted every three years against the full set of SFI objectives in order to support continued certification.

**Canyon Lumber Co. Inc. SFI Program Representative** – Ms. Michelle Tinney is the Canyon Lumber Co. SFI program representative. Ms. Tinney is located at the Canyon Lumber Co. mill in Everett, WA.

**Onsite Audit** - The audit involved an on-site assessment of fiber procurement operations and their conformance with the SFI Standard.

**Audit Sample** - The audit involved document review, interviews and inspection of roads, harvesting practices, and procurement on two timber sales.

**Use of Substitute Indicators**

No substitute indicators were used during the audit.

**Audit Objectives**

The objective(s) of the audit were to evaluate the SFI management System at Canyon Lumber Co. Inc. to:

1. Determine its conformance with the requirements of SFI 2010-2014;
2. Evaluate the ability of the system to ensure that Canyon Lumber Co. Inc. meets applicable regulatory requirements;
3. Evaluate the effectiveness of the system in ensuring that Canyon Lumber Co. Inc. meets its specified objectives, and;
4. Where applicable, identify opportunities for improvement.

**Audit Conclusions**

The audit found that the Canyon Lumber procurement operations meet the requirements of the 2010-2014 version of the SFI standard to the extent necessary to achieve continued registration to the SFI Standard. As a result, a decision has been made to recommend re-certification. Canyon Lumber’s SFI certification is valid until July 2017.

Company ABC Ltd. SFI Certification Audit Findings	
Major non-conformities	0
Minor non-conformities	4
Opportunities for improvement	6

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.

**Evidence of Conformity with SFI 2010-2014**

Primary sources of evidence assessed to determine conformity with the SFI 2010-2014 standard are presented in the table on page 3.

SFI Objective	Sources of Key Evidence of Conformity
8. Landowner Outreach	CLC Supplier Letter and Logger Package (including WA SIC and WA DNR information)
9. Use of Qualified Resource and Logging Professionals	2014 SFI Certification Information for Canyon Lumber Co., Inc. (“Program Description”) Master Logger listing on WCLA website, CLC Supplier Letter and Logger Package.
10. Adherence to Best Management Practices	Program Description Master Logger listing on WCLA website CLC Supplier Letter and Logger Package CLC log purchase records and sourcing information WA DNR FP Compliance Monitoring Report and Violations report WA SIC White Paper on monitoring Site visits to procurement sites
14. Legal and Regulatory Compliance	WA DNR Forest Practices website site (FPARS), WA DNR FP Compliance Monitoring Report Representation letter from Canyon Lumber Co. Inc.
15. Forestry Research & Technology	CLC records of donations WA SIC and University of Washington Climate Impacts Group websites
16. Training and Education	Master Logger listing on WCLA website CLC records, CLC Supplier Letter, CLC Employee Handbook
17. Community Involvement in the Practice of Sustainable Forestry	WA SIC minutes & website Internal Company review records,
18. Communications and Public Reporting	Certification summary report Annual SFI survey and related records
19. Management Review and Continual Improvement	Stockholders Meeting Minutes, internal Company review records

## Areas of Nonconformance

The 2013 surveillance audit identified four non-conformities:

*Objective 10.1.2* While the Company occasionally bids on stumpage sales, it does not currently gather performance information from the State or its loggers in relation to harvests of purchased stumpage. Following the audit the company updated its procedures to address this non-conformance.

*Objective 10.1.4* While the Company's SFI program provides a description of its program to address adverse weather conditions and field evidence indicates that this is addressed satisfactorily through State requirements, the description of the program is inconsistent with current practice. Following the audit the company updated its procedures to address this non-conformance.

*Objective 10.2.1* The current approach to monitoring of Best Management Practices taken by the Company is satisfactory in principle but the Company has had significant difficulty in gathering sufficient, appropriate information to meet its commitments. Following the audit the company updated its procedures to address this non-conformance.

*Objective 20.1* An annual review is conducted that addresses SFI matters relevant to the company. However, the review does not describe how management addressed its commitment within the 2014 SFI Certification Information to review the results of DNR compliance inspections related to Canyon suppliers and determine if improvement has been made and compliance requirements have been met. Following the audit KPMG approved the action plan developed by the company to address this non-conformance.

## Opportunities for Improvement

The 2013 surveillance audit identified the following opportunity for improvement:

*Objective 8.1.1.* The list of resources provided in information packets for landowners is not intended to be fully comprehensive. There is an opportunity to make this clearer in the packet and more effectively highlight where more comprehensive information can be found. Following the audit the company addressed this opportunity for improvement.

*Objective 8.1.3.* The information packets described above are directed toward loggers rather than landowners as Canyon does not generally have direct contact with landowners. While relevant information for landowners is included within the packets, the Company does not have a process for ensuring this information reaches landowners. Following the audit the company addressed this opportunity for improvement.

*Objective 9.1.2.* The SFI standard requires the maintenance of a list of certified logging professionals and qualified logging professionals maintained by Program Participant, state or provincial agency, loggers' association or other organization. There is an opportunity to improve the list of resources provided in information packets as it does not currently include clear linkages to forestry consultants. Following the audit the company addressed this opportunity for improvement.

*Objective 10.2.2.* The SFI standard requires the use of information from the company's verifiable monitoring system to maintain rates of conformance to best management practices and to identify areas for improved performance. There is an opportunity to clarify in the Company's SFI program how monitoring information flows back to logger training requirements. Following the audit the company addressed this opportunity for improvement.

*Objective 14.1.1* The SFI standard requires that program participants take appropriate steps to comply with applicable federal, provincial, state and local forestry and related social and environmental laws and regulations. This entails maintaining/providing access to relevant laws and regulations in appropriate locations. There is an opportunity to update the regulations link in Canyon's 2014 SFI Certification information. Following the audit the company addressed this opportunity for improvement.

*Objective 16.1.3* The SFI standard requires that program participants require appropriate training of personnel and contractors so that they are competent to fulfill their responsibilities under the SFI 2010-2014 Standard. Given transition in staff responsibilities for the SFI program there is an opportunity to more fully describe the Company's SFI program in its SFI documentation to reduce the risk that gaps in understanding of the required processes will occur. This opportunity for improvement will be reassessed at the next (2015) audit.

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