

# REPORT Forest Certification



## Interfor Corporation—Interior Woodlands Operations 2021 SFI Re-certification Audit

In June and November, 2021 an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI re-certification audit of Interfor Corporation (Interfor)'s Interior Woodlands operations and fiber procurement activities against the requirements of the 2015-2019 Sustainable Forestry Initiative® (SFI) forest management and fiber sourcing standards. This Certification Summary Report provides an overview of the process and KPMG's findings.

### Description of Interfor's Interior Woodlands Operations

Interfor's Interior Woodlands operations are located in the vicinity of three communities in the southern interior of British Columbia and encompass a total area of approximately 1.46 million hectares of Crown land. Interfor's Interior Woodlands Operations include the following:

- Adams Lake Woodlands, which is geographically located in the southern interior of the Province of British Columbia in the Adams Lake and Thompson geographic areas, with the nearest community being the village of Chase. Tenures managed by the operation are Forest Licences A18688, A18693, A74910, A93799, A93800 and Tree Farm Licence (TFL) #18.
- Grand Forks Woodlands, which is located in the Boundary region of the province immediately adjacent to the Canada-USA border. Tenures managed by the operation are Forest Licence A18969 and TFL #8.
- Castlegar Woodlands, which is located along the Arrow Lakes and is headquartered in the community of Castlegar. The operation manages Forest Licences A20192, A94220, TFL #3, and TFL #23.

Interfor's Interior Woodlands have a total AAC (allowable annual cut) of approximately 1.95 million m<sup>3</sup>/year. Harvest volumes are reported to government and tracked monthly by Interfor. Interfor Interior's harvest levels are balanced over the five year cut control period for each licence and are within approved levels.

The woodlands operations that are included within the scope of the Company's SFI certification are covered by a multi-site sustainable forest management (SFM) plan that addresses the objectives of the SFI forest management standard and includes a variety of targets in relation to them. Government-approved forest stewardship plans (FSPs) that address both timber and non-timber values are in place for each division. In addition, each of the TFLs has a Management Plan (MP) which outlines the management objectives, resource information and inventory data used to support proposed harvest levels which are approved by Government. Various higher level plans developed by government (e.g., Land and Resource Management Plans) also provide direction to forest management within the areas managed by the organization.

The areas covered by Interfor's Interior Woodlands' SFI certification fall within the following WWF (World Wildlife Fund) ecoregions: (1) Cascade Mountains Leeward Forests, (2) Fraser Plateau and Basin Complex, (3) North Central Rockies Forests, and (4) Okanagan Dry Forests with the majority of the stands located in the following biogeoclimatic zones:

- Interior Cedar Hemlock (ICH)
- Montane Spruce (MS)
- Engelmann Spruce-Subalpine Fir (ESSF)
- Interior Douglas-fir (IDF)
- Sub-Boreal Spruce (SBS)

The forests managed by the Company are predominantly coniferous with the main commercial tree species harvested being lodgepole pine, Douglas-fir, spruce, western red cedar and subalpine fir. Because of the stand compositions and uniform ages, the forest management approach employed by the Company is predominantly even-aged management: clearcut harvesting with the retention of reserves of standing trees either



within or adjacent to harvest areas, replanting of harvest areas within a few years with a mix of ecologically suited tree species using government-approved stocking standards and control of competing vegetation through the use of mechanical means.

### Description of Interfor’s Interior Manufacturing Facilities and Fiber Sourcing Program

The mills included within the scope of the Company’s SFI fiber sourcing certification are:

- Adams Lake Lumber sawmill
- Grand Forks sawmill
- Castlegar sawmill

The Company’s fiber sourcing needs vary between facilities. While the majority of fiber is sourced directly from the Company’s own woodlands, approximately 40% is purchased from third parties. Interfor’s Interior Woodlands source fiber from other organizations (forest companies and B.C. Timber Sales) who hold their own SFM certifications, with a small percentage coming from uncertified private land or woodlots. In addition, a small portion of the Company’s fiber sourcing is obtained through purchase stumpage that is logged by Interfor’s contractors under the Company’s environmental management system. All wood is sourced from within the Southern Interior of British Columbia; primarily in the Thompson Rivers, Okanagan-Shuswap and Selkirk Natural Resource Districts.

Interfor’s Interior Woodlands participates in the WCSIC (Western Canada SFI Implementation Committee) Purchase Wood Monitoring Program by completing risk assessments for all wood purchases and purchase wood inspections as necessary. The results are then collated by WCSIC (of which Interfor’s Interior Woodlands is a member) in order to identify trends in performance and opportunities for improvement.

### Audit Scope

As a result of the COVID-19 pandemic, the 2021 audit was conducted as a hybrid audit. Interfor’s existing SFI Forest Management and Fiber Sourcing certificates were originally due to expire in 2020. Based on discussion between Interfor and KPMG PRI the certificates were extended to 2021 to allow for a field based e-certification audit. The audit was conducted against the requirements of the 2015-2019 edition of the SFI forest management and fibre sourcing standards, and incorporated an assessment against the SFI program objectives for:

- Forest management planning;
- Forest health and productivity;
- Protection and maintenance of water resources;
- Conservation of biological diversity;
- Management of visual quality and recreation benefits;
- Protection of special sites;
- Efficient use of fibre resources;
- Recognize and respect Indigenous Peoples’ rights;
- Legal and regulatory compliance;
- Forestry research, science and technology;
- Training and education;
- Community involvement and landowner outreach;
- Public land management responsibilities;
- Communications and public reporting, and;
- Management review and continual improvement.

#### Interfor Interior Woodlands 2021 SFI Surveillance Audit Findings

Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	0
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. 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.

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.

The scope of the 2021 SFI re-certification audit of Interfor's Interior Woodlands operations included two of the woodlands operations: Adams Lake and Castlegar, as well as fiber procurement activities for the company's Adams Lake and Castlegar sawmills.

### The Audit

- **Audit Team** – The audit was conducted by Lead Auditor Chris Ridley-Thomas RPBio, EP(EMSLA) and audit team members Sylvi Holmsen, RPF, EP(EMSLA) and Bodo von Schilling, RPF, EP(EMSLA). The audit team are all employees of KPMG PRI and have conducted numerous forest management and fiber sourcing audits under a variety of standards including SFI, FSC, and CSA Z809.
- **2021 SFI Re-certification Audit** – The audit involved a remote assessment consistent with the IAF ID3 guidance for extraordinary events and IAF MD4 use of information and communication technology. The audit assessed all elements of the Company's SFI program, and included remote video interviews with staff to evaluate conformance with the requirements of the current SFI forest management and fiber sourcing standards. On-site field work was conducted. Field work at the Adams Lake operation, originally scheduled for July 2021, was delayed to November 2021 in response to safety concerns associated with active wildfires. The audit took a total of 17.75 auditor days to complete, 14.5 days of which were spent on an extended document review and remote interviews and on-site audit field reviews of the operations included in the audit sample. The balance of audit time was spent preparing the audit plan, completing various audit checklists and preparing the main and public summary audit reports.
- **Multi-site Audit Sampling** – The remote audit assessed records and practices at two out of three divisions (divisions Adams Lake and Castlegar) during the course of the audit. This sample size is consistent with IAF requirements regarding audit sampling for multi-site certifications.
- **Interfor Interior Woodlands Operations SFI Program Representative** – Randy Waterous, RFT served as Interfor's SFI program representative during the audit.

### Use of Substitute Indicators

None of the indicators included in the SFI standards were modified or substituted for the purpose of this audit.

### Audit Objectives

The objective(s) of the audit were to evaluate the sustainable forest management system at Interfor's Interior Woodlands to:

- Determine its conformance with the requirements of the SFI 2015-2019 forest management and fiber sourcing standards;
- Evaluate the ability of the system to ensure that Interfor's Interior Woodlands operations meet applicable regulatory requirements;
- Evaluate the effectiveness of the system in ensuring that Interfor's Interior Woodlands meets its specified SFM objectives, and;
- Where applicable, identify opportunities for improvement.

#### Interfor Interior Woodlands 2021 Audit Sample Size

Roads and bridges	9
Harvesting	15
Silviculture	5
Wood procurement	8



The most common silviculture system at the Interfor Interior Woodlands operations is 'clearcut with reserves'. Virtually every harvest area has patches of mature trees retained with no felling of trees within the patch boundaries. Benefits include wildlife habitat and biodiversity. Such patches are strategically located to manage aesthetics and are often placed at locations that protect values such as special plants, cultural features, water or other forest values. Patches are also chosen to be representative of the harvested stand. Interfor must meet regulatory requirements and higher level plans setting out patch retention size and distribution.



## Evidence of Conformity with the SFI 2015-2019 Forest Management and Fiber Sourcing Standards

Primary sources of evidence assessed to determine conformity with the SFI 2015-2019 forest management and fiber sourcing standards are presented in the following tables.

SFI Forest Management Objective	Key Evidence of Conformity
1. Forest Management Planning	Sustainable Forest Management Plan (SFM Plan), Forest Stewardship Plans (FSPs), Management Plans (MPs), land use plans, SFI Monitoring Report, Cut control reports, Timber Supply Analysis, VRI, LRM
2. Forest Health and Productivity	Ecosystem classification, MPs, FSPs, SFM Plan, cutting permits (CP), site plans (SP), silviculture reports, field inspections, terrain stability reports, pre-work records, incident reports, MPB and forest pest strategies and committees, emergency response plans, LRM, FLNRO Compliance and Enforcement reports and correspondence, audit field inspections
3. Protection and Maintenance of Water Resources	Field inspections of riparian/streams/roads, review of site plans & harvest plans; under the FSP through soil hazard ratings/disturbance limits and riparian management measures, Environmental Management System (EMS), regulatory agency inspections, standard operating procedures (SOP), pre-work records, inspection records, internal audit field inspections, CP, SPs, FSPs, MPs, LRM
4. Conservation of Biological Diversity	Higher level plans, SFM Plan, FSPs, Landscape Unit Plans, site plans; Innovative Forest Practices Agreement (IFPA) and associated Timber Supply Review (TSR), EMS Handbook, field inspections, identified wildlife management strategies, species at risk lists and information, GAR orders, general wildlife measures, archeological assessments, CP, SPs, audit field inspections, noxious weed management plan, species at risk lists and information, Boundary Weed Committee, invasive plant committee, LRM
5. Management of Visual Quality and Recreational Benefits	Higher level plans, SFMP, FSPs, MPs, CP, SP, LRM, field inspections, visual and greenup assessments, audit field inspections
6. Protection of Special Sites	Higher level plans, SFMP, FSPs, harvest & site plans, special site inspections, archeological assessments, LRM, CP, SP, audit field inspections
7. Efficient Use of Fiber Resources	SFMP, waste reports, field inspections, audit field inspections
8. Recognize and Respect Indigenous Peoples Rights	SFMP, records of consultation with local First Nations, pre-audit questionnaire responses,



Interfor Interior Woodlands, layout Contractors and its harvesting Contractors and workers plan, prescribe and implement 'dispersed' retention. oversize, immature and regenerating trees are not felled and are protected from damage during logging operations where practical. Retained trees have benefits considering wildlife habitat and promoting biodiversity, silviculture and aesthetics to name just a few benefits.

The photo above features conifer and deciduous dispersed retention on steeper slopes and conifer retention is also evident in the photo below. Another feature of the photo below is 'riparian' retention along a watercourse evident at the bottom of the photo. Practices involve a machine free zone, harvesting adjacent to the stream removing mature trees that are not windfirm and retaining immature and regenerating trees.



### Evidence of Conformity with the SFI 2015-2019 Forest Management and Fiber Sourcing Standards Con't

Primary sources of evidence assessed to determine conformity with the SFI 2015-2019 forest management and fiber sourcing standards are presented in the following tables.

SFI Forest Management Objective	Key Evidence of Conformity
9. Legal and Regulatory Compliance	SFMP, inspection records, health & safety policy, field inspections, SOPs, pre-work, EMS manual, regulatory compliance reports, incident reports, SAFE certification, audit field inspections
10. Forestry Research, Science and Technology	SFMP, field inspections, climate change reports, records of research projects and funding, staff interviews
11. Training and Education	SFMP, EMS Handbook, training records, WCSIC minutes & resources, interviews with staff and contractors
12. Community Involvement and Landowner Outreach	SFMP, FSPs, WCSIC minutes & resources, stakeholder consultation records, contracts, staff interviews
13. Public Land Management Responsibilities	SFMP, FSPs, MPs, and associated referral process, site plans, referral of site plans to First Nations, trappers, water users, ranchers and local property owners, staff interviews
14. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
15. Management Review and Continual Improvement	SFMP, management review records, internal audit and related action plans

SFI Fiber Sourcing Objective #	Key Evidence of Conformity
1. Biodiversity in Fiber Sourcing	Higher level plans, SFM Plan, FSPs, Landscape Unit Plans, site plans; and associated Timber Supply Review (TSR), species at risk lists and information, GAR orders, general wildlife measures, Boundary Weed Committee, invasive plant committee, Wood Producer Information Package, interviews with procurement staff.
2. Adherence to Best Management Practices	Wood Producer Information Package, which includes fibre sourcing policy, and records of its distribution to wood producers, Log Purchase Agreements, records of implementation of the BMP monitoring system, interviews with procurement staff.
3. Use of Qualified Resource and Qualified Logging Professionals	Wood Producer Information Package List of Qualified Resource and Logging Professionals included in the Wood Producer Information Package, records of proportion of fibre delivered by source, interviews with procurement staff.
4. Legal and Regulatory Compliance	Company policies regarding regulatory compliance, procedures to ensure compliance with applicable regulatory requirements, purchase wood inspections, interviews with staff.



On May 5 2021 an Interfor Contractor at the Adams Lake Lumber operation put out a fire that had initiated from logging operations. The fire suppression actions were taken immediately and effectively by the harvesting Contractor and the operation was completed safely. Only a small area was affected.

Following all environmental incidents, Interfor conducts an investigation. The investigation revealed that as recently as April 30th this crew had reviewed fire preparedness. Following the incident the crew reviewed their performance in putting out the fire so as to learn from the incident.

The Contractor and the equipment operators involved and Interfor personnel reviewed the site together to better understand how the fire had started and to discuss potential strategies to avoid similar events in the future.



### Evidence of Conformity with the SFI 2015-2019 Forest Management and Fiber Sourcing Standards (cont'd)

SFI Fiber Sourcing Objective #	Key Evidence of Conformity
5. Forestry Research, Science and Technology	WCSIC meetings, records of research projects and funding, staff interviews.
6. Training and Education	EMS Handbook, training records, Wood Producer Information Package, log procurement policy, risk assessment, interviews with staff and contractors.
7. Community Involvement and Landowner Outreach	SFMP, FSPs, stakeholder consultation record, wood procurement program, contracts, Wood Producer Information Package distribution, risk assessment, inspection results, staff interviews.
8. Public Land Management Responsibilities	Higher level plans, FSPs, MPs, and associated referral processes; site plans, referral of site plans to stakeholders, procurement staff interviews.
9. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
10. Management Review and Continual Improvement	SFMP, management review records, internal audit and related action plans
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas	NA. No fiber is sourced from outside North America.
12. Avoidance of Controversial Sources Including Illegal Logging	NA. No fiber is sourced from outside North America.
13. Avoidance of Controversial Sources Including Fiber Sourced from Areas without Effective Social Laws	NA. No fiber is sourced from outside North America.

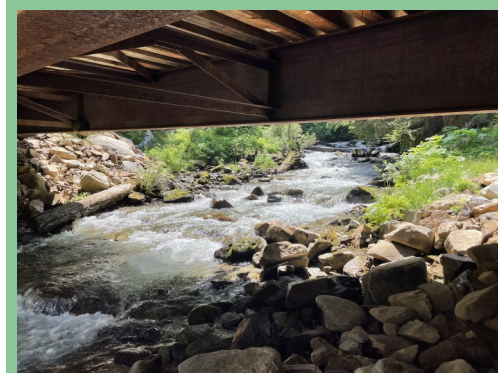


Roads constructed on steep slopes present particular engineering challenges. Interfor Interior Woodlands retains Qualified Professionals such as Professional Engineers and Geotechnical experts.

Construction of the roads must meet engineered drawings.

This photo shows a 'gabion wall' (i.e. stacked rock-filled gabions wired together). Another feature is an apron of 'rip rap', rocks keyed in to stabilize the slope below the gabions.

Rip rap is also evident along both banks of a stream with a newly constructed bridge in the photo below. The rocks break up the energy of the water course and protect the bridge substructure.



### Good Practices

A number of good practices were identified during the course of the audit, including:

- SFI forest management objective 2 (wildfire protection and preparedness): Interfor's program includes completion of fire preparedness inspections on active operations, extending the duration of fire watch and shutting down active operations ahead of the requirements.
- SFI forest management objectives 9 (regulatory compliance): Interfor has a rigorous approach to identifying and addressing environmental incidents including procedures for investigation, reporting and action tracking.
- SFI fibre sourcing objective 2 (monitoring): The Interfor fibre sourcing program includes conducting harvest inspections of harvesting associated with logs purchased from non-Interfor controlled tenures. The inspection results are tracked in a database and are reported to Company managers.

## Follow-up on Findings from Previous Audits

At the time of this assessment there was 1 open non-conformity from previous Interfor Interior Woodlands external SFI audits. The audit team reviewed the status of the action plans that were developed by the Company to address the previous audit finding and concluded that they: (1) had been substantially implemented as required, and (2) were substantially addressing the root cause(s) of the non-conformities. As a result, the previously identified non-conformity was closed.

## Areas of Nonconformance

No non-conformities were identified during the SFI re-certification audit of the Interfor Interior woodlands and fibre sourcing operations.

## Opportunities for Improvement

A total of 2 new opportunities for improvement were identified during the audit, as follows:

- SFI Forest Management Objective 3 (water reach, flow and quality and associated values) – Field inspection of recent and active harvest and roads sites found that the program was effective overall with the following isolated exceptions:
  - On one harvest unit a culvert installation at a point where the road crossed a non-classified drainage was mis-located by approximately 8m requiring the water to flow along the ditch before crossing the road and eventually finding its way back into the original draw. Further, mounding occurred below the road where the non-classified drainage is located.
  - On two harvest sites the identified S6 streams do not appear to be streams.
  - On one harvest site an unmapped channel (possibly created by an old road) lies within the RMA of an S2 (larger fish-bearing) stream.
  - On one harvest site the plan did not include a prescription for the riparian management zone of an S6 (small non-fish bearing) stream on the basis that there was no overlap between the harvest area and the riparian management zone. Field inspection determined that overlap does exist between the harvest area and the riparian management zone. (Field inspection also determined that the practices on the ground were acceptable for a riparian management zone).
- SFI Forest Management Objective 2 (soils and site productivity) – While Interfor has an active program of rehabilitation of in-block trails and deactivation of roads, isolated opportunities for improvement in seasonal deactivation were noted in order to better minimize the potential for erosion of road surfaces.

## Audit Conclusions

The audit found that the Interfor Interior Operations' sustainable forest management system and fiber sourcing program:

- Were in full conformance with the requirements of the SFI 2015-2019 forest management and fiber sourcing standards included within the scope of the audit, except where noted otherwise in this report;
- Have been effectively implemented, and;
- Are sufficient to systematically meet the commitments included within the organization's environmental and SFM policies, provided that the systems continue to be implemented and maintained as required.



Interfor Interior operations source as much as 40% of sawmill supply from non-Interfor-tenured lands. The SFI Fibre Sourcing standard applies to this supply. Some supply is sourced from other major tenure holders or BC Timber Sales who also hold sustainable forest management certificates. Interfor signs contracts and completes risk assessments for every source.

The photos shown in this panel are from private land harvesting where Interfor Contractors were involved by the land-owner. Practices such as dispersed retention and riparian retention match practices on tenured lands. Inspections are conducted and corrective actions are taken as required.





As a result, a decision has been reached by the lead auditor to recommend that Interfor’s Interior Woodlands operations be re-certified to the SFI 2015-2019 forest management and fiber sourcing standards.

### Focus Areas for the Next Audit Visit

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

- Continuing improvement in the timeliness of final inspections.
- Records management for fiber sourcing inspections.
- Management of erosion risks arising from the 2021 forest fires.
- Implementation of the updated versions of the SFI Forest Management and Fiber Sourcing Standards.



This deactivated road at the Adams Lake Lumber operation demonstrates noteworthy practices. Water management is evident in ditching and cross-drains. Grass seeding stabilizes soils and prevents ingress of invasive species and prevents the movement of sediment into water courses. Woody debris has been scattered onto the road surface as further water management and to provide wildlife habitat.

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