



Forest Certification REPORT



Interfor Corporation, Coastal Woodlands Operations — 2021 SFI Re-certification Audit

From July 6-9, 2021 an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI re-certification audit of Interfor Corporation (Interfor)'s Coastal Woodlands Operations and fibre procurement activities against the requirements of the 2015-2019 Sustainable Forestry Initiative® (SFI) forest management and fibre sourcing standards. This certification summary report provides an overview of the process and KPMG's findings.

Description of Interfor Corporation's Coastal Woodlands Operations

Interfor Corporation's Coastal Woodlands Operations are located on the coast of British Columbia, and encompass a total area of 1.1 million hectares within the British Columbia Mainland Coastal Forests and Central Pacific Coastal Forests ecoregions. The company's SFI program is managed from Interfor's offices located in Campbell River and Burnaby BC.

Interfor Corporation's coastal woodlands have a total AAC (allowable annual cut) of approximately 1.7 million m³/year. The 2021 audit found that the Company's forest harvesting continues to conform to the AAC applicable to these operations.

The woodlands operations that are included within the scope of the Company's SFI certification are covered by a 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. In addition, government-approved forest stewardship plans that address both timber and non-timber values are also in place. Various higher level plans developed by government (e.g., the Great Bear Rainforest Order, Land and Resource Management Plans, etc.) also provide direction to forest management within the areas managed by the organization.

The forests managed by the Company are predominantly coniferous, with the main commercial tree species being western red cedar, yellow cedar, western hemlock, amabilis fir, Douglas-fir, and Sitka spruce. The Company applies a forest management approach based on primarily even-aged management with the retention of reserves of standing trees either within or adjacent to harvest areas. Ground-based, cable, and helicopter harvesting systems are employed. Harvested areas are planted with a mix of ecologically suited tree species and where appropriate natural regeneration is used, and competing vegetation is controlled through the use of government-approved chemical herbicides as well as mechanical means.

Description of Interfor Corporation's Manufacturing Facilities and Fibre Sourcing Program

The Company's SFI fibre sourcing certification applies to the Interfor Acorn sawmill located in Delta, BC. While some fiber is sourced directly from the Company's own woodlands, approximately 75% is purchased from third parties. The large majority of wood purchases are from organizations (e.g., forest companies and B.C. Timber Sales) who hold their own SFM certifications, with a small percentage coming from uncertified lands. In addition, a small portion of the Company's fibre sourcing is obtained through purchase stumpage that is logged by Interfor Corporation contractors.

Interfor participates in the Western Canada SFI Implementation Committee (WCSIC) Purchase Wood Monitoring Program by completing risk assessments for all wood purchases and completes purchase wood inspections as necessary. The results are then



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collated by WCSIC (of which Interfor is a member) in order to identify trends in performance and opportunities for improvement.

Audit Scope

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 all applicable SFI objectives, as shown in Tables 1 and 2 of this report.

The scope of the 2021 SFI re-certification audit of Interfor Corporation's Coastal Woodlands operations included the company's coastal woodland tenures, as well as the purchase wood program.

The Audit

- **Audit Team** – The audit was conducted by Yurgen Menninga, RPF, EP(EMSLA), and Bodo von Schilling, RPF, EP (EMSLA). Both have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **2021 SFI Re-certification Audit** – Due to Covid-19 travel and distancing restrictions the audit occurred as a hybrid remote/onsite audit. Field sites that were road accessible were assessed onsite. Field sites that were only accessible by boat or aircraft were audited remotely. The remote assessment was consistent with the IAF ID3 guidance for extraordinary events and IAF MD4 requirements for use of information and communication technology. The audit assessed all elements of the Company's SFI program, including a review of a sample of field sites: 22 harvesting sites (of which 6 were assessed onsite, 3 by drone, and the remainder through documentation review), 17 road sites (6 assessed onsite, 2 by drone, and the remainder through documentation review) 2 silviculture sites (both assessed onsite), and one procurement site (assessed onsite), to evaluate conformance with the requirements of the SFI forest management and fibre sourcing standards. The audit took a total of 17 auditor days to complete, including audit planning, document reviews, interviews, and completing the main and public summary audit reports. Information and communication technology used in the audit was considered to be effective in meeting the audit objectives.
- **Multi-site Audit Sampling** – Interfor's Coastal Woodlands holds a multi-site SFI certification covering the main forest management operations office located in Campbell River and the log purchase group based in Burnaby B.C. The remote audit assessed records and practices related both locations.
- **Interfor Corporation's SFI Program Representative** – Kai Sonnenburg, RPF, Land Use Forester, served as the company's SFI program representative during the audit.

Use of Substitute Indicators

The audit involved an assessment of conformance against the applicable objectives, performance measures and indicators included in the 2015-2019 version of the SFI forest management and fiber sourcing standards. None of the indicators included in the SFI standards were modified or substituted for the purpose of this audit.

Audit Objectives

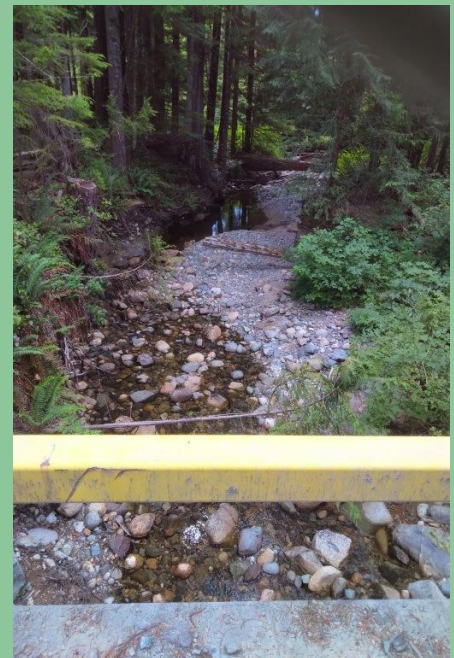
The objectives of the audit were to evaluate the sustainable forest management system at Interfor Corporation — Coastal Woodlands Operation to:

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

These objectives were met.

SFI Audit Evidence

SFI Forest Management Objective	Key Evidence of Conformity
1. Forest Management Planning	Forest management plan, geographic information system, forest inventory records, harvesting records, interviews with planning staff.
2. Forest Health and Productivity	Site plans, treatment records, silviculture reports, field inspections.
3. Protection and Maintenance of Water Resources	Field inspections of riparian areas, review of site plans & harvest plans.
4. Conservation of Biological Diversity	Forest management plan, Forest Stewardship Plans (FSPs), site plans, interviews with planning staff, field inspections.
5. Management of Visual Quality and Recreational Benefits	Forest management plan, FSPs, harvest plans, field inspections.
6. Protection of Special Sites	Forest management plan, FSPs, site plans, special site inspections.
7. Efficient Use of Fibre Resources	Forest management plan, waste reports, field inspections.
8. Recognize and Respect Indigenous Peoples Rights	Company policy on Indigenous Peoples' rights, records of consultation with local Indigenous Peoples, pre-audit questionnaire responses, interviews with Company staff and representatives of local Indigenous Peoples.
9. Legal and Regulatory Compliance	Forest management plan, health & safety policy, field inspections, interviews with regulatory agency personnel.
10. Forestry Research, Science and Technology	Forest management plan, records of research projects and funding, staff interviews.
11. Training and Education	Forest management plan, training records, SFI Implementation Committee (SIC) minutes & resources, interviews with staff and contractors.
12. Community Involvement and Landowner Outreach	Forest management plan, SIC minutes & resources, community and landowner outreach records, staff interviews.
13. Public Land Management Responsibilities	Records of cooperative public land planning processes, forest management plan, FSPs and associated referral process, site plans, records of plan referrals to local stakeholders, staff interviews.
14. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
15. Management Review and Continual Improvement	Forest management plan, management review records, internal audit and related action plans.



The audit assessed this bridge installation site to ensure that environmental best practices were implemented. The engineering design prescribed the large boulder rip-rap shown in the top photo, to protect the bridge abutments from erosion and avoid sedimentation.

Table 2: Evidence of Conformity with the SFI 2015-2019 Fibre Sourcing Standard

SFI Fibre Sourcing Objective #	Key Evidence of Conformity
1. Biodiversity in Fibre Sourcing	Program to promote biodiversity in fibre sourcing, records of involvement in local or regional conservation efforts, interviews with procurement staff.
2. Adherence to Best Management Practices	Fibre sourcing policy and records of its distribution to wood producers, written fibre sourcing agreements, records of implementation of the BMP monitoring system, inspection of a procurement site.
3. Use of Qualified Resource and Qualified Logging Professionals	List of Qualified Resource and Qualified Logging Professionals (QLPs), records of proportion of fibre delivered by QLPs, interviews with procurement staff.
4. Legal and Regulatory Compliance	Company policies regarding regulatory compliance, procedures to ensure compliance with applicable regulatory requirements, inspection of a procurement site, interviews with regulatory agency personnel.
5. Forestry Research, Science and Technology	Records of research projects and funding, staff interviews.
6. Training and Education	Training records, SIC minutes & resources, interviews with staff and contractors.
7. Community Involvement and Landowner Outreach	SIC minutes & resources, community and landowner outreach records, staff interviews.
8. Public Land Management Responsibilities	Records of cooperative public land planning processes, records of plan referrals to local stakeholders, procurement staff interviews.
9. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
10. Management Review and Continual Improvement	Management review records, internal audit and related action plans.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas	N/A – applies to sources outside of Canada/ USA
12. Avoidance of Controversial Sources Including Illegal Logging	N/A – applies to sources outside of Canada/ USA
13. Avoidance of Controversial Sources Including Fibre Sourced from Areas without Effective Social Laws	N/A – applies to sources outside of Canada/ USA



As noted in the good practice on page 5 of this report, Interfor Coastal Woodlands has provided large diameter high value cedar logs such as these to aboriginal communities to cultural purposes.

Good Practices

The following good practice was identified during the course of the audit:

- SFI Forest Management Objective 15 (Management Review): Interfor Coastal Woodlands has developed an EMS Incident Dashboard, which is a graph of number of incidents by year, and by type i.e. water quality, riparian, soils etc. This is presented to the Board of Directors Safety & Environment Committee on a quarterly basis, providing a quick snapshot of trends and areas needing attention. This is useful in getting high-level attention and commitment of actions & resources from the top.
- SFI Forest Management Objective 9 (Indigenous Peoples' Rights): Some of the good practices in regards to First Nations relations are:
 - The company worked with a First Nation in identifying several large cedar trees for traditional carving opportunity. Interfor and First Nation representatives identified suitable trees in the field, after which the Company delivered the logs directly to the community and members (including one carver living hundreds of kilometers away).
 - Regulatory requirements specify that all harvest blocks must be referred to First Nations and input considered. If there is no response after a specified time operations may commence. However Interfor takes a cautious approach in some cases of delaying harvesting well beyond the regulatory timeframe until a response is received. This is a good practice in regards to relationship building.
- SFI Forest Management Objective 5 (Visual Quality): The Company has obligations to manage the aesthetic appearance of harvests. Given the mountainous coastal terrain, many water-based recreationists have a keen interest in the appearance of harvested areas. In cases where there may be concern regarding visual quality and harvesting, Interfor engages third party specialists to aid in the visual block design, and also has the visual quality projections independently peer reviewed. This ensures the aesthetics of the harvest are adequately managed in accordance with the objectives.

Follow-up on Findings from Previous Audits

At the time of this assessment there was one open non-conformity from previous 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 adequately addressing the root cause of the non-conformity. As a result the previously identified non-conformity is now closed.

Areas of Nonconformance

N/A—no areas of nonconformance were identified.

Opportunities for Improvement

The following opportunity for improvement was identified during the audit:

- SFI Forest Management Objective 3 (water quality) – Our inspection of a cutblock with a deactivated road where a cross-ditch had been installed at a minor non-fish-bearing stream noted that the cross-ditch was shallow, such that sedimentation could potentially cause the stream to be diverted onto a spur road and into a ditch, which could increase the probability of sediment transport and disruption natural drainage patterns.

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.

Interfor Corporation, Coastal Woodlands Operations Audit Findings

Open non-conformities	0
New major non-conformities	0
New minor non-conformities	0
New opportunities for improvement	1

Audit Conclusions

The audit found that the Interfor Corporation’s coastal woodlands operation’s sustainable forest management system and fibre sourcing program:

- Was in full conformance with the requirements of the SFI 2015-2019 forest management and fibre sourcing standards included within the scope of the audit, except where noted otherwise in this report;
- Has been effectively implemented, and;
- Is sufficient to systematically meet the commitments included within the organization’s environmental and SFM policies, provided that the system continues to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that Interfor Corporation’s coastal woodlands operation be re-certified to the SFI 2015-2019 forest management and fibre sourcing standards.

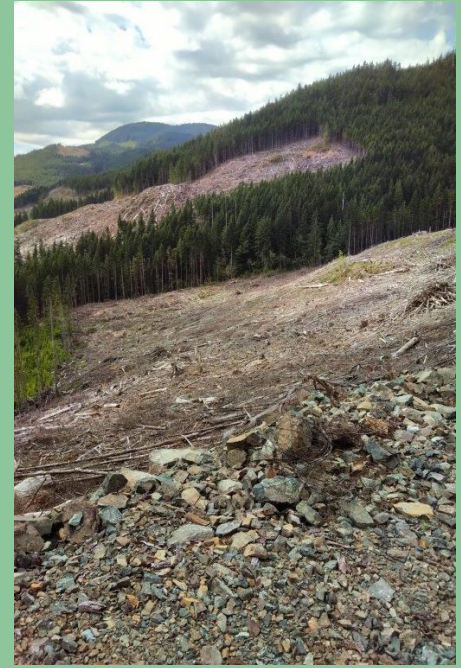
Corrective Action Plans

N/A—as no nonconformities were identified, corrective action plans are not applicable.

Focus Areas for the Next Audit Visit

The following items have been identified as focus areas for the next audit visit:

- Changes to Interfor’s SFI program to meet the new SFI 2022 standards.
- Site visits to air/boat access blocks, which were assessed remotely in both 2020 and 2021 due to Covid-19 travel and distancing restrictions.
- EMS related documentation such as preworks and inspections being promptly provided from the electronic filing system.



An example of a harvest block and road construction site assessed during the audit. The timbered strip in the centre of the photo shows a riparian buffer, which serves to protect the stream and eliminate steep sided-gullies from harvest.

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