



REPORT Forest Certification



International Forest Products Limited—Interior Woodlands Operations August, 2011

In July 2011, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an annual surveillance audit to expand the scope of International Forest Products Limited's (Interfor's) existing SFI certification for the Adams Lake Woodlands Division to include the recently acquired Castlegar and Grand Forks BC operations (together, the Interior Woodlands Operations). The audit was conducted against the requirements of the 2010-2014 edition of the Sustainable Forestry Initiative® (SFI) standard. This Certification Summary Report provides an overview of the audit process and KPMG's findings.

Description of Interfor's Interior Woodlands Operations

Interfor's Interior Woodlands Operations conduct forest operations through three distinct operations in the interior of British Columbia. The total area subject to certification is approximately 975,000 hectares of Crown land with an associated allowable annual cut of approximately 1.5 million m³

- Adams Lake Woodlands 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 FLA18693, FLA18694, FLA74910 and timber licence TL T0888;
- Grand Forks Woodlands is located in the Boundary region of the province immediately adjacent to the Canada-USA border. Tenures managed by the operation are forest licence FLA18969 and Tree Farm Licence # 8; and,
- Castlegar Woodlands is located on the Arrow Lakes in the community of Nakusp. The operation manages Tree Farm Licence #23.

All divisions source their fiber through both long term tenures (quota) with the Provincial government, and through the purchase of fiber from other Crown and non-Crown sources. Sawmills associated with each woodlands primarily produce random length lumber for the domestic and U.S market and more specialty products for overseas markets.

Audit Scope

The audit was conducted against the requirements of the 2010-2014 edition of the SFI standard, and incorporated a full scope assessment of all 20 SFI program objectives for the Castlegar and Grand Forks operations and a limited scope assessment of the Adams Lake operation against the SFI program objectives for:

- Forest Management planning;
- Conservation of Biological Diversity including Forests with Exceptional Conservation Value;
- Efficient Use of Forest Resources;
- Landowner Outreach;
- Use of Qualified Resource and Logging Professionals;
- Legal and regulatory compliance;
- Training and Education;
- Management review and continual improvement.



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Findings: Interfor—Interior Woodlands Operations—August 2011

History of Interfor’s Interior Woodlands Operations Certifications

The Adams Lake Woodlands of Interfor has been certified to the SFI forest management standard since 2001. This audit was the initial certification audit for the Castlegar and Grand Forks operations following their purchase from Pope and Talbot in 2008.

The Audit

- *Audit Team* – The audit was conducted by Chris Ridley-Thomas, RP.Bio, CEA (SFM), EMS(LA), Del Ferguson, PGeo, EMS(A) and Michael Alexander RPF, CEA(SFM), EMS(LA). All of the team members have conducted numerous forest management audits in BC under a variety of standards including SFI, ISO 14001 and CSA Z809.
- *SFI Surveillance Audit* – Annual SFI surveillance audits are conducted to ensure that the requirements of the standards continue to be met. The 2011 SFI surveillance audit involved an on-site assessment of the Adams Lake operation’s environmental management system (EMS) and SFI program, and included visits to several field sites to evaluate the extent to which the operation’s forest management plans and practices conform to the requirements of the SFI standard.
- *Interfor Interior Woodlands Operations SFI Program Representative* – Gerry Fraser served as Interfor’s SFI program representative during the audit.

Use of Substitute Indicators

No substitute indicators were evaluated during the audit

Audit Objectives

The objective of the 2011 SFI audit was to:

- assess the extent to which the Adams Lake operation’s EMS and forest management plans and practices continue to conform to the requirements of the 2010-2014 version of the SFI standard; and,
- conduct an initial certification of the Castlegar and Grand Forks operations against the requirements of the 2010-2014 version of the SFI standard

Audit Conclusions

The audit found that:

- the Castlegar and Grand Forks operations meet the requirements of the 2010-2014 version of the SFI standard in all material respects; and,
- the Adams Lake operation’s EMS and forest management plans & practices continue to meet the requirements of the 2010-2014 version of the SFI standard in all material respects.

Audit results

Minor non-conformities from previous audits that remain open	0
New major non-conformities	0
New minor non-conformities	2
New 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 the SFI 2010-2014 Standard

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 Plan (SFMP), Forest Stewardship Plans (FSPs), land use plans, Climate change through a Timber Supply Area (TSA) level initiative known as the Kamloops Future Forests Strategy (FFS)
2. Forest Productivity	Site plans, silviculture reports, field inspections.
3. Protection and Maintenance of Water Resources	Field inspections of riparian areas, review of site plans & harvest plans; under the FSP through soil hazard ratings/disturbance limits and riparian management measures.
4. Conservation of Biological Diversity	SFMP, FSPs, Landscape Unit Plans, site plans; Innovative Forest Practices Agreement (IFPA) and associated Timber Supply Review (TSR), EMS Handbook, field inspections.
5. Management of Visual Quality and Recreational Benefits	SFMP, FSP, harvest plans, field inspections.
6. Protection of Special Sites	SFMP, FSP, harvest & site plans, special site inspections.
7. Efficient Use of Forest Resources	SFMP, waste reports, field inspections.
8. Landowner Outreach	Wood procurement program, contracts,, Best Management Practices (BMP) package distribution, inspection results.
9. Use of Qualified Resource and Logging Professionals	Qualified professional list. Logger training information.
10. Adherence to Best Management Practices	Fiber sourcing policy, wood purchase agreements, inspection protocol and checklists, third party wood supplier inspection records
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas	NA
12. Avoidance of Controversial Sources including Illegal Logging	NA
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	NA



The field audit included inspection of 16 harvesting sites, 12 road sites, 8 silviculture sites and a scale site.

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SFI Objective #	Key Evidence of Conformity
14. Legal and Regulatory Compliance	SFMP, inspection records, health & safety policy; Interior Lumber Manufacturers Association regulatory referrals, field inspections.
15. Forestry Research & Technology	SFMP, FFS initiative
16. Training and Education	SFMP, EMS Handbook, training records, Provincial Implementation Committee (PIC) minutes & resources.
17. Community Involvement in the Practice of Sustainable Forestry	SFMP, PIC minutes & resources, stakeholder consultation records at the FSP and cutting permit stage.
18. Public Land Management Responsibilities	SFMP, FSPs and associated referral process, site plans, referral of site plans to First Nations water users, ranchers and local property owners.
19. Communications and Public Reporting	Certification summary report.
20. Management Review and Continual Improvement	SFMP, management review, internal audit.



Example of bear den protected during operations.

Good Practices

During the course of the audit, a number of good practices were identified including:

- In relation to Performance Measure (PM) 2.3, the quality of the skid trail rehabilitation noted on the post-harvest blocks visited was found to be noteworthy in Grand Forks.
- In relation to PM 3.1 and PM 20.1, field records of final inspections were found to be detailed and accurate at both the Grand Forks and Castlegar operations.
- In relation to PM 4.1 the forest development planning records maintained by the operation provide an efficient method to document the complex resource constraints considered and the mitigation measures planned to promote the conservation of native biological diversity within the Grand Forks operation's operating area.
- In relation to PM 3.2 inspection of a sample of active and recently completed road and harvesting field sites within the Castlegar operation found good stand level practices around riparian features, including location of wildlife tree patches, crossings, dispersed retention, maintenance of machine free zones and avoidance of seeps at the head of non-classified drainages and creeks.



Example of unusual plant community protected by a wildlife tree patch.

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- In relation to PM 4.1 interviews with field staff within the Grand Forks operation indicated a good awareness of the procedures required to limit the spread of invasive, noxious plants.
- In relation to PM 16.1 interviews with logging contractors within the Castlegar operation indicated a strong awareness of the Company's EMS requirements and effective implementation of pre-works to focus on site specific environmental aspects of operations.

Follow-up on Findings from Previous Audits

At the time of this assessment there were no open non-conformities from previous audits.

New Areas of Nonconformity

Two nonconformities were identified during the audit:

- While a program for the identification and management of threatened and endangered species has been developed and implemented, it does not currently include certain red listed invertebrate species (e.g. snails/slugs) known to be present locally. Additionally, there is a lack of detail within the rare plant program respecting where rare plant species may be expected and expectations regarding the nature of any surveys that may need to be conducted.
- While the Company has developed requirements for spill response and spill reporting, inconsistencies were found in the documentation provided to contractors as a part of the EMS/SFI handbook and training related to minimum spill kit requirements and spill reporting requirements which led to contractors and their staff misunderstanding or potentially misunderstanding the company requirements.

New Opportunities for Improvement

Six new opportunities for improvement were identified during the 2011 audit including:

- Isolated deficiencies in fire equipment at active operations and a lack of detail regarding what equipment is required in one Wildfire Emergency Response Plan.
- An isolated instance of a road design around an arch culvert that resulted in a small amount of sediment entering a fish stream.
- Isolated gaps in contractor training and training records.
- A monitoring template has been developed to support SFI performance reviews. However, it has not yet been implemented and the periodicity of individual monitoring actions is not specified. Additionally, there were opportunities to improve two of the indicators to better assess the effectiveness of Interfor's SFI program.



Example of a wildlife tree protected during operations

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