



REPORT Forest Certification



Carrier Lumber Limited — SFI Surveillance Audit — 2021

From August 30 -September 3, 2021 (remote) and November 23-25 (on-site), an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI Surveillance audit of Carrier Lumber Limited's woodlands operations and fiber procurement activities against the requirements of the 2015-2019 edition of the Sustainable Forestry Initiative® (SFI) standard. This Certification Summary Report provides an overview of the process and KPMG's findings.

Description of Carrier Lumber Ltd's Woodlands Operations

Carrier's Crown land woodlands operations are situated in central and eastern BC, Canada and comprise forest licences FL A18158 in the Prince George Timber Supply Area (TSA), FL A15429 and FL A15430 in the Robson Valley TSA. These licenses comprise an area of 391,000 hectares, and have an annual allowable cut (AAC) of 477,000 cubic meters which has been 451,400 (on average) over the cut control period to-date. They are managed from the Company's office located in Prince George, BC.

The areas covered by the company's SFI certification fall within the following WWF ecoregions: (1) Central British Columbia Mountain Forests, (2) Fraser Plateau and Basin Complex, (3) North Central Rockies Forests.

Carrier has developed Forest Stewardship Plans which describe how the company will achieve the objectives of higher level plans developed under public involvement processes.

The forests managed by the Company are predominantly coniferous with the main commercial tree species being lodgepole pine, spruce (white, Englemann and hybrids), subalpine fir, and Douglas-fir.

The forest management approach employed by the Company is based on even-aged management with the retention of reserves of standing trees either within or adjacent to the harvest areas. Ground-based clearcut harvesting is applied, with replanting of harvest areas within a few years with a mix of ecologically suited tree species. Competing vegetation is controlled through the use of government-approved chemical herbicides and mechanical means.

Description of Carrier Lumber Ltd.'s Manufacturing Facilities and Fiber Sourcing Program

The Company's SFI fiber sourcing certification scope includes the central and eastern regions supporting Carrier Lumber's Tabor sawmill near Prince George, BC.

The majority of fiber is sourced directly from the Company's own woodlands, and approximately one quarter is purchased from third parties, most of which is from other organizations (e.g., forest companies and B.C. Timber Sales) who hold their own SFM certifications, with a small percentage coming from uncertified private land. In addition, a small portion of the Company's fiber sourcing is obtained through purchase stumpage that is logged by the company's contractors under the Company's environmental management system.

Carrier Lumber Ltd. participates in the Western Canada SFI Implementation Committee (WCSIC) 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 Carrier Lumber Ltd. is a member) in order to identify trends in performance and opportunities for improvement.

Audit Scope

The audit was conducted against elements of the requirements of the 2015-2019 edition of the SFI forest management and fiber sourcing standards, and incorporated an assessment against the SFI program objectives shown in the Evidence of Conformity tables later in this report.

The scope of the audit included Carrier Lumber Ltd.'s woodlands operations and fiber procurement activities for the Company's Tabor sawmill.

The Audit

- **Audit Team** – The audit was conducted by Michael Buell RPF and Chris Ridley-Thomas RPBio, EP(EMSLA). Chris and Mike are employees of KPMG PRI, and have experience under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **SFI Surveillance Audit** – The audit involved a remote assessment of selected elements of the Company's SFI program, and included an on-site assessment of several field sites (4 harvest blocks, 2 roads, 3 bridges, 3 species sites (recreation and water), and 2 wood procurement sites) to evaluate conformance with the requirements of the current SFI forest management and fiber sourcing standards. The audit took a total of 5 auditor days to complete, 3 days of which were spent on the remote assessment. The balance of audit time was spent preparing the audit plan, and completing various audit checklists and preparing the main and public summary audit reports.
- **Carrier Lumber Ltd.'s SFI Program Representative** – Brett Musa, RPF served as Carrier Lumber Ltd.'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, and fiber sourcing systems at Carrier Lumber Ltd. to:

- Determine their conformance with the requirements of SFI 2015-2019;
- Evaluate the ability of the system to ensure that Carrier Lumber Ltd. continues to meet applicable regulatory requirements;
- Evaluate the effectiveness of the system in ensuring that Carrier Lumber Ltd. meets its specified objectives, and;
- Where applicable, identify opportunities for improvement.

Carrier Lumber Ltd. SFI Surveillance Audit Findings

Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	1
New opportunities for improvement	2

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

Table 1: Evidence of Conformity with the SFI 2015-2019 Forest Management Standard

SFI Forest Management Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	Not in the scope of 2021 audit.
2. Forest Health and Productivity	Not in the scope of 2021 audit.
3. Protection and Maintenance of Water Resources	Field inspections of riparian areas, review of site plans & harvest plans, interviews with planning staff.
4. Conservation of Biological Diversity	TSR, LRMP, FSP, site plans, interviews with planning staff, field inspections.
5. Management of Visual Quality and Recreational Benefits	Not in the scope of 2021 audit.
6. Protection of Special Sites	TSR, LRMP, FSP, site plans, special site inspections.
7. Efficient Use of Fibre Resources	Not in the scope of 2021 audit.
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.
9. Legal and Regulatory Compliance	TSR, LRMP, FSP, environmental management plan (EMP), health & safety policy, field inspections, interviews with regulatory agency personnel.
10. Forestry Research, Science and Technology	Not in the scope of 2021 audit.
11. Training and Education	EMP, training records, management review minutes & resources, interviews with staff and contractors.
12. Community Involvement and Landowner Outreach	Not in the scope of 2021 audit.
13. Public Land Management Responsibilities	Not in the scope of 2021 audit.
14. Communications and Public Reporting	Not in the scope of 2021 audit.
15. Management Review and Continuous Improvement	TSR, LRMP, FSP, management review records, internal audit and related action plans.



Example of a road upgrade project that was moved from spring 2022 to fall 2021. Staff was concerned the existing road may affect the adjacent stream during spring run-off. The photo above shows the state of the stream bank while the other image shows how the existing road will become an armored embankment with the new road well positioned away from the stream bank.

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

SFI Fibre Sourcing Objective #	Sources of Key Evidence of Conformity
1. Biodiversity in Fibre Sourcing	Program to promote biodiversity in fiber sourcing, records of involvement in local or regional conservation efforts, interviews with procurement staff.
2. Adherence to Best Management Practices	Fiber sourcing policy and records of its distribution to wood producers, written fiber sourcing agreements, records of implementation of the BMP monitoring system, inspection of a sample of procurement sites.
3. Use of Qualified Resource and Logging Professionals	Not in the scope of 2021 audit.
4. Legal and Regulatory Compliance	Company policies regarding regulatory compliance, procedures to ensure compliance with applicable regulatory requirements, inspection of a sample of procurement sites, interviews with regulatory agency personnel.
5. Forestry Research, Science & Technology	Not in the scope of 2021 audit.
6. Training and education	Training records, SIC minutes and resources, interviews and staff and contractors.
7. Community Involvement and Landowner Outreach	Not in the scope of 2021 audit.
8. Public Land Management Responsibilities	Not in the scope of 2021 audit.
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	Not in the scope of 2021 audit.
12. Avoidance of Controversial Sources including Illegal Logging	Not in the scope of 2021 audit.
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	Controversial sources risk assessment, procedures to address any significant risks that have been identified, interviews with



Examples of signage maintained by Carrier to support objectives related to recreational opportunities, water quality, and safety.

Good Practices

The following good practices were identified during the audit:

- SFI Fiber Sourcing Objective 1 requires that Program Participants demonstrate Biodiversity in Fiber Sourcing (address the practice of sustainable forestry by conserving biological diversity). Carrier Lumber does not buy a sale where there are any concerns over the legality of the fiber related to biodiversity or species at risk management. Carrier has significant involvement in the front end of fiber purchases leading to an improved ability to identify specific legality concerns regarding biodiversity or species at risk.
- SFI Fiber Sourcing Objective 6 requires that Program Participants improve the implementation of sustainable forestry practices through appropriate training and education programs, while Clause 9 of the PEFC standard includes requirements relating to health, safety and labour of company and contract workers. Due to the COVID outbreak Carrier Lumber have implemented new procedures and updated the delivery of training and safety sessions demonstrating a commitment to ensuring proper procedures are being utilized as well as ensuring the safety of Carrier's employees and contractors. Training and safety sessions are being delivered remotely through web-based meetings and a COVID policy has been developed and updated as necessary.

Follow-up on Findings from Previous Audits

At the time of this assessment there was one open non-conformity from previous audits. The audit team reviewed the implementation of the action plans developed by Carrier Lumber Ltd. to address these issues and found that they had been effectively implemented. As a result, all of the non-conformities identified during previous audits have now been closed.

There were a total of 6 opportunities for improvement related to previous audits that were followed up in 2021. Based on the 2021 audit 5 of these opportunities for improvement have been closed and the final opportunity for improvement has been raised to a minor non-conformance.

Areas of Nonconformance

The following minor non-conformity was identified during the 2020 SFI audit of Carrier Lumber Ltd.'s woodlands operations:

- SFI Performance Measure 15.1 requires that Program Participants shall establish a management review system to examine findings and progress in implementing the SFI 2015-2019 Forest Management Standard, to make appropriate improvements in programs, and to inform their employees of changes. Overall, the management review process is capturing the key observations and issues. However, there is a lack of collated data flowing through from inspection processes.

Opportunities for Improvement

The following opportunities for improvement were identified during the 2021 SFI audit of Carrier Lumber Ltd.'s woodlands operations:

- SFI Performance Measure 4.4 requires that Program Participants shall apply knowledge gained through research, science, technology and field experience to manage wildlife habitat and contribute to the conservation of biological

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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diversity. Carrier Lumber maintains a document entitled Management Strategies for Specific SAR species which describes the general approach in relation to SAR. However the audit found the following:

- The document has not been recently updated (last updated in 2016) with many references to guidelines from 2009 which would predate changes in both conservation status of some species as well as more recent research; and
- A number of the management strategies rely on a coarse filter approach and may need re-evaluating in light of more recent data to determine if the current coarse filter strategies adequately address specific species at risk (particularly those where the conservation status has declined during the period the coarse filter strategy has been in place).
- SFI Forest Management Objective 15 involves conducting a Management Review to promote continual improvement in the practice of sustainable forestry. Carrier Lumber manages an Action Plan Registry which supports a process of continual improvement, however the audit found that not all actions related to a C&E inspection were included in the current Action Plan.

Audit Conclusions

The audit found that the Carrier Lumber Ltd.'s sustainable forest management system and fibre sourcing programs:

- Were 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;
- 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 continues to be implemented and maintained as required.

As a result, a decision has been reached that Carrier Lumber Ltd. continue to be certified to the SFI 2015-2019 forest management and fibre sourcing standards.

Corrective Action Plans

Corrective action plans designed to address the root causes of the non-conformities identified during the audit have been developed by the company and reviewed and approved by KPMG PRI. The next 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.

Focus Areas for the Next Audit Visit

The following item has been identified as focus area for the next audit visit:

- Review of management strategies for SAR species; and
- Transition to new versions of the SFI standards.

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