



REPORT Forest Certification



Carrier Lumber Limited — SFI Surveillance Audit — 2020

From June 24-26, 2020, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI Surveillance audit of Carrier Lumber Limited’s woodlands operations and fibre 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. 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), 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 Fibre Sourcing Program

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

The majority of fibre 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 fibre 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 fibre 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 fibre procurement activities for the Company's Tabor sawmill.

The Audit

- *Audit Team* – The audit was conducted by Orrin Quinn, RPF. Orrin is an employee of KPMG PRI and has conducted numerous forest management audits 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 assessment of several field sites (10 harvest blocks, 10 roads, 7 silviculture sites, and 15 wood procurement sites) to evaluate conformance with the requirements of the current SFI forest management and fibre sourcing standards. The audit took a total of 6.5 auditor days to complete, 4.5 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, RFT 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 fibre sourcing standards. None of the indicators included in the SFI standards were modified or substituted for the purpose of this audit.

Audit Objectives

The following audit objectives were included within the scope of the audit:

- Determine Carrier Lumber Ltd.'s conformance with the requirements of the SFI 2015-2019 forest management and fibre sourcing standards;
- Evaluate the ability of the system to ensure that Carrier Lumber Ltd. woodlands operations meets applicable regulatory requirements;
- Evaluate the effectiveness of the system to ensure that Carrier Lumber Ltd. meets specified SFM 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	1

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	n/a not in scope
2. Forest Health and Productivity	FSP, site plans, silviculture reports, staff interviews, review of silviculture records for selected operations, remote assessments of silviculture sites.
3. Protection and Maintenance of Water Resources	n/a not in scope
4. Conservation of Biological Diversity	n/a not in scope
5. Management of Visual Quality and Recreational Benefits	Visual impact assessments, FSP, harvest plans, remote assessments of harvest sites.
6. Protection of Special Sites	n/a not in scope
7. Efficient Use of Fibre Resources	n/a not in scope
8. Recognize and Respect Indigenous Peoples’ Rights	n/a not in scope
9. Legal and Regulatory Compliance	Forest management plans, health & safety policy, remote assessments of harvest sites, interviews with staff, communications with regulatory agency personnel.
10. Forestry Research, Science and Technology	Records of research projects and funding, staff interviews.
11. Training and Education	n/a not in scope
12. Community Involvement and Landowner Outreach	Forest management plan, SIC minutes & resources, community and landowner outreach records, staff interviews.
13. Public Land Management Responsibilities	n/a not in scope
14. Communications and Public Reporting	Certification summary report, annual report to SFI Inc.
15. Management Review and Continual Improvement	Management review records, internal audit and related action plans.

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	n/a not in scope
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, remote assessments of procurement sites.
3. Use of Qualified Resource and Logging Professionals	n/a not in scope
4. Legal and Regulatory Compliance	Company policies regarding regulatory compliance, procedures to ensure compliance with applicable regulatory requirements, remote assessments of procurement sites, communications with regulatory agency personnel.
5. Forestry Research, Science & Technology	Records of research projects and funding, staff interviews.
6. Training and education	n/a not in scope
7. Community Involvement and Landowner Outreach	n/a not in scope
8. Public Land Management Responsibilities	n/a not in scope
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 not in scope
12. Avoidance of Controversial Sources including Illegal Logging	n/a not in scope
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	n/a not in scope

Good Practices

The following good practice was identified during the audit:

- SFI Performance Measure 2.2 requires that Program Participants shall minimize chemical use required to achieve management objectives while protecting employees, neighbors, the public and the environment, including wildlife and aquatic habitats. Carrier Lumber made a public commitment to not use aerial herbicide application in the Robson Valley TSA for a 3-year period commencing summer 2019, and only use ground-based herbicide application, to mitigate concerns raised by the public.

Follow-up on Findings from Previous Audits

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

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 9.1 requires a system to achieve compliance with applicable federal, provincial, and local forestry and related social and environmental laws and regulations. Carrier Lumber has developed an EMS that addresses this requirement. However, while Carrier Lumber completed site visits in accordance with its inspection frequency, several documented inspections were missing as required by the EMS.

Opportunities for Improvement

The following opportunity for improvement was identified during the 2020 SFI audit of Carrier Lumber Ltd.'s woodlands operations:

- 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 Registry.

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.

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.

In addition, the audit found that the scope of Carrier Lumber Ltd.'s certification to the SFI standard is appropriate.

As a result, a decision has been reached by the lead auditor to recommend 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:

- Effective documentation of prework and harvesting inspection checklists.

Contacts:

Chris Ridley-Thomas, RPBio, EP(EMSLA) (604) 691-3088
Orrin Quinn, RPF (604) 646-6451

This report may only be reproduced by the intended client, Carrier Lumber Ltd., with the express consent of KPMG. Information in this issue is of a general nature with respect to audit findings and is not intended to be acted upon without appropriate professional advice.
© 2020 KPMG. All rights reserved.