

REPORT Forest Certification



Carrier Lumber Limited — 2023 SFI Surveillance Audit

From July 6-7, 2023 (desk review) and July 11-13, 2023 (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 2022 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 A17800, A15429, FL A15430, and FL A70174 in the Robson Valley TSA. There is one additional forest license (FL A70174) which has expired but has reforestation obligations. 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 of BC 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 half 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.

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 the requirements of the 2022 edition of the SFI forest management and fibre sourcing standards. The audit was a surveillance audit, which assessed a portion of the SFI program objectives; all objectives will be assessed over the surveillance audit certification cycle. This audit assessed objectives for:

- Protection and maintenance of water resources;
- Management of visual quality and recreation benefits;
- Efficient use of fibre resources;
- Legal and regulatory compliance;
- Community involvement and landowner outreach;
- Management review and continual improvement.
- Biodiversity in fibre sourcing
- Adherence to best management practices
- Avoidance of controversial sources in fibre sourcing

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

Carrier Lumber Ltd. SFI Surveillance Audit Findings	
Open non-conformities from previous audits	0
New major non-conformities	2
New minor non-conformities	1
New opportunities for improvement	2

The Audit

- *Audit Team* – The audit was conducted by Michael Buell RPF and Sam Gildiner RPF. Sam 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 desk review of the Company's SFI program, and included an on-site assessment of several field sites (6 harvest blocks, 4 roads, 1 silviculture, 1 recreation site, 1 community relation site, 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 7 auditor days to complete, 6 days of which were spent on-site. The balance of audit time was spent on the desk review, 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 2022 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 2022 forest management and fiber sourcing standards;
- 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 is experimenting with variable retention systems to meet visual quality objectives. This is an example of a strip cut with thinning from below.

Table 1: Evidence of Conformity with the SFI 2022 Forest Management Standard

SFI Forest Management Objective	Key Evidence of Conformity
3. Protection and Maintenance of Water Resources	Field inspections of riparian areas, review of site plans & harvest plans, interviews with planning staff.
6. Protection of Special Sites	Forest management plan, FSP, site plans, special site inspections.
7. Efficient Use of Fibre Resources	Forest management plans, waste reports, field inspections.
11. Legal and Regulatory Compliance	Forest management plan, environmental management plan (EMP), health & safety policy, field inspections, interviews with regulatory agency personnel.
12. Forestry Research, Science and Technology	Forest management plans, EMP, records of research projects and funding, staff interviews.
14. Community Involvement and Landowner Outreach	Forest management plan, EMP, SIC minutes & resources, community and landowner outreach records, staff interviews.
17. Management Review and Continual Improvement	Forest management plan, management review records, internal audit and related action plans.



Carrier Lumber Ltd. invested in amour-ing this river bank to reduce erosion.

Table 2: Evidence of Conformity with the SFI 2022 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.
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 .
7. Community Involvement and Landowner Outreach	SIC minutes & resources, community and landowner outreach records, staff interviews .
10. Management Review and Continual Improvement	Management review records, internal audit and related action plans.
11. Avoid Controversial Sources	Controversial sources risk assessment, procedures to address any significant risks that have been identified, interviews with procurement staff .



Freya logging, a contractor for Carrier Lumber Ltd., has designed and built water tank that are easily transportable by forest machinery to ensure adequate supply of water in challenging terrain for fire suppression.

Good Practices

The following good practices were identified during the audit:

SFI Forest Management Objective 5 (Indicator 5.1.2) requires the incorporation of aesthetic considerations in harvesting, road, landing design and management, and other management activities where visual impacts are a concern. In block 620 (CP 702) Carrier staff are prescribing partial retention harvest prescriptions that will exceed visual requirements and have left merchantable volume that can be harvested in the near future.

SFI Forest Management Objective 11 (Indicator 11.1.2) requires a system to achieve compliance with applicable federal, provincial, state, or local laws, and regulations. Carrier are communicating proactively with contractors to ensure prescriptions are meeting harvest and site plan objectives.

SFI Forest Management Objective 5 (Indicator 5.1.2) requires the incorporation of aesthetic considerations in harvesting, road, landing design and management, and other management activities where visual impacts are a concern. Carrier are strategically placing and overlapping multiple objectives within wildlife tree areas (WTA).

SFI Forest Management Objective 3 (Indicator 3.2.1) requires a program addressing management and protection of rivers, streams, lakes, wetlands, other water bodies and riparian areas during all phases of management. In the Robson FSP, Carrier has committed to adding a 10 m RMA with retention of 15 stems per 100 m on S6 streams. This is above the legislated requirements.

Follow-up on Findings from Previous Audits

At the time of this assessment there were 4 open SFI non-conformities from a previous audit:

NC-2022-01

Finding: The SFI Standard at indicator 2.3.6 requires road construction to minimize impacts to soil productivity and water quality. During the site visit a slide was observed with material running downhill and tension cracks visible.

Evidence: Interviews and documentation confirmed that a road deactivation plan have been developed and implemented. Photos provided demonstrate the bank rebuild, road deactivation signage, seeding, silt fencing, and hay.

Status: Closed.

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.

NC-2022-02

Finding: The SFI Standard at indicator 13.1 requires staff and contractor education and training sufficient to their roles and responsibilities. It was noted by Carrier staff that SAR, migratory birds, and invasives training occurred but there is no record of it occurring in the training log.

Evidence: Interviews and documentation confirmed that the training form has been updated and training is occurring specific to SAR, migratory birds, and invasive plants. **Status: Closed.**

NC-2022-03

Finding: The SFI Standard at indicator 10.2.1 requires participation in prevention programs. At the time of the previous audit nothing was noted in the SFI Evidence Package or any other document reviewed as to how this indicator has been met and nothing has been noted with respect to the advocacy in fire prevention programs.

Evidence: Documentation and interviews confirmed that Carrier is working with FP Innovations on developing a stocking standard through modeling to determine stand densities that lower fire risk. Carrier is also working with the Omeneca silviculture working group to develop fire prevention strategies. Carrier also provides funding to the provincial FireSmart program through stumpage.

Status: Closed.

NC-2022-04

Finding: Indicator 4.4.3 requires participants to “Individually or collaboratively participate in or support research that demonstrates the conservation outcomes resulting from management strategies.”. While the Company does support research and has access to applicable Forest and Range Evaluation Reports that provide insight on conservation outcomes at the provincial, regional and Company specific level it has yet to formalize a process for evaluating the results of these programs, either individually, or collaboratively (for example with other operators in the Timber Supply Area) to determine whether taken as a whole, these programs provide sufficient information to demonstrate the conservation outcomes resulting from management strategies or whether additional research topics may need to be addressed.

Evidence: Documentation and interviews confirmed that Carrier contributes data to external agencies (ex. CDC for SAR). This data contributes to provincial understanding and development of OGMA's to manage for species at risk. Carrier has reviewed FREP results and have instituted increased S6 protection in the Robson FSP.

Status: Closed.

Through review of documentation, interviews, and field observations, all previous non-conformities have been closed.



Wildlife Tree Patch retention to provide stand-level biodiversity and habitat for wildlife tree users

Areas of Nonconformance

The following major non-conformities were identified during the 2022 SFI audit of Carrier Lumber Ltd.'s woodlands operations, relating to the 2022 SFI Fibre Sourcing Standard:

Finding: The SFI Standard at indicator 1.2.1 requires certified organizations to conduct an assessment, individually and/or through cooperative efforts involving SFI Implementation Committees, of Forests with Exceptional Conservation Value, defined as critically imperiled and imperiled species and ecological communities, within their wood and fiber supply area(s) and make the summary of the assessment available to wood producers. Carrier Lumber SOP states that for non-certified log suppliers you will send the WCSIC information brochure on SFI certification which has FECV information and in BC send locations of known critically imperiled and imperiled species and ecosystems and lists of those designated and provide a process document on how the supplier can check critically imperiled and imperiled species locations themselves. The information brochure, location of species and process on how to check critically imperiled and imperiled species locations is not being provided to non-certified log suppliers.

Follow-Up: A remote follow-up audit was conducted on October 12, 2023. Evidence has been provided showing that administrative procedures have been put in place to sufficiently close the non-conformity.

Status: Closed

Finding: The SFI Standard at indicator 2.2 requires certified organizations to, individually or through cooperative efforts monitor the use of best management practices. Indicator 2.2.1. requires a verifiable monitoring system to; a) confirm that harvests of purchased stumpage comply with best management practices; b) monitor the use of best management practices by wood producers supplying the Certified Organization; and c) evaluate use of best management practices across the wood and fiber supply area. Carrier Lumber SOP 10 states before wood is purchased the company supervisor or contracted private wood purchaser will complete the wood risk assessment form for each private wood purchase. The wood risk assessment form is not being completed for every private wood purchase (records indicate ~60% of the purchases have completed wood risk forms).

Follow-Up: A remote follow-up audit was conducted on October 12, 2023. Evidence has been provided showing that administrative procedures have been put in place to sufficiently close the non-conformity.

Status: Closed

Opportunities for Improvement

The following opportunities for improvement were identified during the 2023 SFI audit of Carrier Lumber Ltd.'s woodlands operations:

- The SFI FM Standard at indicator 5.1.2 requires incorporation of aesthetic considerations in forest management. Carrier has a functioning visual quality program but does not formally perform visual assessment verification post-harvest. This presents an opportunity to verify if objectives were met and to perform adaptive management.
- The SFI FS Standard at indicator 2.2.1 requires use of information from the verifiable monitoring system to maintain rates of conformance to best management practices and to identify areas for improved performance. Although Carrier is reviewing and discussing wood purchasing and rate of conformance during monthly staff meetings, conformance to the use of best management practices from purchased wood producers is not discussed during the yearly management meeting.
- The SFI FM Standard at indicator 3.2.2 requires a program to protect water quantity during all phases of management. A means of protecting water quantity is managing Equivalent Clearcut Area (ECA). Although Carrier conducts ECA assessments as required by regulation in the Milk River and Goat River watersheds, Carrier does not conduct ECA assessments in all operating areas.

Audit Conclusions

As noted above, two major non-conformities to the SFI FS standard were identified during the assessment. A follow-up assessment confirmed corrective actions are sufficient to close the findings.

The audit found that Carrier Lumber Ltd.'s SFI system:

- Was in full conformance with the requirements of the SFI FM and FS requirements included within the scope of the audit, including the requirement to complete internal audits and management reviews at planned intervals, except where noted otherwise in this report;
- Continues to be effectively implemented, and;
- Is sufficient to systematically meet applicable requirements and expected outcomes, provided that the system continues to be implemented and maintained as required.

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

As a result, a decision has been reached by the lead auditor to recommend that Carrier Lumber Ltd. continue to be certified to the SFI FM and FS standards.

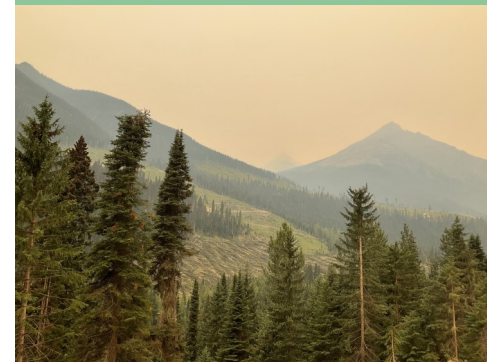
Corrective Action Plans

Corrective action plans designed to address the root causes of the opportunities are optional.

Focus Areas for the Next Audit Visit

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

- Progress of the modeling of and accounting for visual quality on landforms in the early stages of developing an area;
- Progress on the retention harvesting program; and
- Visiting plantations and free-to-grow areas during the next site visit; and,
- Utilization particularly considering low volume or underutilized species .



Carrier Lumber Ltd. is altering the shape, placement, and size of openings to maximize visual quality objectives.

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