



# Forest Certification REPORT



## Carrier Forest Products Ltd.—2021 SFI Audit Summary Report

Between August 23 to September 7, 2021 KPMG Performance Registrar Inc. (KPMG PRI) carried out a SFI surveillance audit of Carrier Forest Products Ltd.'s Prince Albert woodlands operations and fibre procurement activities against the requirements of the 2015-2019 Sustainable Forestry Initiative® (SFI) forest management and fibre sourcing standards. Carrier Forest Products applied to delay the re-certification audit in favour of a fifth surveillance audit. This certification summary report provides an overview of KPMG's audit process and findings.

### Description of Carrier Forest Products Ltd's Woodlands and Procurement Operations

Carrier's woodlands operations are situated within the Prince Albert (PA) Forest Management Agreement area and the Northwest Term Supply License (TSL) area in northern Saskatchewan, encompassing a total area of approximately 317,000 hectares. Carrier's woodlands have a total AAC (allowable annual cut) of 645,000 cubic meters.

The woodlands operations included within the scope of the Company's SFI certification are covered by government-approved harvest plans that address both timber and non-timber values. These plans are consistent with higher level plans, such as the Prince Albert Forest Management Agreement, which provides direction on forest management.

The areas covered by Carrier's SFI certification are within the following WWF ecoregions: (1) Mid-continental Canadian, (2) Canadian Aspen Forests and Parklands, and (3) Mid-western Canadian Shield forests, which are comprised of mixed-wood stands on the west and softwood dominated stands to the north and east. The main commercial tree species are jack pine, white and black spruce, and balsam fir.

The Company's forest management practices are based on even-aged management, ground-based harvesting with the retention of standing trees (reserves), and regeneration with ecologically suited conifer species.

### Description of Carrier Forest Product Ltd.'s Manufacturing Facilities and Fibre Sourcing Program

The company operates a sawmill near the community of Big River, Saskatchewan. Most of the logs for the mill are sourced from the company's SFI-certified timberlands, with the remainder being purchased from other crown-land operators (most of whom are also SFM-certified) and a small amount from private forest land.

The Company is a member of the Western Canada SFI Implementation Committee (WCSIC) and participates in the WCSIC Purchase Wood Monitoring Program. This includes completing risk assessments for all wood purchases and purchase wood inspections as necessary. This information is then collated by WCSIC 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 a sample of SFI program objectives, as shown in the Evidence of Conformity tables shown later in this report.

### The Audit

- **Audit Team** – The audit was conducted by Bodo von Schilling, RPF, EP(EMSLA) Lead Auditor. Bodo has conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **2021 SFI Audit** – The audit involved a remote enhanced document review including video interviews with personnel followed by an on-site assessment of selected elements of the Company’s environmental management system (EMS) and SFI program, including visits to several field sites (4 roads, 3 harvesting, and 5 wood procurement sites) to evaluate conformance with the SFI forest management and fibre sourcing standards. Considering the Carrier and Montreal Business Lake Ventures combined audit, the audit took a total of 8 auditor days to complete, 4 days of which were spent on-site at the operations. The balance of audit time was spent preparing the audit plan, an off-site review of documents, completing audit checklists, and preparing the main and public summary audit reports.
- **Carrier Forest Products Ltd.’s SFI Program Representative** – Brogan Cyr, Planning Forester, served as Carrier Forest Products Ltd.’s SFI program representative during the audit.

### Use of Substitute Indicators

The audit involved an assessment of conformance against a sample of 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 Carrier Forest Products Limited to:

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

### Carrier Forest Product Ltd. SFI Surveillance Audit Findings

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

#### 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.

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

**Evidence of Conformity with the SFI 2015-2019 Forest Management Standard**

<b>SFI Forest Management Objective</b>	<b>Key Evidence of Conformity</b>
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, preworks, field inspections, database records.
3. Protection and Maintenance of Water Resources	N/A not in scope for 2021
4. Conservation of Biological Diversity	N/A not in scope for 2021
5. Management of Visual Quality and Recreational Benefits	N/A not in scope for 2021
6. Protection of Special Sites	N/A not in scope for 2021
7. Efficient Use of Fibre Resources	Forest management plan, waste reports, field inspections
8. Recognize and Respect Indigenous Peoples Rights	N/A not in scope for 2021
9. Legal and Regulatory Compliance	Forest management plan, environmental management plan (EMP), health & safety policy, field inspections, compliance tracking, government inspection results.
10. Forestry Research, Science and Technology	Forest management plan, records of research projects and funding, staff interviews
11. Training and Education	N/A not in scope for 2021
12. Community Involvement and Landowner Outreach	N/A not in scope for 2021
13. Public Land Management Responsibilities	Records of cooperative public land planning processes, forest management plan, PHSPs and associated referral process, site plans, records of plan referrals to local stakeholders, staff interviews
14. Communications and Public Reporting	N/A not in scope for 2021
15. Management Review and Continual Improvement	Forest management plan, management review records, internal audit and related action plans.

**Evidence of Conformity with the SFI 2015-2019 Fibre Sourcing Standard**

SFI Fibre Sourcing Objective	Key Evidence of Conformity
1. Biodiversity in Fibre Sourcing	N/A not in scope for 2021
2. Adherence to Best Management Practices (BMPs)	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 sample of procurement sites.
3. Use of Qualified Resource and Qualified Logging Professionals	N/A not in scope for 2021
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.
5. Forestry Research, Science and Technology	Forest management plan, records of research projects and funding, staff interviews
6. Training and Education	N/A not in scope for 2021
7. Community Involvement and Landowner Outreach	N/A not in scope for 2021
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	N/A not in scope for 2021
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 for 2020
12. Avoidance of Controversial Sources Including Illegal Logging	N/A not in scope for 2020
13. Avoidance of Controversial Sources Including Fibre Sourced from Areas without Effective Social Laws	N/A not in scope for 2020

### Good Practices

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

- SFI Forest Management Objective 2 – forest health: The Company conducted a joint inspection of a harvest area with a Government of Alberta regulatory agency leading to approval of a salvage harvest to remove trees with forest health concerns.
- SFI Forest Management Objective 9 – regulatory compliance: The Company conducts pre-work meetings to ensure Company and contractors understand environmental management system requirements and the required mitigation practices. A Contractor also has the feller buncher operator attend the pre-work to streamline communications to the logging phase that fells the trees but leaves others standing.
- SFI Forest Management Objective 3 — Adherence to Best Management Practices: By teaming up with a forestry consulting firm, the Company has access to 3D imaging of the forest and terrain allowing for more accurate planning of roads and boundaries and the identification of values at risk.
- SFI Fibre Sourcing Objective 2—The Company uses a ‘Log Supplier Checklist’ to ensure that all the required program elements are in place including the distribution of an information package for suppliers.

### Follow-up on Findings from Previous Audits

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

### Areas of Nonconformance

No minor non-conformities were identified during the SFI audit.

### Opportunity for Improvement

The following opportunity for improvement was identified during the audit:

- The SFI Forest Management Standard at element 9.1.2 requires the organization to have a system to ensure regulatory compliance. The Company Environmental Management System procedures were not clear regarding the disposal of used spill pads at a local landfill and procedures may not adequately communicate the types of spill pads required by operators considering fuel management and spill preparedness.

### Corrective Action Plans

No corrective action plans is required.

### Audit Conclusions

The audit found that Carrier Forest Products Ltd.’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 systems continues to be implemented and maintained as required.

In addition, the audit found that the scope of the Company’s SFI certification is appropriate. As a result, a decision has been reached by the lead auditor to recommend that Carrier Forest Products Ltd. continue to be certified to the SFI standards.

### Focus Areas for the Next Audit Visit

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

- Area of forest cover by species group was first reported by Sakaw Askiv Management Inc (Sakaw) in 2020 regarding the 2018-19 timber year and the results significantly exceed the allowable variation. However, the report notes this is the first year of reporting and both the indicator and data are being revisited by Sakaw. The next audit will more closely examine these results.
- In the 2018-2019 timber year windthrow had ten times the impact on the landscape as fires or floods as stand-replacing natural disturbance. 2019 and 2020 had significant fires in the Province of Saskatchewan. The next audit will more closely examine salvage harvesting planning and practices.
- Northwest TSL harvesting and annual report.
- Ness Lake area short-term harvest deferrals and stakeholder consultation.
- Range Plan for Woodland Caribou for the SK2 Central Caribou Administration Unit and resultant amendments to the Forest Management Plan and implementation.

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