



2016 SFI Public Summary Report

Husby Forest Products Ltd. Sustainable Forestry Initiative® (SFI) Forest Management Standard [2015-2019]

October 28, 2016

Project Scope and Objectives

PricewaterhouseCoopers LLP (PwC) completed a SFI Re-Registration Assessment on Husby Forest Products Ltd.'s (the Company) Forest Management activities in North America for the following locations: Crown lands managed by Husby from its corporate headquarters in Delta, BC and operations on Haida Gwaii, BC. The forest management activities are managed by the Central Office in Delta, BC. The Lead Assessor was Shawn Ellsworth, RPF, EMS (LA). The audit team member was Jeff Koch, RPF and PwC Assessor. The audit team was accompanied by the Company's SFI Representative, Jonathan Fane, RPF.

The primary objective of the assessment was to assess the Company's SFI forest management system and to evaluate the Company's implementation of the SFI Standard in the field. There have been no changes to the scope of the certification since the last public summary. The Company was previously certified to the 2010 version of the Standard and transitioned to the new 2015 – 2019 version of the Standard this year.

Indicators

All of the indicators in the SFI Forest Management Standard were within the scope of the assessment. There were no substitute indicators.

Assessment Process

On August 16, 2016, the assessment team conducted interviews and reviewed appropriate documentation to assess policies and procedures, and tested the implementation of SFI program requirements at the Central Office in Delta, BC. On August 2-4, 2016, the assessment team conducted field assessments on Haida Gwaii, BC. In total, the audit team spent 1 day at the central office and 3 days on-site at Collison Point for field assessments. A total of fourteen sites were visited that represented a mix of active and completed harvest sites that were both ground-based mechanical and cable. In addition roads and bridge crossing associated with the sites visited were sampled. The audit report was dated October 28, 2016.

Description of Forest Lands

Husby Forest Products Ltd. manages two replaceable Forest Licences on Haida Gwaii, located off the north coast of British Columbia. The combined annual harvest of these two licences is 200,000m³, on Crown land. The licences are volume based and all volume comes from the TSA which has an area of 465,000 ha. The Islands have a total area of 1,018,000 hectares with parks and reserves accounting for 229,000 ha. The operating areas occur within the Coastal Western Hemlock Biogeoclimatic zone. The managed species include cedar, hemlock, spruce, yellow cedar and lodgepole pine.

Husby Forest Products Ltd. operates under an approved Forest Stewardship Plan, which is a joint management plan for all Licences on the islands. On December 17th, 2010 the Haida Gwaii Land Use Objectives Order was agreed to by the Haida Nation and the Province of BC. This, along with the Forest Range Practices Act, provides the direction for all Forest management activities on Haida Gwaii.

Summary of Conformance, Findings, and Good Management Practices

SFI 2015-2019 Forest Management Standard

Objective	Performance Measure	Evidence of Conformity
<p>Objective 1. Forest Management Planning To ensure forest management plans include long-term sustainable harvest levels and measures to avoid forest conversion</p>	<p><i>Performance Measure 1.1</i> <i>Program Participants shall ensure that forest management plans include long-term harvest levels that are sustainable and consistent with appropriate growth-and-yield modes.</i></p>	<p><i>Evidence: Interviews, Government Policy, Husby tenure documentation, growth and yield documentation, Haida Gwaii Land Use Objectives Order</i></p> <p>Husby bases its long term forest management planning on its tenures on inventory and growth and yield information provided by the BC Ministry of Forests, Lands and Natural Resource Operations (MFLNRO).</p> <p>MFLNRO Timber Supply Review (TSR) uses the Variable Density Yield Prediction (VDYP) growth and yield model to estimate volumes for existing stands. VDYP is based on information gathered from a large number of sample plots, and is generally accepted in British Columbia as an appropriate model for projecting volumes in existing stands.</p> <p>Planned harvest levels are calculated approximately every five years as part of a timber supply analysis to assist the BC Chief Forester in determining the AAC for the Timber Supply Area (TSA). For all activities where forest cover data are collected and requires reporting (disturbance, surveys, declarations from surveys) inventory data is tracked through government inventory systems and internally. Inventory data is updated in the year the activity is completed. This information keeps the forest inventory current for Company harvesting.</p> <p>HFP participated in the Land Use Planning Process via the Haida Gwaii Land Use Objectives Order (LUOO) in conjunction with government and local stakeholders. Higher level plans, landscape level plans, and site level plans address non-timber issues are aligned with the Haida Gwaii LUOO.</p>
	<p><i>Performance Measure 1.2</i> <i>Program Participants shall not convert one forest cover type to another forest cover type, unless in justified circumstances.</i></p>	<p><i>Evidence: N/A</i></p> <p>Husby does not convert one forest type to another.</p>
	<p><i>Performance Measure 1.3</i> <i>Program Participants shall not have within the scope of their certification to this SFI</i></p>	<p><i>Evidence: N/A</i></p> <p>Husby does not convert one forest type to another.</p>

	<i>2015-2019 Forest Management Standard, forestlands that have been converted to non-forestland use.</i>	
Objective 2. Forest Health and Productivity To ensure long-term forest productivity, carbon storage and conservation of forest resources through prompt reforestation, afforestation, minimized chemical use, soil conservation, and protecting forests from damaging agents.	<i>Performance Measure 2.1 Program Participants shall promptly reforest after final harvest.</i>	<i>Evidence: Interviews, Planting summary reports, Site Plans, Obligation summary reports and silviculture records, field observations</i> Silviculture Prescriptions (SPs) completed by Husby Registered Professional Foresters (RPF) specify regeneration techniques method to be implemented at each site, preferred and acceptable tree species are based on site level ecological information (BEC), stocking standards, stocking methods, and timeframes. Site level plans are compliant with applicable provincial laws and regulations mandating successful reforestation and blocks approved under Forest and Range Practices Act (FRPA) are compliant with the stocking standards listed in the Forest Stewardship Plan (FSP). Pertinent data from SPs are input into the Company internal database for scheduling purposes (i.e. planting and survey planned dates). A post-harvest site assessment is conducted on all units to confirm that the planned regeneration method and timing is still appropriate.
	<i>Performance Measure 2.2 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.</i>	<i>Evidence: N/A</i> Husby does not utilize herbicides, pesticides or fertilizer.
	<i>Performance Measure 2.3 Program Participants shall implement forest management practices to protect and maintain forest and soil productivity.</i>	<i>Evidence: Interviews, Site Plans, field observations, CMS monitoring procedures and records, Geotechnical reports</i> Site level plans developed by RPFs identify soils vulnerable to compaction and recommend maximum levels of disturbance on each site, based on the BC Forest Planning and Practices Regulation (FPPR). Appropriate methods of managing these soils are prescribed and recommended within the SP. In addition, general measures to protect soil productivity are found within the Husby's Corporate Management System (CMS). In accordance with Husby's CMS, staff will monitor the level of soil disturbance upon site inspections and document site disturbance if any. Should disturbance reach maximum levels, activities will be shut down and/or relocated. If maximum levels are exceeded appropriate reporting is completed within the Husby CMS and remediation of the site will be scheduled

		<p>and completed.</p> <p>Where potentially unstable terrain is identified, a site level inspection of the roads and/or the harvest block is performed by Qualified Professionals and required mitigation strategies are incorporated into site level plans.</p>
	<p><i>Performance Measure 2.4</i> <i>Program Participants shall manage so as to protect forests from damaging agents, such as environmentally or economically undesirable wildfire, pests, diseases, and invasive exotic plants and animals, to maintain and improve long-term forest health, productivity, and economic viability.</i></p>	<p><i>Evidence: Interviews, Government and Husby policy, Forest Stewardship Plans, Landscape Level Plans, Site Plans, Fire Preparedness Plan, field observations</i></p> <p>Husby conforms with applicable laws, regulations and follows guidelines regarding monitoring of risk factors. Policies, programs and plans are contained within the Company’s CMS, Landscape Level Plans and Site Level Plans. The FRPA and Wildfire Act and Regulation legislate measures that must be taken to protect forest resources.</p> <p>Husby produces a Landscape Level Plan which guides Operational forest management, including provisions for monitoring risk factors associated with the plan and specific provisions for dealing with the key risks, for example, forest health epidemics and wildfire.</p> <p>Husby maintains a Fire preparedness Plan, as well as giving basic fire fighting education and equipment to personnel for fire related risks associated with their activities.</p>
	<p><i>Performance Measure 2.5</i> <i>Program Participants that deploy improved planting stock, including varietal seedlings, shall use best scientific methods.</i></p>	<p><i>Evidence: Interviews, seed lot records in SPAR</i></p> <p>The provincial tree improvement program is on-going and has resulted in “A” class seed becoming available for many species and provenances relevant to the Company’s operating area. Class “A” seed is produced from trees selected from wild “plus” trees and possibly improved further in seed orchards. Where class “A” seed is available, the Company uses it preferentially over class “B” seed (Class “B” seed is from wild natural stands).</p> <p>Husby adheres to the Chief Forester’s Standards for Seed Use by using the best available seed at the time of sowing.</p>
<p>Objective 3. Protection and Maintenance of Water Resources To protect the water quality of rivers, streams, lakes, wetlands and other water bodies through meeting or exceeding best management practices.</p>	<p><i>Performance Measure 3.1</i> <i>Program Participants shall meet or exceed all applicable federal, provincial, state and local water quality laws, and meet or exceed best management practices developed under Canadian or U.S. Environmental Protection Agency – approved water quality</i></p>	<p><i>Evidence: Interviews, Government Policy and Legislation, CMS procedures and inspection records, Landscape Level Plans, Site Level Plans, field observations</i></p> <p>Policies, programs and plans are contained within Husby’s CMS, Landscape Level Plans, and Site Level Plans. The Company produces a Landscape Level Plan which guides operational forest management, including provisions for management of water quality and riparian zones. Husby also complies with BC Forest and Range Practices Act and BC Forest Planning and Practices Regulation which are mandated to protect water resources.</p>

	<p><i>programs.</i></p> <p><i>Performance Measure 3.2</i> <i>Program Participants shall implement water, wetland and riparian protection measures based on soil type, terrain, vegetation, ecological function, harvesting system, state best management practices (BMPs), provincial guidelines and other applicable factors.</i></p>	<p><i>Evidence: Interviews, CMS procedures and inspection/review records, audit records, field observations</i></p> <p>Husby has SOP's, maps, pre-work checklists, and inspections to address specific environmental aspects such as water quality and management practices within riparian zones. Professional and technical staff involved in site level planning and layout are knowledgeable in applicable laws, regulations and guidelines regarding water quality and riparian management.</p> <p>Contractors that work under Husby and have the potential to significantly impact the environment are required to have Awareness Training and to conform with the Company's SOPs.</p> <p>Husby's CMS manual outlines how audits assess on a regularly scheduled basis, forest management activities and practices, legislative compliance, and conformance with the Company's environmental policy, objectives and targets.</p> <p>In addition, Husby has internal and external audits of their CMS and SFI program as well as audits and inspections by BC provincial regulators like the Forest Practices Board (FPB) or the MFLNRO.</p>
<p>Objective 4. Conservation of Biological Diversity To manage the quality and distribution of wildlife habitats and contribute to the conservation of biological diversity by developing and implementing stand- and landscape-level measures that promote a diversity of types of habitat and successful stages, and the conservation of forest plants and animals, including aquatic species, as well as threatened and endangered species, Forests with Exceptional Conservation Value, old-growth forests and ecologically</p>	<p><i>Performance Measure 4.1</i> <i>Program Participants shall conserve biological diversity.</i></p>	<p><i>Evidence: Government Policy and Legislation, Interviews, Landscape Level Plans, Site Plans, harvest plan maps, field observations</i></p> <p>Policies, programs and plans are contained within Husby's management system, Landscape Level plans, and Site Level Plans. The Company conforms with the BC Wildlife Act, FRPA and FPPR regarding management and protection of wildlife habitat diversity, forest types, ecological or natural community types, and the conservation of biological diversity.</p> <p>Husby has a cedar regeneration policy that meets or exceeds the Haida Gwaii Forest District Cedar policy and states the number of Cw or Yc per hectare to be planted based on site series and access.</p> <p>At the stand level, biodiversity and wildlife habitat elements are addressed through retention of Wildlife tree Patches (WTP's). Husby is committed to harvesting 10% of their blocks (over a three year average) using alternate harvest systems. This includes harvesting techniques of single tree and small group removal that mimic the natural disturbance regime, such as heli-select harvesting which retains old growth attributes.</p>

<p>important sites.</p>	<p><i>Performance Measure 4.2 Program Participants shall protect threatened and endangered species, Forests with Exceptional Conservation Values (FECV) and old-growth forests.</i></p>	<p><i>Evidence: Interviews, Provincial Identified Wildlife lists, Landscape Level Plans, Site Level Plans, Wildlife Habitat Areas (WHA), Haida Gwaii Land Use Objectives Order</i></p> <p>Identified Wildlife are selected from the provincial red or blue-listed vertebrates and invertebrates; regionally important vertebrates; and red-listed plants or plant communities. Management of identified wildlife and rare/important plant communities, which are located prior to field work from inventory information or during field work, are addressed through Landscape and Site Level plans.</p> <p>Wildlife habitat areas are established for Marbled Murrelet and Northern Goshawk and are part of the Landscape Level Planning process.</p> <p>Rare and important plants and plant communities are protected through Landscape Level and Site Level Planning. Non-merchantable Western Red Cedar, Yellow Cypress, Pacific Crabapple, Western Yew and Devils Club are examples of indigenous flora and fauna that are protected where possible during harvesting activities.</p> <p>Forest Reserves have been established under the Haida Gwaii LUOO replacing Old Growth Management Areas (OGMAs).</p>
	<p><i>Performance Measure 4.3 Program Participants shall manage ecologically important sites in a manner that takes into account their unique qualities.</i></p>	<p><i>Evidence: Interviews, Landscape Level Plans, Site Level Plans, Archaeological Impact Assessments (AIA), Harvest and Road Construction Maps</i></p> <p>Sites of significant ecological or geological significance (such as rare plants or plant communities, karst formations, etc.) are protected as required through site level plans.</p> <p>Landscape and/or Site Level plans show WTP's, Culturally Modified Tree (CMT) reserves, cultural reserves, Wildlife Habitat Areas (WHA's) and riparian management/reserve zones.</p> <p>Landscape and Site Level Plans adhere to the Haida Gwaii MFLNRO District Policy concerning the management of Culturally Modified Trees (CMT's) under the provisions of the Provincial Heritage Conservation Act.</p> <p>In specific areas and harvesting proposals, CMT's are surveyed in consultation and cooperation with the Haida Tribal Society CMT survey crew or by Archeological Impact Assessments (AIA's) conducted by Professional Archeologists.</p> <p>The majority of CMT's are protected from harvest through retention within a reserve patch or buffered. Archeological features are assigned protection in accordance with the</p>

		Heritage Conservation Act.
	<p><i>Performance Measure 4.4</i> <i>Program Participants shall apply knowledge gained through research, science, technology, and field experience to manage wildlife habitat and contribute to the conservation of biological diversity.</i></p>	<p><i>Evidence: Interviews, Provincial Identified Wildlife lists, Landscape Level Plans, Site Level Plans, Wildlife Habitat Areas (WHA), Logging and Road Construction Plan Maps</i></p> <p>Under the FRPA, species at risk includes provincially red- and blue-listed vertebrates and invertebrates, red-listed plants and plant communities as well as selected yellow-listed species (i.e., regionally important).</p> <p>Wildlife habitat areas are established for Marbled Murrelet and Northern Goshawk. Five potential Northern Goshawk territories have been established and maintained in the Husby operating area.</p> <p>Red listed plant communities that are present within Husby’s operating area are identified and suitable harvesting prescriptions developed to manage these sites.</p> <p>Policies, programs and plans are contained within the Husby CMS, Landscape level plans, and Site Level plans which apply biodiversity knowledge.</p> <p>Logging Plan and Road Construction maps have pictures and description of endangered species plus crews have endangered species handouts and are instructed what to do if and when they come across them.</p> <p>The Western Canada SFI Implementation Committee (WCSIC) of which Husby is a member has been working in partnership with the BC Conservation Data Center (CDC) to link BC plant communities with national and international classifications to identify G1 and G2 plants and communities. This information is being entered into NatureServe as well as being part of the Provincial data set.</p>
<p>Objective 5. Management of Visual Quality and Recreational Benefits To manage the visual impact of forest operations and provide recreational opportunities for the public.</p>	<p><i>Performance Measure 5.1</i> <i>Program Participants shall manage the impact of harvesting on visual quality.</i></p>	<p><i>Evidence: Interviews, Visual Landscape Inventory (VLI) records, Visual Quality Objective (VQO) records, Visual Impact Assessment (VIA) records, field observations</i></p> <p>Scenic areas are identified through a Visual Landscape Inventory (VLI) that has been developed and is considered part of the ‘known’ resource features. Elements of good visual design are utilized to layout harvest areas in visually sensitive areas. These design elements are then tested through Visual Impact Assessments (VIA’s).</p> <p>VIA’s are used to estimate the potential visual impact of proposed operations on scenic resources and to assess whether the Visual Quality Objectives (VQO’s) identified in the VLI will be achieved.</p>

		<p>There are no established scenic areas with Husby's operating area, however the Company adheres to Haida Gwaii Forest District Policy. The visual landscapes in Husby's operating area are associated with views from marine corridors, island communities, and major highways.</p>
	<p><i>Performance Measure 5.2 Program Participants shall manage the size, shape and placement of clear-cut harvests.</i></p>	<p><i>Evidence: Interviews, BC Biodiversity Guidebook, Forest Stewardship Plans (FSP), Site Plans (SPs), Logging Plan Maps, field observations</i></p> <p>The Company conforms to applicable laws, regulations and follows guidelines (where appropriate) regarding the size of clearcut harvest areas. BC Biodiversity Guidebook Natural Disturbance Type 3 (Ecosystems with Frequent Stand Initiating Events) dictates harvest areas of larger sizes to mimic forest health issues around natural wildfires. Therefore, harvest areas are greater than 50ha and are exceeded for forest health and salvage reasons and replicate opening sizes that would be created through natural disturbances. This is also provided for within the Husby FSP.</p> <p>Husby incorporates harvesting and silviculture systems in order to meet the various resource management objectives established through legislation, resource agencies objectives, and district policies. The Company commits to harvesting a minimum of 10% of their cutblocks per year (over a three year average) using alternate silviculture systems. Partial cut systems include single stem removal or the removal of small groups of trees. Retention systems can have a range of retention levels, from trees left standing individually or in various sized groups. These alternative harvesting systems visually break up harvested areas.</p>
	<p><i>Performance Measure 5.3 Program Participants shall adopt a green-up requirement or alternative methods that provide for visual quality.</i></p>	<p><i>Evidence: Interviews, Government Policy and Legislation, silviculture survey records, field observations</i></p> <p>Green-up is verified with surveys or ocular observation at the site level and conforms with the Forest Practices Code (FPC) and FRPA.</p> <p>The general rule for green-up height is 3 metres. (3 m = 9.8 feet)</p> <p>Green up requirements are confirmed at the site level through documented silviculture surveys or inspections. The Provincial forest inventory system tracks achievement of green-up through forest cover tree heights and stocking.</p>
	<p><i>Performance Measure 5.4 Program Participants shall support and promote recreational opportunities for the public.</i></p>	<p><i>Evidence: Interviews, Forest Stewardship Plan (FSP), access plans, Visual Impact Assessments (VIA)</i></p> <p>As per the approved Husby FSP, the objective for forest management is to minimize detrimental affects of harvesting and road construction on recreation opportunities within the operating area.</p>

		The company ensures access to recreation sites where active operations exist. VIA's (Visual Impact Assessments) are employed to ensure visual quality is maintained from approved viewpoints.
<p>Objective 6. Protection of Special Sites To manage lands that are geologically or culturally important in a manner that takes into account their unique qualities.</p>	<p><i>Performance Measure 6.1 Program Participants shall identify special sites and manage them in a manner appropriate for their unique features.</i></p>	<p><i>Evidence: Interviews, GIS database records, Landscape Level Plans, Site Level Plans, Archaeological Overview Assessments (AOA), field observations</i></p> <p>Landscape and/or Site Level plans show CMT reserves and cultural reserves. Special sites are tracked within a layer in the Company's GIS system.</p> <p>Landscape and Site Level Plans adhere to the Haida Gwaii MFLNRO District Policy concerning the management of Culturally Modified Trees (CMT's) under the provisions of the Provincial Heritage Conservation Act.</p> <p>Archeological Overview Assessments (AOAs) have been conducted for the Naden Harbour area. All inventory information completed by Husby pertaining to archaeological resources is available pending any confidentiality concerns of the Council of Haida Nations.</p>
<p>Objective 7. Efficient Use of Fiber Resources To minimize waste and ensure the efficient use of fiber resources.</p>	<p><i>Performance Measure 7.1 Program Participants shall employ appropriate forest harvesting technology and in-woods manufacturing processes and practices to minimize waste and ensure efficient utilization of harvested trees, where consistent with other SFI 2015-2019 Forest Management Standard Objectives.</i></p>	<p><i>Evidence: Interviews, Site Plans (SP), CMS inspection records, field observations</i></p> <p>Policies, programs and plans are contained in the Husby management system pre-work inspections and log quality reports.</p> <p>SOP's and site level plans specify standards for post harvest conditions, including clean landings. Active harvest and post-harvest inspections confirm these standards are met. Waste and Residue surveys cover block and landing/roadside areas.</p> <p>Coarse woody debris (CWD) is considered an important element at the stand level for the maintenance of biodiversity via scattering unmerchantable CWD throughout the block.</p> <p>Piling on roadside is only done when CWD inhibits planting objectives or if slash loads pose too high a fire risk.</p>
<p>Objective 8. Recognize and Respect Indigenous Peoples' Rights To recognize and respect Indigenous Peoples' rights and traditional knowledge.</p>	<p><i>Performance Measure 8.1 Program Participants shall recognize and respect Indigenous Peoples' rights.</i></p>	<p><i>Evidence: Interviews, Sustainable Forestry Management and Environmental Policy, Haida Gwaii Management Council Meeting records</i></p> <p>Husby Forest Products Ltd. Sustainable Forestry Management and Environmental Policy (dated Dec 15, 2015) contains a commitment to "...recognize and respect Indigenous People's rights and traditional forest related knowledge."</p>

		Husby demonstrates this recognition and respect by their close working relationship with the Haida First Nation (FN) via the Haida Gwaii Management Council for discussion of forest management referrals.
	<p><i>Performance Measure 8.2</i> <i>Program Participants with forest management responsibilities on public lands shall confer with affected Indigenous Peoples with respect to sustainable forest management practices.</i></p>	<p><i>Evidence: Interviews, Haida Gwaii Management Council meeting records, Cultural Feature Identification Surveys, Site Plans</i></p> <p>Under the guidance of the Haida Gwaii Management Council, The Solutions Table has been established as a venue for referrals with the Haida First Nation (FN). All applications get reviewed by this group of people made up of representatives from the Haida FN and the government.</p> <p>The recommendation of the affected First Nations are incorporated into management strategies that are necessary to protect the cultural and archaeological resource values are specified in the site level plans. Those strategies may include those necessary to manage non-timber forest product values to ensure the continued availability of those values to First Nations.</p> <p>All blocks have a Cultural Feature Identification Survey completed on them prior to submission for approval. This survey records all features that are deemed to be significant to the Haida FN.</p>
	<p><i>Performance Measure 8.3</i> <i>Program Participants are encourage to communicate with and shall respond to local Indigenous Peoples with respect to sustainable forest management practices on their private lands.</i></p>	<p><i>Evidence: N/A</i></p> <p>Husby does not operate on private land.</p>
<p>Objective 9. Legal and Regulatory Compliance To comply with applicable federal, provincial, state, and local laws and regulations.</p>	<p><i>Performance Measure 9.1</i> <i>Program Participants shall comply with applicable federal, provincial state and local forestry and related social and environmental laws and regulations.</i></p>	<p><i>Evidence: CMS Standard Operating Procedures (SOPs), CMS inspection records, internal and external sustainable forest management system audits, MFLNRO audits and inspection records, field observations</i></p> <p>Husby personnel are responsible to comply with and, are made aware of, legal and other requirements through internet access, on going training, meetings, verbal and written communication. The Husby VP Forestry & Engineering emails or posts new legislative information when relevant.</p> <p>Standard Operating Procedures (SOPs) have been designed to summarize legal and other requirements. Procedures are reviewed (and revised as regulations are updated. Changes are communicated as soon as possible to all appropriate personnel.</p>

		<p>The Husby CMS involves site inspections, contractor performance assessment, forest audits (internal and external), MFLNRO audits/inspections, investigations and determinations, and completion and review of environmental incidence reports.</p> <p>Husby has had no environmental infractions in 2016 YTD.</p>
	<p><i>Performance Measure 9.2</i> <i>Program Participants shall take appropriate steps to comply with all applicable social laws at the federal, provincial, state and local levels in the country in which the Program Participant operates.</i></p>	<p><i>Evidence: Interviews, CMS SOPs and inspection records, Sustainable Forestry Management and Environmental Policy, Joint Health and Safety Committee meeting records, field observations</i></p> <p>Husby Forest Products Ltd. Sustainable Forestry Management and Environmental Policy (dated Dec 15, 2015) contains a commitment to complying with all social laws.</p> <p>The Husby CMS is used to monitor legal compliance via its inspection program.</p> <p>Husby is BC Worksafe Certified and offers specialized safety training to those needing it to complete their jobs safely.</p> <p>The Company also maintains a Joint Health and Safety Committee with its contractors to ensure a venue for discussion between management and workers.</p>
<p>Objective 10. Forestry Research, Science and Technology To invest in forestry research, science and technology, upon which sustainable forest management decisions are based and broaden the awareness of climate change impacts on forests, wildlife and biological diversity.</p>	<p><i>Performance Measure 10.1</i> <i>Program Participants shall individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners provide in-kind support or funding for forest research to improve forest health, productivity and sustainable management of forest resources, and the environmental benefits and performance of forest products.</i></p>	<p><i>Evidence: Interviews, Forest Renewal BC (FRBC) project records, BC Forest Investment Account (FIA) project records, Coastal Watershed Assessment (CWA) records</i></p> <p>Husby has supported various research projects through stumpage paid on public land licensees to be used at the discretion of the provincial government. Husby is also a member of the Western Canada SFI Implementation Committee (WCSIC) and through annual dues paid supports funding for forest research.</p> <p>The Company has sponsored, through Forest Renewal BC (FRBC) and the BC Forest Investment Account (FIA), multiple watershed restoration and enhancement projects. Several evaluations of effectiveness for aquatic treatments have been completed or are currently being monitored throughout the operating area.</p> <p>Husby has conducted several Coastal Watershed Assessments (CWA's) or hydrologic assessments. Recommendations from these assessments are followed. The establishment of channel monitoring stations to assess changes to watersheds were paid for directly by the Company and are beyond the requirements of the CWA.</p> <p>Husby does not plant genetically engineered trees and does not</p>

		participate in research in this area.
	<p><i>Performance Measure 10.2</i> <i>Program Participants shall individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners – develop or use state, provincial or regional analyses in support of their sustainable forestry programs.</i></p>	<p><i>Evidence: Interviews, CMS procedures and records, forest cover and site index update records</i></p> <p>The Company supports and participates in the Western Canada SFI Implementation Committee (WCSIC) through payment of annual dues and meeting participation.</p> <p>The Company provides information updates on forest cover and site index through the survey and reporting system to the BC government. MFLNRO VDYP, TASS, and TIPSYS systems incorporate stocking class data into growth and yield calculations. Non-recoverable losses are incorporated into AAC calculations.</p> <p>BMPs are analyzed for conformance via the Husby CMS through the monitoring and measurement of the operations, Operational Controls and Legal and Other Requirements and reviews of these results and corresponding corrective actions and communications as per the CMS Management Review and annually reviewed through a scheduled internal audit and corresponding corrective actions are actioned as per the Husby CMS Audit and Management Review procedures.</p>
	<p><i>Performance Measure 10.3</i> <i>Program Participants shall – individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners – broaden the awareness of climate change impacts on forests, wildlife and biological diversity.</i></p>	<p><i>Evidence: Interviews, Timber Supply Area (TSA) Steering Committee meeting minutes, Association of BC Forest Professionals (ABCFP) correspondence, provincial and federal government websites, Western Canada SFI Implementation Committee (WCSIC) meeting minutes</i></p> <p>Husby monitors climate change initiatives undertaken by WCSIC, associations and the provincial and federal governments (eg. Canadian Forestry Service carbon budget model).</p> <p>The Company has invested in new logging equipment that have modern engines with greater emission controls to limit the impact of their operations on climate change.</p> <p>Husby staff are knowledgeable on climate change impacts via participation in the Timber Supply Area (TSA) Steering Committee, Association of BC Forest Professionals (ABCFP) Correspondence, active monitoring of government agency websites and WCSIC meeting discussions.</p>
<p>Objective 11. Training and Education To improve the implementation of sustainable forestry practices through appropriate training</p>	<p><i>Performance Measure 11.1</i> <i>Program Participants shall require appropriate training of personnel and contractors so that they are competent to fulfill</i></p>	<p><i>Evidence: Interviews, CMS procedures, Sustainable Forestry Management and Environmental Policy, staff and contractor training records</i></p> <p>The Husby Forest Products Ltd. Sustainable Forestry Management and Environmental Policy (dated Dec 15, 2015) contains a well communicated commitment to sustainable forestry.</p>

<p>and education programs.</p>	<p><i>their responsibilities under the SFI 2015-2019 Forest Management Standard.</i></p>	<p>The Husby CMS is used to assign roles and responsibilities, establish appropriate training and monitor performance so that staff and contractors have the tools to fulfill their responsibilities related to sustainable forest management and are given feedback if improvement is needed.</p>
	<p><i>Performance Measure 11.2 Program Participants shall work – individually and/or with SFI Implementation Committees, logging or forestry associations, or appropriate agencies or others in the forestry community – to foster improvement in the professionalism of wood producers.</i></p>	<p><i>Evidence: Interviews, contractor training records, WCSIC members training policy, Husby Corporate Health and Safety Policy, Husby Corporate Health and Safety Program</i></p> <p>Husby has EMS/SFI Awareness Training that logging contractors are required to participate in as part of the CMS. In addition, the WCSIC has issued a training policy that members must adhere to for their staff and contractors. There is no formal logger certification program in BC.</p> <p>The Company maintains a Corporate Health and Safety Policy and all contractors have their own safety programs or will follow the Husby’s Health and Safety Program.</p> <p>Husby also adheres to WorkSafe BC safety regulations and is WorkSafe certified.</p>
<p>Objective 12. Community Involvement and Landowner Outreach To broaden the practice of sustainable forestry through public outreach, education and involvement, and to support the efforts of SFI Implementation Committees.</p>	<p><i>Performance Measure 12.1 Program Participants shall support and promote efforts by consulting foresters, state, provincial and federal agencies, state or local groups, professional societies, conservation organizations, Indigenous Peoples and governments, community groups, sporting organizations, labor, universities, extension agencies, the American Tree Farm System® and/or other landowner cooperative programs to apply principles of sustainable forest management.</i></p>	<p><i>Evidence: Interviews, WCSIC Wood Producer Information Package, Landscape Level Plans, Haida Gwaii Land Use Objectives Order</i></p> <p>Husby is a WCSIC member and supporter of the outreach programs instituted by the WCSIC, for example the WCSIC Wood Producer Information Package.</p> <p>Husby employs and trains members of the local community on Haida Gwaii whenever possible to ensure that people affected by the Company’s operations are involved in sustainable forest management for Husby’s operating area.</p> <p>The Company is actively involved with determining the clear designation of protected areas in the form of Mature Forest Retention Areas, protected areas, WTP’s, cultural reserves and wildlife management areas and follows the Haida Gwaii Land Use Objectives Order as a guide to apply the principles of sustainable forest management.</p>
	<p><i>Performance Measure 12.2 Program Participants shall support and promote, at the state, provincial or other appropriate levels, mechanisms for public</i></p>	<p><i>Evidence: Interviews, Husby outreach documentation and records</i></p> <p>Company employees participate in school talks and tours to teach the public about the practice of forestry. Husby has produced sustainable forest management brochures to hand out at various public functions.</p>

	<i>outreach, education and involvement related to sustainable forest management.</i>	<p>Husby promotes new employees into the sector by providing trial employment to individuals that may wish to pursue a career in forestry.</p> <p>Husby's VP Forestry and Engineering has helped teach a class on Forest Stewardship Plans (FSP's) in a policy class at BC Institute of Technology (BCIT) in past years and the Company employs 2 to 3 summer students every year from BC universities to give them exposure to the industry.</p>
	<p><i>Performance Measure 12.3</i> <i>Program Participants shall establish at the state, provincial or other appropriate levels, procedures to address concerns raised by loggers, consulting foresters, employees, unions, the public or other Program Participants regarding practices that appear inconsistent with the SFI 2015-2019 Forest Management Standard principles an objectives.</i></p>	<p><i>Evidence: Interviews, WCSIC website, CMS communication records</i></p> <p>The WCSIC maintains the primary responsibility for receiving SFI program related complaints against program participants in British Columbia and Alberta and determining if they warrant investigation and ensuring credible response.</p> <p>Husby maintains a CMS Record of Discussion which details communications received from the public and deals with issues such as concerns/observations of apparent nonconforming practices.</p> <p>Addressing allegations of SFI Program Non-Conformance (Inconsistent Practices) are dealt with by the WCSIC.</p> <p>There have been no allegations of SFI inconsistent practices that are related to Husby.</p>
<p>Objective 13. Public Land Management Responsibilities To participate and implement sustainable forest management on public lands.</p>	<p><i>Performance Measure 13.1</i> <i>Program Participants with forest management responsibilities on public lands shall participate in the development of public land planning and management processes.</i></p>	<p><i>Evidence: Interviews, Government policy and programs, stakeholder list, communication records</i></p> <p>The Haida Gwaii Land Use Order Objectives (LUOO) establishes legal objectives for forest-based values to support implementation of ecosystem-based management. These LUOO have resulted from industry, public and government participation and input in planning are reflected in in Husby's FSP.</p> <p>The FSP under which the Company conducts development is advertised for review and comment. Any agency or community group with interest have an opportunity to engage the Company with comment and discussion within the review period.</p> <p>The Company communicates with parties that declared interest at the FSP review or that are required to receive a referral as part of the legal requirements of the FSP. These parties receive a more detailed development plan information to review and provide comment on. Comments are considered for possible inclusion of strategies to mitigate impacts into SPs.</p>
Objective 14.	<i>Performance Measure</i>	<i>Evidence: Interviews, Summary Audit Report, SFI</i>

<p>Communications and Public Reporting To increase transparency and to annually report progress on conformance with the SFI 2015-2019 Forest Management Standard.</p>	<p><i>14.1 A Program Participant shall provide a summary audit report, prepared by the certification body, to SFI Inc. after the successful completion of a certification, recertification or surveillance audit to the SFI 2015-2019 Forest Management Standard.</i></p>	<p><i>Inc. submission records</i></p> <p>The PwC summary audit report has been submitted to SFI Inc. in 2015 as required.</p>
	<p><i>Performance Measure 14.2 Program Participants shall report annually to SFI Inc. on their conformance with the SFI 2015-2019 Forest Management Standard.</i></p>	<p><i>Evidence: Interviews, Annual SFI Progress Report Survey, SFI Inc. submission records</i></p> <p>Husby has submitted its Annual SFI Progress Report Survey electronically for 2015. Records supporting the data submitted are maintained by the Company in its electronic files.</p>
<p>Objective 15. Management Review and Continual Improvement To promote continual improvement in the practice of sustainable forestry by conducting a management review and monitoring performance.</p>	<p><i>Performance Measure 15.1 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.</i></p>	<p><i>Evidence: Interviews, Management Review records</i></p> <p>Husby senior leadership conducts an annual management review of the CMS and SFI programs to ensure there continuing suitability, adequacy and effectiveness.</p> <p>This management review addresses the possible need for changes to policy, objectives, and other elements of the CMS through consideration of:</p> <ul style="list-style-type: none"> • Internal and external audit results • Incident reports and site inspections • changing circumstances • changes as a result of public input • commitment to continual improvement

Specific Good management practices are noted below:

- Very high levels of in-block retention with both single tree and group reserves prevalent (all blocks sampled).
- Excellent hoe chucking in block COL773 considering the number of single tree and group reserves present.
- Good wildlife habitat in dispersed waste piles throughout harvested areas sampled (all blocks sampled).

There were two new non-conformities identified during the assessment:

- Several S6 creeks were classified on harvest blocks COL 759, 784, 767, 768, and 790. The stream prescriptions for Debris Management for these creeks required log clean, review post-harvest for hand cleaning of recently introduced debris or blockage as required by foreman, engineer, or forester. The field review of these creeks revealed that they had significant debris and were not cleaned out post-harvest. Not all of the blocks had the final harvest inspection completed; however, it did not appear that these creeks would not be noted to require cleaning. In addition, in discussion with Husby staff and field inspection of these water features it was noted that some

may have been misclassified as S6 creeks and should have been non-classified drainages. Husby provided a reasonable action plan as to how resolve the nonconformity.

- The tour of the camp shop and refueling areas revealed hydrocarbon leaks and spills that did not appear to be noted as spills or reported to government if required. Specific observations include:
 - Heavy staining around the mobile fuel truck that had a leaking valve that was marked “Do Not Use”. Due to the amount of staining on around the fuel truck it appears the leak has been persistent for some period of time and a fair volume may have leaked over time. In addition, this fueling area is not far from a water course that leads to the nearby beach.
 - There was also the leaking flange (40,000L Diesel Tank) at the beach. Husby provided a reasonable action plan as to how resolve the nonconformity.

Four opportunities for improvement were identified in the following areas:

- Implementing a routine camp and fire truck equipment check list to ensure camp conditions and fire equipment are in an expected condition at all times.
- Adding a new question to the Post Harvest form to document the post-harvest utilization on each block.
- Documenting when features identified to be protected if feasible are damaged or removed during harvest operations and the circumstances as to why.
- Increasing supervision of newer employees involved in harvesting (i.e. Bunching or falling) to ensure they understand how single tree or group reserves are to be managed for during harvesting.

Conclusion

The Company has maintained conformance with the requirements of the SFI 2015 – 2019 Forest Management Standard. The Certificate can be obtained by contacting Jonathan Fane of Husby Forest Products Ltd. at (604) 940-3525. More information on Husby Forest Products Ltd.’s sustainable forestry program can be found at: <http://www.husby.bc.ca/certification.html>