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VERITAS**

**Bureau Veritas Certification  
North America, Inc.  
SFI Forest Management Audit Report**

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PQC Code	E01E
Contract Number	US.1966165

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	4	Scope extension audit:	
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Audit Summary
<p><b>Introduction</b></p> <p>A surveillance audit of Louisiana Pacific Corporation’s (LP) forest management program was conducted over a two-month period (October - November) in 2019. Brian Callaghan RPF EP(EMSLA) undertook the audit. Mr. Callaghan is a registered professional forester and certified environmental auditor with 30 years of experience in forest planning, operations and analysis. Mr. Callaghan has been auditing SFI forest management certificates for more than 15 years for clients in both Canada and the United States.</p>
<p><b>Audit Scope, Objectives and Process</b></p> <p>The scope of the audit was “<i>Forest management activities on all company managed crown licenses in Canada</i>”. The objective was verifying the effectiveness and conformance of Louisiana Pacific Corporation’s forest management to the Requirements of the SFI 2015-2015 Standard and Rules. The audit consisted of a thorough review of documents and a review of the implementation of policies, programs and plans in the field. Prior to the audit, the auditor selected field sites to be sampled at each location based on all management operations and activities conducted over the past 12 months.</p>
<p><b>Audit Plan</b></p> <p>An audit plan was prepared which covered the forest management audit as well as the fiber sourcing and chain of custody audits which occurred at the same time. The audit plan was provided to the client prior to the start of the audit. The plan identified the various activities which the auditor would carry out at each Company facility. Mr. Callaghan undertook the audit in Golden and Malakwa on October 7-11 and the Headquarters audit in Nashville November 21-22. A copy of the audit plan is on file at the Bureau Veritas Certification office in Houston Texas.</p>
<p>During this surveillance audit all Objective were audited including all Performance Measures and Indicators which were verified through a review of documents and field verification of sites to meet the intent of the SFI 2015-2019 Forest Management Standard. The Louisiana Pacific Corporation Forest Management System Handbook, office documents, records, field files and interviews were used to verify conformance. A debriefing was conducted at the end of the day by the lead auditor.</p>
<p>A representative sample of forest management operations and activities was selected for site visits at</p>

both Golden and Malakwa British Columbia sites. Field files for each site were reviewed and used to determine overall effectiveness of the management planning process, harvesting and silviculture activities and BMP monitoring and compliance.

### Company Information

Louisiana Pacific Corporation is a leading manufacturer of high-quality building products. LP Building Products manufactures LP Solid Start Engineered Wood Products such as Laminated Strand Lumber (LSL), Laminated Veneer Lumber (LVL), Oriented Strand Board (OSB), Siding, I-Joists and Rim Board. Products are used primarily in new construction, repair and remodeling, and manufactured housing. LP operates production facilities in the U.S., Canada and South America.

Forest Management operations at LP’s Golden and Malakwa British Columbia operations were the focus of this audit. LP manages the lands in both in accordance with provincial laws and regulations. The Golden licenses cover 552,892 hectares and the Malakwa license covers 137,719 hectares. Both forests are in the East Kootenay region of British Columbia.

### Multi-Site Requirements

Louisiana Pacific Corporation maintains a multi-site certification consisting of headquarters and facilities throughout the U.S. and Canada which include forest management and fiber sourcing. Headquarters for all management systems is in Nashville, Tennessee. The company qualifies as a multi-site certification since the management system is controlled and directed by the central office. There is one set of procedures that applies to the entire system, and the SFI manager is the sole person responsible for maintaining the procedures. Individual sites are responsible for conforming to the company’s SFI program, and for providing corrective actions to the SFI manager when necessary. The company has a good, reliable internal audit program and monitoring system carried out at headquarters to determine conformance at facilities or sites and to implement corrective actions when appropriate. There is good coordination and communication between the central office and each site. Internal audits were conducted at all sites within the last year and a management review was conducted on May 15, 2019. Louisiana Pacific Corporation meets all multi-site requirements.

Sites covered during the renewal audit were selected based on a randomized schedule developed by Bureau Veritas Certification at the time of renewal. The two sites audited this year were the Golden and Malakwa licenses in British Columbia. The Nashville, TN headquarters office is audited annually.

Multi-Site	✓	Group Certification	
Sites		Sites Audited During this Event	
Nashville - HQ		✓	
Golden British Columbia - 552,892 ha		✓	
Malakwa, British Columbia - 137,719 ha		✓	
Dawson Creek, British Columbia -1,278,069 ha			
Maniwaki, Quebec - 578,744 ha			
Swan River, Manitoba - 2,355,168 ha			

### Audit Results

During the forest management audit, a total of 10 field sites (six in Golden and four in Malakwa) were reviewed all were considered clearcuts with reserves, a variety of streamside buffers, and

several visual management areas. The majority of the sites had multiple forestry activities such as access development, harvesting, debris management, forest renewal and tending activities. Two active harvest sites were inspected. All forestry staff working on the sites were available for the audit. All contractors involved were trained and current with their training requirements. Louisiana Pacific provides training to all their logging and road building contractors and maintains training records. All operations/activities were found to be in compliance with all regulations and best management practices (BMP's).

### **Objective 1-Forest Management Planning:**

Louisiana Pacific Corporation has a very thorough management planning process that addresses all regulatory requirements and objectives of the SFI Forest Management Standard. In British Columbia the allowable cut is determined by the provincial forester at the Timber Supply Area level, with harvest allotments being licensed to a variety of users. The Company has licenses for harvesting more than 800,000 cubic metres per year in the Golden TSA, as such they are responsible for preparing a 5 year Forest Stewardship Plan. The site plan for each harvest block requires a thorough evaluation or assessment of soil disturbance, terrain stability, archeological impact, visual impact, biodiversity, hydrology and communication with local indigenous peoples. Pre-Harvest Survey Reports, site plans, assessments, pre-work harvesting reports, harvest inspection reports and silviculture and land management activity tracking sheets in the field files were used to verify conformance. The LP Sustainable Forestry Management System Handbook is well documented and is updated annually. Over the past five years harvest has been far below the AAC of 800,000 m<sup>3</sup> averaging less than 400,000 m<sup>3</sup>. The Malakwa forest is a Tree Farm license where the allowable harvest is specific to a defined landbase licensed to LP Corp. The current allowable harvest is approximately 90,000 m<sup>3</sup>.

### **Objective 2-Forest Health and Productivity:**

All cut blocks have a site plan which provides the renewal prescription which complies with government guides and directives. Regeneration standards are set by the British Columbia Forest Service, though they can be modified within reason. In the East Kootnany region forests of fir, cedar and pine dominate. Post harvest site preparation may include "stumping" the site which is then followed planting. Louisiana Pacific in both Golden and Malakwa strive to regenerate sites within one year of harvest, on many sites visited regeneration had occurred within 6 months. The audit reviewed several sites which had been planted within the past 5 years and found excellent results in terms of stocking and growth (Figure 1).



**Figure 1. Four year old stand growing freely on CP 319**

### **Objective 3-Protection and Maintenance of Water Resources:**

Louisiana Pacific abides by provincial and national water quality regulations. They have procedures in place to prevent negative impacts through proper layout of roads and harvest areas along with regular inspections. In British Columbia Louisiana Pacific is required to meet the Forest Planning and Practices Regulations (FPPR) which contain specific regulations on forest activities and are considered to equate to Best Management Practices (BMP's). Procedures are driven by regulation. Contracts specify that the contractor must comply with all applicable federal, provincial and municipal laws and regulations. Requirements are also stated in the harvesting and silviculture agreements. Louisiana Pacific has procedures in place to address wet-weather events. Periodic inspections are made and documented in inspection reports. The BC Ministry of Forests conducts random compliance of individual site plans..

The Forest Stewardship Plan contains riparian management guidelines for forest operations.. Riparian area protection buffers are designated and marked in the field. Locations are recorded and mapped using GPS on the harvest maps. Machine operators have tablets that are uploaded with the maps that show the machine location in relation to the boundary. Non-forested wetlands are identified in their GIS layers and are required to be protected by law. The FPPR has wetland classification identification guidelines and protection measures.

During the audit one new bridge was inspected and found to be well constructed and properly sized for the river it crossed (Figure 2). Three temporary crossing were inspected after removal and all were effectively implemented. Several road rehabilitations were also inspected and all the water crossing removals they included were effectively completed. All water crossings observed during the audit were found to be functioning properly and of sound construction



**Figure 2. The Km 42 bridge recently installed**

#### **Objective 4-Conservation of Biological Diversity:**

Louisiana Pacific has a Policy and Procedure for Biodiveristy, which underlies all their activities. To support the policy an extensive program is in place for maintain biodiversity. British Columbia has a hierarchical planning system with land use plans, timber supply reviews, forest stewardship plans and site plans. Higher level plans strive to conserve biodiversity at the landscape scale. Timber supply reviews and management plans identify the diversity of forest cover types and ages. LP working with other licenses on the TSA strive to maintain forest diversity. The planning system incorporates land use direction and wildlife recovery plans. New recovery plans are in development for several warbler species to go along with Grizzly Bear, and Osprey.

Forest planning require the protection of forest values of a variety of types. T&E species receive special attention. All blocks are cruised prior to harvest to confirm volumes and forest conditions. LP Corp actively preserves old growth and has participated in the mapping old growth forests in BC. The region around Dawson is a fire driven boreal forest where there is little traditional “old growth” present.

#### **Objective 5-Management of Visual Quality and Recreational Benefits:**

Louisiana Pacific has an Aesthetics Policy and Procedure which seek to preserve aesthetic values in areas where visual quality has been identified as a significant value. A visual quality assessment is made of all site plans to determine if there are values to be protected. The Golden and Malakwa areas are in scenic parts of the Canadian Rockies surrounded by National Parks (e.g. Yoho, Lake Louise, Glacier). Visual quality is an important feature. Two of the sites visited had specific aesthetics concerns which the Company took in to account when planning and undertaking operations.

Average clear cut size was 14.8 hectares in Malakwa and 12.6 hectares in Golden, well within the

recommended limits. It should also be noted that live trees of various forms are maintained in harvest blocks for both wildlife and visual concerns.



**Figure 3. CP 327 was found to have an ample riparian buffer and plenty of standing residual trees.**

Louisiana Pacific addresses recreation in their site plans. The Forest Service identifies areas that have to be protected for recreation. LP contributes to recreation as a byproduct. LP works with various recreational groups such as the local snowmobile clubs and heli-ski companies.

#### **Objective 6-Protection of Special Sites:**

In British Columbia there are extensive areas of protected Crown forests where management is precluded. The Company has a policy and operating procedure for managing special sites. Cultural heritage data and species at risk data is used to assess harvest areas to determine if special sites are present. If found such sites are catalogued and protected.

#### **Objective 7-Efficient Use of Fiber Resources:**

In British Columbia Louisiana Pacific is required to conduct a Harvesting Slash Hazard and Risk Assessment as well as a Waste Assessment to evaluate utilization, waste and fire hazard on each block. Utilization is an inspected item on each job at regular intervals. Landing piles are typically burned. All the harvest sites visited were harvested with care and had high levels of utilization.

#### **Objective 8: Recognize and Respect Indigenous People's Rights:**

The Company's Code of Business Conduct commits the company to respect, behave fairly with all people. They realize that a majority of consultations happen between the provinces and the First Nations. In British Columbia Louisiana Pacific consults affected First Nations on site plans scheduled. A procedure for working with Aboriginal Peoples has been implemented. Locally the

Company is developing relationship with local First Nations, in both regions

**Objective 9-Legal and Regulatory Compliance:**

Company staff have access to all relevant laws and regulations. Each location has a SFI Handbook which contains a complete list of regulations that apply to their operations with website listings. Relevant laws and regulations are stated in all contracts and purchase agreements. There have been no violations issued by the BC Ministry against LP during the audit period. Any issues with operations that arise are documented in Report of Corrective Action. LP utilizes site visits and follows BMP procedures to ensure compliance. These visits and checklists note compliance with laws and regulations.

LP Corp is a responsible employer and business venture. They employ a Code of Business Conduct to guide all their relationships. The Company provides a full range of benefits and rights to its employees. It contracts responsible suppliers to provide service and complies with all labour laws.

**Objective 10-Forestry Research, Science and Technology:**

LP is a member of NCASI which conducts research on forest health, water quality, wildlife habitat, climate change, etc. NCASI recently assembled information on Climate Change and prepared a presentation that was made available to LP personnel on Climate Change and its effects on Forest, Wildlife and Biodiversity. A Q & A fact sheet was then prepared and distributed to LP Staff. LP support ten FIA projects in Canada providing funding and sites for study. Staff at all locations actively participated in SFI implementation committees which discuss BMP practices, growth modeling, regeneration, etc.

**Objective 11-Training and Education:**

Louisiana Pacific has a Training Policy which presents the Company's commitment to staff and corrector training. LP Canada has developed their own program for their logging and road building contractors. LP has an extensive training matrix to keep track of training topics and when it was given. LP maintains a list and tracks training all of suppliers and contractors

**Objective 12-Community Involvement and Landowner Outreach:**

Louisiana Pacific is active in all the communities it has facilities in. Forestry staff in most locales make presentations to schools and community groups. The Company supports a range of charities such as the American Heart Assoc., The Wounded Warrior Project, Pencil Box (provide school supplies), and Habitat for Humanity

The Company is active in SFI implementation committees in all the states and provinces it has facilities. Louisiana Pacific staff are active participants in all SICs. Staff are active on SFI implementation committees, from program development to delivery on any number of typical issues. LP is active in SFI implementation committees for the Western Canada, Central Canada and Quebec. LP provides support and is an active participant in their SFI Implementation Committees. Several of the LP resource personnel and staff are involved on committees or have positions in the SIC. LP also contributes time and materials to various activities and projects

The company has a landowner outreach package which it distributes to private landowners and the general public.

**Objective 13: Public Land Management Responsibilities:**

LP Corp participates in all BC planning processes include Land Use (higher level) Plans, Timber Supply Reviews and Forest Stewardship plans. The Company undertakes public consultation on all of its site plans.

**Objective 14-Communications and Public Reporting:**

The 2018 LP Audit Report is posted on the SFI Website. All records necessary for reporting to SFI are maintained electronically and were reviewed as part of this audit. The 2018 SFI Annual Progress Report was submitted to SFI, Inc. prior to the deadline.

**Objective 15-Management Review:**

The internal audit and management review system is mature, fully functioning and effective. LP has a well-documented procedure for collecting information, conducting an internal audit and reporting results of all monitoring to management. An internal audit is conducted annually at each facility. A checklist is completed listing evidence for each indicator in the standard. Conformance and non-conformances are issued. A corrective action procedure is followed to remedy any non-conformances. A management review meeting is conducted annually where monitoring results are presented and discussed.

**Findings****Previous non-conformances:**

*None.*

**Non-conformances:**

*None.*

**Opportunities for Improvement:**

*None*

**Notable Practices:**

*1) The practice of replanting all harvested areas within one year of cutting is a challenge which LP staff constantly meet. This is a great benefit silviculturally and for sustainability, it is also a huge logistical challenge. (PM 2.1, 1)*

**Logo/label use:**

Louisiana Pacific users the SFI Trademark for promotional purposes. They seek approval from SFI Inc. before using the trademark. They do not use the Bureau Veritas trademark at this point.

**SFI reporting:**

During this audit verification of the SFI website was consulted on September 20<sup>th</sup> to ensure that the previous audit report was submitted and posted.

**Conclusions**

A closing meeting was held November 22 in the Company's corporate offices in Nashville. The lead auditor chaired the meeting and provided findings from all sites audited. The audit team found that Louisiana Pacific operates a sophisticated information system which can capture, track and store all the information requirements of the standard. The auditor recommended continued certification to the 2015-2019 SFI Fiber Sourcing standard is recommended.

**SEE SF61 FOR AUDIT NOTES**

<b>Summary of Audit Findings:</b>									
Audit Date(s):		From: October 7 2019				To: November, 22 2019			
Number of SF02's Raised:			Major:		0		Minor:		0
Is a follow up visit required:		Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Date(s) of follow up visit:			
Follow-up visit remarks:									
<b>Team Leader Recommendation:</b>									
Corrective Action Plan(s) Accepted		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:	
Proceed to/Continue Certification		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	22/11/19
All NCR's Closed		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:	
Standard audit conducted against:									
1)	SFI 2015-2019 Forest Man.			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Brian Callaghan			2)						
			3)						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
<i>Forest management activities on all company managed crown licenses in Canada</i>									
Accreditation's		ANAB							
Number of Certificates		2							
Proposed Date for Next Audit Event									
Date	Summer 2020 – dates to be confirmed								
Audit Report Distribution									
Lorisa Love – lorisa.love@bureauveritas.com									
Matt Matwijec – matt.matwijec@lpcorp.com									

Clause	Audit Report
Opening Meeting	Participants: Matt Matwijec, Fernando Cocciolo, Tahl Lunoch, Tim Arnett Discussions: <ul style="list-style-type: none"> <li>➤ Introductions</li> <li>➤ Scope of the audit</li> <li>➤ Audit schedule/plan</li> <li>➤ Nonconformance types – Major / Minor</li> <li>➤ Review of previous nonconformances - 0.</li> <li>➤ Process approach to auditing and audit sampling</li> <li>➤ Confidentiality agreement</li> <li>➤ Termination of the audit</li> <li>➤ Appeals process</li> <li>➤ Closing meeting timing</li> </ul>
Closing Meeting	Participants: Matt Matwijec, Donna Kopecky, Mike Blosser Discussions: <ul style="list-style-type: none"> <li>➤ Introductions and appreciation for selecting Bureau Veritas Certification.</li> <li>➤ Review of audit process - process approach and sampling.</li> <li>➤ Review of OFIs and System Strengths</li> <li>➤ Nonconformances - 0</li> <li>➤ Date for next audit.</li> <li>➤ Reporting protocol and timing</li> </ul>