

2024 - 2025 REPORT TO THE FORT ST. JOHN PILOT PROJECT PARTICIPANTS

Report date: December 18, 2025

Introduction

As required under s.50 of the *Fort St. John Pilot Project Regulation* ("the Regulation"), we have been engaged by the "Fort St. John Pilot Project Participants" (Canadian Forest Products Ltd. ("Canfor"), BC Timber Sales ("BCTS"), Louisiana-Pacific Canada Ltd. ("LPC"), Cameron River Logging Ltd., Mackenzie Pulp Mill Corp., Dunne-Za Ventures LP, Peace Valley OSB) to examine compliance with the requirements of the Regulation for the period from April 1, 2023 to March 31, 2025 (the most recent year-ends for Pilot Project reporting purposes under s.51 of the Regulation).

Compliance with the Regulation is the responsibility of the Fort St. John Pilot Project Participants' management. Our responsibility is to express an opinion as to whether the Participants have complied with the *Fort St. John Pilot Project Regulation* in all material respects.

Our duties in relation to this report are owed solely to the Participants, and accordingly we do not accept any responsibility for loss caused to any third party acting or refraining from action as a result of this report.

Conduct of the Engagement

We have conducted our examination having regard to the *Fort St. John Pilot Project Regulation* and "audit principles that are generally accepted for use in the forest industry". KPMG followed ISO 17021 and ISO 19011 for conducting this audit engagement.

An examination includes assessing, on a test basis, evidence relevant to the information presented in the Participants' annual reports and the Participants' compliance with the requirements of the *Fort St. John Pilot Project Regulation*. The scope of our work and the criteria were agreed with the Participants. The main elements of our examination were:

- Identification of activities and obligations subject to assessment, including planning, harvesting, road construction, maintenance and deactivation, silviculture and public consultation.
- Review of Sustainable Forest Management Plans (SFMP), Forest Operations Schedules (FOS) and related amendments developed under the Regulation for consistency with the Regulation.
- Field examination and review of site level plans for a sample of planning, harvesting, road construction, maintenance and deactivation and silviculture activities.
- Examination of Annual Reports prepared by the participants and examining data supporting performance against a sample of SFMP indicators.
- Assessment of records related to public consultation and a sample of public advisory group meeting records.

The Participants reported the following activities carried out during the 2023 - 2024 and 2024 - 2025 annual reporting periods and subject to this assessment:

Activity (total for 2023-2024 and 2024-2025 reporting years)	Canfor managed allocations ¹	Louisiana Pacific	BCTS
New SFM Plan	N/A no new SFM Plan within the reporting period		
New Forest Operations Schedule	N/A no new FOS within the reporting period		
Harvesting (blocks)	80	11	2
Road construction (# of roads)	157	61	1
Road deactivation	138	51	1
Planting (blocks)	199	0	95
Establishment (blocks) and MSQ (stratum) surveys	420	75	55

The activities examined during the assessment included:

Activity	Canfor managed allocations ¹	Louisiana Pacific	BCTS
New SFM Plan	N/A no new SFMP within the reporting period		
New Forest Operations Schedule	N/A no new FOS within the reporting period		
Harvesting (blocks)	9	6	2
Road construction (# of roads)	10	0	1
Road deactivation	8	12	1
Bridge installation	0	0	0
Planting (blocks)	10	0	5
Site preparation (blocks)	1	0	0
Establishment and MSQ Surveys	2	6	9
Herbicide (blocks)	0	0	0

Notes:

- 1 During the reporting period Canadian Forest Products Ltd., Cameron River Logging Ltd., Mackenzie Pulp Mill Corp., and Dunne-Za Ventures LP allocations were managed by Canfor and are therefore combined for reporting purposes.
- 2 Harvesting, site preparation, bridge installation, planting and survey field samples all included consideration of road maintenance activities on the access roads to the sites.
- 3 Road construction includes installation of bridges.

We planned and performed our examinations so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to support our opinion on the Participants' compliance with the *Fort St. John Pilot Project Regulation*.

Findings

SFMP and SFI Registration

The Regulation provides for the development of a Sustainable Forest Management Plan (SFMP) through a public advisory group to guide operational planning activities within the Pilot Project Area. The latest version of the SFMP (SFMP #3) was granted a two-year extension while the Participants drafted SFMP #4, which is currently under review. The Participants first achieved Canadian Standards Association Z809 SFM registration for the Pilot Project Area in the fall of 2003 and transitioned to SFI certification in 2019.

Performance against the SFMP

The annual reports for the period April 1, 2023 to March 31, 2025 outlines performance against the SFMP. Section 42 of the Regulation requires the Participants to conduct operations consistent with the specified targets and landscape level strategies.

The Participants' annual reports identified the following targets related to the legal indicators relating to landscape level strategies that were not met during the two reporting periods:

Year ending March 31	Target	Reported findings
2024	Indicator 2 - Seral Stage	Spatial identification of late-seral old growth forest management areas ("OFMAs") not completed by March 31, 2024
2024	Indicator 30 - Establishment Delay	Did not meet establishment delay on conifer area
2024	Indicator 48 - AAC Partition – Conifer planning	Amount of planned spruce volume in the core area exceeds target
2024	Indicator 48a - AAC Partition – Conifer harvest performance	The 3-year rolling average of spruce volume harvested in the core area exceeds target
2025	Indicator 1 - Forest Types	Conifer area in Tommy Lakes Landscape Unit below minimum
2025	Indicator 2 - Seral Stage	Spatial identification of OFMAs not completed
2025	Indicator 30 - Establishment Delay	Did not meet establishment delay on conifer or deciduous area
2025	Indicator 33 - Peak Flow	Only 81% of watersheds are below PFI targets.
2025	Indicator 48 - AAC Partition – Conifer planning	Amount of planned spruce volume in the core area exceeds target

Regulatory Non-compliances Identified by Participants

- A total of 5 contraventions were self-reported between April 1, 2023 and March 31, 2024 and a total of 1 contravention was self-reported between April 1, 2024 and March 31, 2025. Participants did report contraventions to government agencies (Ministry of Forests, "FOR").
- The Participants received 1 notification of non-compliance by government agencies (FOR) between April 1, 2023, and March 31, 2024 in relation to activities carried out by the Participants. No notifications of non-compliance were issued to the Participants between April 1, 2024 and March 31, 2025.

Compliance and Enforcement Measures Imposed by the Government

- The Participants received 1 compliance and enforcement penalty imposed on the Participants by the government for activities conducted between April 1, 2023 and March 31, 2024. No compliance and enforcement penalties were imposed on the Participants between April 1, 2024 and March 31, 2025,

Good Management Practices Identified by our Assessment

- The Participants were supporting new and ongoing research relating to seedling performance and assisted migration trials.
- The volume and distribution of in-block coarse woody debris observed in the field was consistently above targets
- A notable amount of vertical structure retained for wildlife use was observed, including several examples exhibiting past and current use by cavity nesters.
- Notable examples of wildlife tree patches were observed at harvesting sites. Reserves were found to be varied in size, shape and distribution with effort made to include any identified wildlife features within the reserve.
- Project participants demonstrated a high level of coordination and cooperation relating to achieving targets, conducting analyses, and reporting on the required indicators.

Non-compliances Identified by our Assessment

No non-compliances were identified during our assessment.

Non-conformities and Opportunities for Improvement identified by our assessment

The following non-conformities relevant to the Regulation were identified by our assessment:

Finding #	2025-NC-01
Date Issued	November 28, 2025
Finding type	MINOR non-conformity
Standard	Fort St. John Pilot Project Regulation
Clause and requirement	51(3) A report under this section must contain the following: (d) a statement of the degree to which the landscape level strategies contained in the sustainable forest management plan were followed by the participant;
Indicator	Indicator 28: The relative proportion of spruce and pine planted annually will equal the proportions harvested annually (excluding fill planting).
Description of finding	The Sustainable Forest Management Plan 2023/2024 SFI and Regulatory Annual Report was found to be inaccurate for Indicator 28, Table 17: 2023 Planting vs. Cruise Species Comparison. BCTS Conifer harvest volume was reported to be 3,718 m3 while 570,300 trees were reported as having been planted. This would amount to a density of roughly 38,000 trees/ha given average harvest volumes and was noted to be an error by the licensee. Further, at Table 17, the combined total of planted spruce is noted to be 4,862,646 (86% of planted species mix), though KPMG recalculations found this to be

	2,490,390 (79% of planted species mix). The target proportion was 82% spruce, which is within the acceptable variance by both calculations. Similarly at Table 17, the combined total of planted pine is noted to be 799,152 (14% of planted species mix), though KPMG recalculations found this to be 663,135 (21% of planted species mix). The target proportion is 18% pine, which is within the acceptable variance by both calculations. While the reported distributions of planted spruce and pine meet the acceptable variance limits, the data presented in the report is not accurate.
Program Participant(s)	All Participants

Opinion

We have conducted an independent audit of the Fort St. John Pilot Project Participants' (Canadian Forest Products Ltd., BC Timber Sales, Louisiana-Pacific Canada Ltd., Cameron River Logging Ltd., Mackenzie Pulp Mill Corp., Dunne-Za Ventures LP, Peace Valley OSB) compliance with the *Fort St. John Pilot Project Regulation* as required under Section 50 of the Regulation.

The *Conduct of the Engagement* section of this report describes the basis of the audit work performed in reaching our opinion. The audit was conducted in accordance with audit principles that are generally accepted for use in the forest industry. We believe our work based on ISO 17021 and ISO 19011 provides a reasonable basis for our opinion.

In our opinion the forest management planning and operations carried out by the Fort St. John Pilot Project Participants complied in all material respects with the requirements of the *Fort St. John Pilot Project Regulation* for the periods April 1, 2023, to March 31, 2024 and April 1, 2024, to March 31, 2025, unless otherwise noted in this report.

In reference to compliance, the term "in all material respects" recognizes that there may be minor instances of non-compliance that are not detected by the audit, or that are detected and not considered worthy for inclusion in the report.

Yours truly,



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