



An SFI Audit: How it Works and What's Involved

WHETHER COMPANIES ARE SELLING DIAMONDS OR LUMBER, THE MARKET is demanding proof that non-financial aspects of their performance—environmental, social, carbon footprint, health and safety included—are being properly managed.

Many labels exist and each claims various aspects of non-financial performance. It's increasingly difficult for consumers to work out which ones are meaningful and which aren't. Within this environment, KPMG Performance Registrar Inc. is a certification organization. We conduct audits of claims in order to give consumers some assurance that the claims being made are actually true.

Our experience with the SFI standard goes back to 2000 when we first began conducting SFI audits in British Columbia. Since then, the SFI standard has become a key component of certification in BC. In 2010, KPMG was responsible for SFI certifications covering over 21 million m³ of the provincial harvest.

While the underlying basics of the SFI audit process remained consistent over the last 10 years, the audit process has become steadily more efficient. This increased efficiency is caused by companies embracing management systems as a way of managing performance. These systems are particularly effective at achieving more consistent on-the-ground results and providing the evidence (e.g. inspection forms, internal audits, pre-works) needed to demonstrate their functionality.

Key Factors that Drive Successful SFI Audits

Competent Auditors: Our auditors are primarily forest professionals, assisted by BC professional biologists, engineers and geoscientists. This makes for a more efficient audit and broadens the credibility of the audit results. In addition to their professional designations, auditors are required to undergo training in field auditing and management systems. They also undertake annual training on our specific audit approach as well as any changes to the SFI standard and relevant interpretations.

Clear Standards: The SFI 2010-2014 Standard is a single standard for all North American forests. Some of the indicators are

further supported by a range of more specific interpretations that our auditors gain access to with relative ease. All interpretations are publicly available and, therefore, promote consistency between different certifiers.

Reliable Audit Processes: Every certification body conducting SFI audits is required to be accredited to conduct these audits by either the Standards Council of Canada (SCC) or the ANSI-ASQ National Accreditation Board (ANAB). This involves annual office audits by the accreditation agency (the SCC in KPMG's case) that examine our underlying processes for qualifying auditors, conducting audits and maintaining records of our work. It also includes annual witness audits of our field audit process in action at our clients' woodlands operations.

Transparent Reporting: Every SFI woodlands certification results in a public summary report. If members of the public or other interested parties have concerns with our findings, they have an opportunity to raise these with the company, with KPMG and ultimately with the SCC if they do not believe we have conducted our work appropriately. This right of appeal is an important element of maintaining the credibility of the process.

A Typical SFI Certification Audit

A typical SFI certification audit takes several days and involves a team of two to four auditors with the knowledge and skills appropriate to the scope, scale and geography of the operation being audited. We begin with a detailed review of company policies and internal records—including the various regulatory documents such as forest stewardship plans as well as voluntary plans, such as sustainable forest management plans that address everything from the approach to biodiversity conservation to required training for operators. The intent of this phase is to assess whether, on paper, the company addresses the SFI requirements.

In the next phase (implementation), we conduct office interviews and field inspections of planning, logging, road and reforestation sites. The goal is to assess whether the company is actually implementing its policies and programs

consistently, ensure the various inspection forms are accurate and see that the overall process is achieving the intent of the SFI standard. Most of our time is spent with operators and supervisors looking at specific field sites.

Finally, we spend time assessing stakeholder involvement and input (gathered through regulated and unregulated processes) and whether input is being addressed.

Once an organization is certified, there are annual surveillance audits to monitor conformance and conduct a full recertification audit every three years.

In British Columbia, there is often significant overlap between regulatory requirements and the requirements of SFI. However this does not mean that regulatory compliance will achieve SFI certification. For one, the SFI standard has some unique requirements such as landowner outreach, fibre sourcing and research that need to be assessed. However, more importantly there is a fundamental difference between regulatory compliance and SFI certification:

- Legislation sets minimum performance requirements and may provide tools to help achieve these.
- Voluntary standards, such as SFI, set requirements for continuous improvement in performance and set some systemic requirements to help achieve this.

The result of these differences is that regulation provides a static performance target based on conditions to be avoided while voluntary standards provide a dynamic performance target based on processes to improve performance over time. It is important for companies contemplating certification to understand this fundamental difference rather than attempting to rely on existing regulatory processes to achieve certification. 🐾

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