



2020 SFI Public Summary Report

Hampton Resources Inc.
Sustainable Forestry Initiative® (SFI) Fiber Sourcing Standard [2015-2019]
Sustainable Forestry Initiative® (SFI) Forest Management Standard [2015-2019]

Date: November 13, 2020

Project Scope and Objectives

PricewaterhouseCoopers LLP (PwC) completed a Recertification Assessment on Hampton Resources Inc.'s ("the Company" or "Hampton") Forest Management on their Babine and Decker Lake operations including Fibre Sourcing at the mills. The Lead Assessor was James Lucas, EMS (LA) and Sean Pledger, EMS (LA) was a second team member. The audit team was accompanied by Hampton's SFI Representative, Bonnie Jones (remote) and Doug Bysouth, Babine's EMS Manager.

The primary objective of the assessment was to assess the Company's SFI management system and to evaluate the Company's implementation of the SFI Standard in the field.

Client Profile

Hampton opened their first sawmill in Willamina, Oregon in 1942, initially to supply their lumber business in Tacoma, Washington. This expanded into a wholesale lumber business, Hampton Lumber Sales (HLS) in 1950. The company continued to grow, purchasing forestland and new manufacturing facilities, while fostering a commitment to people, community, and sustainability. Today those values are the heart of Hampton's company culture. Now a third-generation family-owned company, Hampton has grown to include ten sawmills in Oregon, Washington, and British Columbia with over 1,600 employees. In addition to the lumber produced at their mills, the wholesale business sells lumber throughout the U.S. and to customers world-wide.

Indicators

All of the indicators in the SFI Forest Management and Fiber Sourcing Standard were within the scope of the assessment, except for Objectives 11-13 for Fiber Sourcing were out of scope as the Company does not source logs from outside North America. There were no substitute indicators.

Assessment Process

On July 28th-30th, 2020, the assessment team conducted interviews and reviewed appropriate documentation to assess policies and procedures and tested the implementation of SFI program requirements at Hampton offices in Burns Lake, BC. Field assessments were conducted on sites northwest and south of Burns Lake. During the field assessments, a total of 10 harvest/roads sites were visited which included 3 active and 7 completed harvest sites, 5 sites with silviculture activity and 1 procurement site. In total, the audit team spent 3.5 days in the office and 2 days on-site for field assessments.

Hampton has a regional SFI Certification that includes procurement for sites in Tillamook, Willamina and Warrenton in Oregon; Morton, Randle and Darrington in Washington State; and in Burns Lake in British Columbia; as well as fee land management in Oregon and Washington, and public land management in British Columbia. PwC uses a rotational audit approach where the central office is audited annually and the sites are sampled on a rotating schedule that conforms to the International Accreditation Forum Inc.'s Mandatory Document 1.

Summary of Conformance, Findings, and Good Management Practices

A description of evidence used to assess conformity to the SFI 2015-2019 forest management standards are presented in the following table.

FOREST MANAGEMENT SFI 2015-2019

SFI Forest Management Objective	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>Evidence: <i>Hampton SFI Evidence Package, Interviews with Hampton staff at Babine & Decker Lake, Morice TSA FSP, GIS review, AAC Cut Control Report, SOP's and procedures</i></p> <p>Summary: Hampton's Babine Forest Products and Decker Lake Forest Products (collectively "Babine") harvest wood from a range of Provincial licenses in British Columbia. The forest level growth and yield modeling for these licenses is completed by the Province and Allowable Annual Cut ("AAC") is determined for each license. The Lakes Timber Supply Area ("TSA") finished its Timber Supply Review in the Fall of 2019. Harvest levels have fallen in the TSA due to mortality from Mountain Pine Beetle (from 1.65 million m³/yr to 970,000 m³/yr). Currently, Babine has four licenses in the Lakes TSA and also manages planning and operations for Chinook Community Forest. In 2020, Babine is within the fourth year of their current 5 year cut control period in the Lakes TSA. In the Kispixox Forest District, Babine owns two smaller licenses and manages operations there with one staff person and contract engineer.</p> <p>Hampton's Geographic Information System ("GIS") database is updated regularly, whenever there are announcements that specific layers are amended, and at regular intervals for tenure layers which change frequently. Part of their GIS dataset is an unstable terrain polygon. Hampton works with local stakeholders and addresses any concerns related to proposed harvesting operations.</p> <p>Documentation of forest practices occurs in several forms. Planning, harvesting and silvicultural processes are documented in site plans, logging plans, and inspection forms. Data that is collected in the field is then input into CENGEA - Resources, Babine's forest management system, which is then transmitted to the Ministry of Forests as required for permitting applications and site reforestation obligations.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>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.</p>	<p>Evidence: <i>Interviews with Hampton foresters and administrative staff. Hampton BFP SFI FM Evidence Package, Interview with Doug Bysouth, Morice FSP, 2020 planting summaries and RESULTS entries</i></p> <p>Summary: Forest Stewardship Plans ("FSP's") have target stocking standards which are legal requirements in Site Plan's ("SP's"). Babine generally plants the season after harvest and has been planting at a higher density and with a larger diversity of species to help address forest health concerns in the area. Records of reforestation including RESULTS reporting were reviewed in the office and planted harvest units from 2020 were reviewed in the field.</p> <p>Babine does not use chemicals but instead uses manual brushing to control deciduous competition (largely Aspen and Birch).</p> <p>Soils are detailed in SP's. During field work, soil pits are used to determine soil textures and soil hazard ratings are developed to help ensure soil conservation. The resulting hazard ratings are used to determine the appropriate season of logging and to inform logging contractors about the measures needed to protect soils during operations.</p> <p>All logging is clearcut with reserves. Required Reserve trees and/or areas are described in Babine's site specific Logging Plans. Loggers also make the choice (with guidance from Babine's EMS and SOP's) to leave additional structure behind including advanced</p>

	<p>regeneration, stubbed trees, piles, coarse woody debris & non-merchantable leave trees. The retention of deciduous (cottonwood, aspen and birch) and any trees with wildlife features is normal practice.</p> <p>Babine continues to harvest some Mountain Pine Beetle mortality but those trees have largely reached the end of their economic life. Spruce bark beetle and Pine rusts are the current focus of their forest health management program. Babine has gone from planting nearly pure Pine plantations 20 years ago to a higher mix of ecologically appropriate species to help build resiliency into stands, with close to 50% spruce seedlings being planted in 2020. Babine updates an annual Fire Plan as part of their Emergency Response Procedures.</p> <p>All trees from are from local nurseries and seed is Class A where available. The Provincial SPAR system ensures that the Provincial Chief Forester’s Standards for Seed Use are met during all reforestation activities.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></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>Evidence: <i>Hampton SFI Evidence Package, Interviews with Hampton staff at Babine & Decker Lake, SOP's and procedures including Babine’s Woodlands Operations Handbook, Site Plans and field inspections, pre-work reviews and annual staff & contractor training.</i></p> <p>Summary: Babine has an up to date GIS with all permanent water layers on it. During field layout any water feature is reviewed in the field and appropriate buffers are applied. Babine has a full Environmental Management System (“EMS”) with SOP's to guide both staff and contractors for protection of water resources during layout and operations. Training is done annually for EMS SOP's and pre-works are done on a block by block basis to ensure that foresters and contractors are aware of resource protection issues for each harvest unit. Active and completed harvest inspections ensure that water quality is protected in all phases of management activities.</p> <p>The program for roads and bridge management includes risk rating of roads and inspections on an interval basis (1-3 years). Structures (bridges & large culverts) are inspected on a regular basis and if inspections generate action items, they are addressed appropriately. The BFP Planned Major Structure Inspection list is kept up to date annually by Babine staff.</p> <p>Streams, wetlands and lakes within the operational areas are mapped and classified in Babine’s GIS in accordance with the classification system used in BC. Stream wetland and lake classifications are refined, as necessary, at the site level plan stage and after confirmation of classification in the field.</p> <p>Contractor management and EMS procedures including pre-works, active inspections and close outs for a number of harvest units were reviewed during the field assessment. Issues are generally addressed in a timely manner by Area Supervisors. Additional oversight is provided by the Logging Practices Inspection (“LPI”) program, a 3rd party review system for assessing their logging contractor’s performance to incentivize the use of best management practices. The program evaluates contractor: SFI awareness, safety, forestry regulations knowledge and BMP compliance, species at risk, invasive species and visual management knowledge.</p>
<p><i>One Nonconformity was identified relating to this performance measure. No Opportunities for Improvement were noted.</i></p> <ul style="list-style-type: none"> • Babine has an SOP for Field Operations which covers harvest unit close outs including installations of BMP’s (cross ditching or water bars) to ensure the maintenance of natural drainage patterns. During the field assessment, there were a number of closed out harvest units and one active unit where water bars/cross ditching should be installed to ensure proper water flow. 	
<p>Objective 4. Conservation of Biological Diversity</p>	<p>Evidence: <i>Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine’s Woodlands Operations Handbook, Site Plans</i></p>

<p>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 important sites.</p>	<p>Summary: Babine's forest development planning process includes consideration for Provincially set wildlife connectivity corridors, grizzly bear reserves, moose reserves, mule deer winter range and Old Growth Management Areas (“OGMA’s”). Babine’s FSP outlines how each area type is treated or avoided. The FSP also outlines buffers and retention strategies to promote wildlife and biodiversity at the stand level. Babine's Site Plans will specify the on the ground strategies for machine operators to be aware of. Examples from the field assessment were observed which included: retain 30 or greater stems /ha in riparian management zones; leave 1-2 piles/10ha consisting of harvest residue ranging in size from 5m³ to 12m³; and where practicable retain 20-30 stems/ha consisting of a combination of Spruce, Pine and Balsam regen and stub trees.</p> <p>Threatened and endangered species are listed in the Woodlands Operations Handbook. All field personnel are instructed to be on the lookout for these species. When identified, they will be incorporated in the SP and managed for, as per the Babine FSP.</p> <p>Ecologically important sites are identified by the crown and reserved in a series of protected area types which include, grizzly bear habitat areas, moose habitat areas, and mule deer winter range. When ecologically important sites such as riparian areas, bear dens or nesting features are identified in the field the information is communicated to Babine to be mapped and managed as per the FSP. This can include reserves or special management zones. These features may be communicated to the Crown if required by regulation or the FSP.</p> <p>Babine continues to participate in a study with UNBC and a local community forest evaluating the potential applications of LIDAR mapping. They have also begun using aerial drone technology operationally to improve efficiency of inspections and help identify special features. Babine accesses BC Forest Service research to be informed of any concerns relating to relevant vulnerable species and climate change. Babine emphasizes mix species planting to ensure stand resilience to potential invasive and native pests. On one harvest block, a mix of 4 species was planted and naturals of at least one other were identified. On other plantations visited the number of tree species found on site ranged from 3-5.</p>
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No Nonconformities or Opportunities for Improvement were identified related to this performance measure.

<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>Evidence: <i>Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine’s Woodlands Operations Handbook, Site Plans</i></p> <p>Summary: Babine has Provincial Visual Quality Objectives (“VQO’s”) for a variety of areas including Babine Lake, Highway 16 corridor and recreation sites across their operating areas. Babine complies with applicable laws and regulations regarding management of visual resources.</p> <p>Government direction to manage visual quality exists for the local area through legally mandated Sustainable Resource Management Planning processes, which, in turn are incorporated into Babine’s current FSP. Consistent with the FSP, visual management requirements are addressed in the block level site plans.</p> <p>Babine conforms to applicable laws and regulations and follows direction from Higher Level Planning processes regarding the size of clearcut harvest areas. Regulation limits clearcut size to 60 ha in the TSA, unless salvaging dead or dying timber in a Beetle Management Unit (“BMU”). Average block sizes may be legally exceeded for forest health and salvage, and to replicate opening sizes that would be created through natural disturbances provided for within the FSP. Babine is currently salvaging MPB and fire killed timber. Cut blocks can exceed 50 ha to facilitate the salvage of MPB damaged or fire salvage timber. Larger blocks are consistent with a disturbance regime dominated by fire and all block designs complies with legal requirements contained in the FPPR. Once salvage is completed, or no longer practicable in this BMU; or non-pine leading stands are chosen for harvest, regulation will limit clearcut sizes to 60 ha.</p>
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	<p>All Planned blocks and block design comply with the adjacency requirement detailed in the Forest Planning and Practices Regulations. Where green-up is required prior to adjacent development, green-up assessments are conducted by Babine based on the Standards set in Provincial guidelines for silviculture surveys and based on the green-up requirements for the respective objectives (hydrologic, visual, wildlife etc.) within the FSP.</p> <p>Forest and Resource Planning Act (“FRPA”) protected Recreation Sites and Trails have legal requirements embedded in the FSP. Road networks built and maintained by Babine facilitate hunting and fishing related opportunities. Site plans contain clauses, where appropriate, to minimize detrimental effects of harvesting and road construction on recreation opportunities when located near a recreation feature.</p> <p>Locally, Babine supports, through financial or in-kind means, recreational forest opportunities including: winter vehicle access to high use recreation sites, supporting the Lakes District Outdoor Society in its maintenance of local recreation sites, donating material and labour to the Burns Lake Snowmobile Club to maintain/enhance its forest trail network, and donating material to the Burns Lake Mountain Bike Club to maintain/ enhance its forest trail network.</p>
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No Nonconformities or Opportunities for Improvement were identified related to this performance measure.

<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>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine's Woodlands Operations Handbook, Site Plans, GIS review</p> <p>Summary: Special sites including First Nations (“FN”) sites were reviewed with Babine’s GIS analyst and planning staff. Babine manages special sites as per Provincial requirements and its own SFI procedures and sites are identified and managed for within Babine’s planning process. Special sites include wildlife features (nests, dens), sensitive ecological features (salt licks/wallows) as well as specific FN sites. Designated sites are delineated on maps for protection and if they are found in the field, they are communicated to the GIS analyst and added to GIS layer.</p> <p>All planned harvest areas are assessed for the existence of Cultural Heritage Resource (“CHR”) values through referral to the appropriate First Nation group with claimed traditional territory, review of known cultural heritage sites (Nadina District LARP Database) and review of cultural heritage predictive mapping to identify potential sites or high use areas. Where it is likely that cultural heritage potential exists on specific development areas, or where field work identifies potential site(s) Babine will initiate a Level 1 CHR survey, which is conducted by a qualified person such as an Archaeologist. Protection is assigned to a qualifying archaeological feature in accordance with the Heritage Conservation Act.</p> <p>Sites of ecological or geological significance (such as rare plants or plant communities) are described in Babine’s EMS and protected at the site level through the SPs.</p>
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No Nonconformities or Opportunities for Improvement were identified related to this performance measure.

<p>Objective 7. Efficient Use of Fiber Resources To minimize waste and ensure the efficient use of fiber resources.</p>	<p>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine's Woodlands Operations Handbook, Site Plans</p> <p>Summary: Babine makes substantial efforts to maximize log recovery in the field with the challenges that salvage logging provide. Onsite inspections review log quality and utilization. Babine works with Pinnacle Pellet to ensure that non-sawlogs make it to the Pinnacle facility adjacent to the mill where and when possible.</p>
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No Nonconformities and one Opportunity for Improvement was identified related to this performance measure.

- Babine is managing the Chinook Community Forest under its own EMS and SFI FM system. During the field assessment it was noted that Chinook is providing an opportunity for Pinnacle Pellets to access and grind slash

<p>piles on a number of completed harvest blocks. This is a good practice and is encouraged as it meets the intent of the SFI Standard under Objective 7. Babine may wish to consider discussing with Chinook how it ensures that when grinding operations are completed that all remaining residuals in piles are either dispersed or concentrated for burning to ensure sufficient plantable sites, and that all roads are returned to a close out state which meets the SOP for Field Operations.</p>	
<p>Objective 8. Recognize and Respect Indigenous Peoples' Rights To recognize and respect Indigenous Peoples' rights and traditional knowledge.</p>	<p>Evidence: <i>Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine's Woodlands Operations Handbook, Site Plans</i></p> <p>Summary: Hampton respects the rights of Indigenous Peoples and is committed to open communication about forest management practices so as to not compromise cultural significance of the land. Hampton's "Sustainable Forest Management Policy (July 2020)" specifically references Indigenous Peoples' rights.</p> <p>Babine has a long-standing business relationship with local First Nations through the Burns Lake Native Development Corporation ("BLNDC"); Babine was set up as, and still is, a joint venture with BLNDC as a minority partner. The Babine mill site is also located on Burns Lake Band Reserve Land. Development planning incorporates the input and traditional knowledge of local First Nations peoples. A program of information sharing is in place at Babine and is used to develop Results and Strategies contained within the FSP, and all proposed development is referred to applicable First Nations groups.</p> <p>Forest, Lands, Natural Resource Operations, and Rural Development ("FLNRORD") has a current inventory of culturally important sites that development proposals are assessed against. Where assessment is undertaken by First Nation and information is provided by First Nation then that assessment becomes information on First Nation interest areas that Babine considers in planning. Based on interaction and recommendation of First Nation, management strategies that are necessary to protect the cultural and archaeological resource values are specified in the Site Plans.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 9. Legal and Regulatory Compliance To comply with applicable federal, provincial, state, and local laws and regulations.</p>	<p>Evidence: <i>Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine's Woodlands Operations Handbook, Site Plans</i></p> <p>Summary: Babine maintains updated regulatory information through a number of sources: District Licensee Committee meetings, Council of Forest Industries legal updates and Western Canadian SFI Implementation Committee ("WCSIC") meetings. The clients contacts responsible for communication for each organization is then responsible for reporting to others and ensuring required procedural updates are addressed. A recent example is new Government Action Regulation ("GAR") orders pertaining to wildlife habitat areas being added to in the region. Babine also has access to Quickscribe for maintaining current access to legislation.</p> <p>Hampton's SFI policy statement commits to complying with social laws and labour laws including the International Labor Organization ("ILO") core conventions.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 10. Forestry Research, Science and Technology To invest in forestry research, science and technology, upon which sustainable forest management decisions</p>	<p>Evidence: <i>Interviews with Hampton staff at Babine and Decker Lake, 2020 Babine Forest Products SFI Evidence Package, Babine 2020 Woodlands Operations Handbook.</i></p> <p>Summary: Babine is supporting a number of current research projects including the purchase and analysis of Lidar at Chinook Community Forest, ongoing fertilization projects, reviewing stocking changes for climate change including larch and Douglas fir planting, ongoing rust resistance research and reviewing the WCSIC program for migratory birds.</p>

<p>are based and broaden the awareness of climate change impacts on forests, wildlife and biological diversity.</p>	<p>Babine supports and participates in the WCSIC and a number of governmental, and non-governmental, entities to maintain and improve their sustainable forestry program. Examples include the Council of Forest Industries, the Forest Licensee Committee, the Operational Issues Forum, the Regional District of Bulkley-Nechako Forestry Forum and the Northern Silviculture Committee.</p> <p>Hampton does not provide funding for nor participate in genetically engineered tree research, nor are there efforts to deploy any kind of genetically engineered stock on Hampton owned or managed land.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 11. Training and Education To improve the implementation of sustainable forestry practices through appropriate training and education programs.</p>	<p>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine's Woodlands Operations Handbook, Site Plans</p> <p>Summary: It is the policy of Hampton to manage its timberlands in conformance with the Sustainable Forestry Initiative's ("SFI") standard and to communicate this commitment throughout the Company. Hampton's land management and SFI Policy Manual are developed to meet the SFI standard. Roles and responsibilities of woodlands staff are detailed in Babine's EMS with respect to the SFI standard. This is primarily through the functioning of the Training, Awareness and Competence Procedure which is outlined Babine's EMS procedures. Contractor training sessions are conducted annually. All Babine contractors were there and topics covered included: safety, log yard deliveries, EMS overview. Additionally, all contractors have pre-works for each harvest unit or roads activity and all contractors have BFP EMS Handbooks.</p> <p>Doug Bysouth is BFP's participant in the WCSIC. The WCSIC have a specified a program to meet the Qualified Logging Professional ("QLP") standard and BFP trains loggers on their EMS and other procedures to meet the requirements and conducts the LPI audits to assess conformance.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></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>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine's Woodlands Operations Handbook, Site Plans</p> <p>Summary: Babine, as part of the WCSIC, supports the development of educational materials through the extension work of the WCSIC. These efforts include its Small Woodlands Partnership Outreach program (links to Federation of BC Woodlot Associations, Private Forest Landowners Association ("PFLA"), and Forum for Research and Extension in Natural Resources ("FORREX")). Babine, as part of the WCSIC, provides information to landowners via the WCSIC Wood Purchase Information Package (EM-420), as well as, through the WCSIC website.</p> <p>Babine is actively involved with determining the clear designation of protected areas in the form of Mature Forest Retention Areas, OGMA's, Protected Areas, Wildlife Tree Patches, cultural reserves, wildlife management areas. These areas have developed from historic government, and public-government, higher level planning processes , and have been implemented through current GAR and Sustainable Resource Management Plan ("SRMP") processes.</p> <p>Babine participates in the Lands and Resource Management Plan tables in conjunction with government and local stakeholders. Higher level plans, landscape level plans, and site level plans address non-timber issues. Knowledge is transferred to participants through plans and documents which demand compliance and/or conformance. Transfer is completed at various stages not limited to the operational pre-work meeting.</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>Babine’s EMS contains a Communication policy that describes responsibilities for processing communications and tracks communications received from the public and summarizes how they were dealt with.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 13. Public Land Management Responsibilities To participate and implement sustainable forest management on public lands.</p>	<p>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine’s Woodlands Operations Handbook, Site Plans</p> <p>Summary: Babine participates in regular District Licensee Committee meetings where active land managers engage with the Crown on any issues or upcoming changes to the forest harvest land base. Babine has regular contact with a range of First Nations, recreation groups and landowners concerning their operational plans. The Ministry of Forests provides an initial list of local stakeholders, which Babine has updated. If Babine is operating in close proximity to private property they will provide information to those whom are impacted.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 14. Communications and Public Reporting To increase transparency and to annually report progress on conformance with the SFI 2015-2019 Forest Management Standard.</p>	<p>Evidence: Annual SFI Public Summary Report, Hampton SFI Annual Report</p> <p>Summary: A public summary report is prepared by PwC as part of the audit and submitted to SFI for posting on its website.</p> <p>Annual reports are submitted to SFI as required and records and past reports maintained. Hampton prepares and submits the Annual SFI Survey by the end of March. Their US and Canadian operations both maintain the required data for the SFI annual submissions. And they maintain previous copies of their survey submissions on file.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></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>Evidence: Interviews with Hampton foresters and administrative staff. Review of SFI Evidence Package, US and Canadian Internal Audit Reports, and Management Review meeting minutes.</p> <p>Summary: Hampton has a few methods for ensuring Continual Improvement throughout the organization, including annual review of their SFI evidence package, annual internal audits, and management review meetings at least once per year.</p> <p>Reports are generated from annual production/activities data, and internal and external audits, which are then review with top management. Internal audits cover all aspects of the SFI Standard over a three year span and covers all Hampton US and Canadian operations. The US and Canadian operations are audited independently.</p> <p>Opportunities for this review occur at quarterly board meetings where any recent findings will be discussed. Annual Resource Department meetings for the US operations took place at various times in the Winter while the annual review for the Canadian operations took place in Summer of 2020.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	

FIBER SOURCING SFI 2015-2019

SFI Fiber Sourcing Objective	Evidence of Conformity
<p>Objective 1. Biodiversity in Fiber Sourcing To address the practice of sustainable forestry by conserving biological diversity.</p>	<p><i>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Reviewed procurement data/contracts Babine log supplier list, WCISC Risk Assessment form, Babine Log Purchase Agreements and Log Supply Agreement</i></p> <p>The Environmental Coordinator periodically checks NatureServe and CITES sites for updates on biodiversity/conservation issues as part of regular EMS and DDS monitoring. Information from local SRMP(s) and Wildlife Habitat Areas (“WHA”)/Government Action Regulation (GAR) Orders detail protection requirements for Rare, Endangered and Protected ecosystems, species and areas; this information is also used for the local area.</p> <p>Government processes, such as SRMP process and the WHA assessments, detail assessment and protection requirements for Rare, Endangered and Protected plants, animals and ecosystems, which forms the basis for Babine’s Species of Concern SOP and Handbooks. Babine is involved with government in planning and setting these land use objectives through various processes, such as through the Forest and Range Evaluation Program (“FREP”) and the Nadina Forest Licensee Committee. As mentioned in 1.1.1 b. above, Babine’s EMS contains a program for protecting imperiled species, such as Whitebark Pine, in the Species of Concern SOP. These forms the basis for the conservation of biological diversity elements of the EM-0420 Handbooks that are provided to Wood Suppliers.</p>
<p><i>No Nonconformities and one Opportunity for Improvement was identified related to this performance measure.</i></p> <ul style="list-style-type: none"> Hampton has a risk assessment process and uses supplier assertions contained within the log purchase agreement to ensure high conservation value forests are not over harvested. Babine has a contract with one harvesting contractor which is appended when new small-scale harvest sites are identified. When the new sites are added, a risk assessment is not necessarily completed for each subsequent location. This process could be reevaluated to ensure a risk assessment is performed on any new suppliers which may not be sourced directly by Babine staff. 	
<p>Objective 2. Adherence to Best Management Practices To broaden the practice of sustainable forestry through the use of best management practices to protect water quality.</p>	<p><i>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Reviewed procurement data/contracts Babine log supplier list, WCISC Risk Assessment form, Babine Log Purchase Agreements and Log Supply Agreement</i></p> <p>Babine currently sources most of its procured wood from the BC Timber Sales (“BCTS”) program, which is SFI Certified in the local area. BCTS has a corporate EMS, which helps meet their certification requirements. For wood procured from other sources, Babine maintains a PEFC Certified Chain of Custody (“CoC”) system, and a significant part of that system is the EM-0409 PEFC Due Diligence System (“DDS”) Risk Assessment process. Parts of that assessment process is the exclusion of controversial sources, the use of EM-0085 Procurement Log Buyer SOP and the Procurement Wood Risk Assessment Process; all of which help ensure that harvesting operations meet BMP’s. BFP’s log buyer, does conduct inspections of stumpage operations including where BFP has hired the logger directly.</p> <p>Babine uses a written purchase wood agreement includes clauses on environmental protection (compliance with governmental regulation - section 19) and ties to Babine’s EMS (schedule listing), including the use of Babine’s Purchase Wood Information Package. Babine also has policy/procedures related to wood procurement (SOP EM-0085) used by the Log Buyer.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 3. Use of Qualified Resource and Qualified Logging Professionals</p>	<p><i>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Reviewed procurement data/contracts Babine log supplier list, WCISC Risk Assessment form, Babine Log Purchase Agreements and Log Supply Agreement</i></p>

<p>To encourage forest landowners to utilize the services of qualified logging professionals, certified logging professionals (where available) and qualified resource professionals.</p>	<p>There are currently no certified logging professionals in this part of BC, nor a program in place to promote it. Babine maintains a program to ensure that logging contractors are qualified through the interaction of requirements in its logging contracts, Babine’s EMS and the WCSIC SFI Training Policy. Periodic inspections of harvest and road building operations and evaluation procedures are used to assess competency. Resource professionals are qualified through their appropriate professional designations and Babine’s professional services contracts detail job specific requirements that must be met prior to employment.</p> <p>Babine maintains a list of qualified logging (and other) contractors in its Contractor Evaluation Ledger as part of its EMS program, but not all potential purchase wood logging contractors are on that list (many small landowners prefer to harvest their areas themselves). The BC Forest Safety Council also maintains a list of Safe Certified logging contractors. Wood sourced from Babine’s Licenses and BC Timber Sales is harvested by Safe Certified contractors.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 4. Legal and Regulatory Compliance To comply with applicable federal, provincial, state and local laws and regulations.</p>	<p>Evidence: <i>Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine’s Woodlands Operations Handbook, Site Plans</i></p> <p>Summary: Babine maintains updated regulatory information through a number of sources: District Licensee Committee meetings, Council of Forest Industries legal updates and Western Canadian SFI Implementation Committee (“WCSIC”) meetings. The clients contact(s) responsible for communication for each organization is then responsible for reporting to others and ensuring required procedural updates are addressed. A recent example is new Government Action Regulation (“GAR”) orders pertaining to wildlife habitat areas being added to in the region. Babine also has access to Quickscribe for maintaining current access to legislation.</p> <p>Hampton’s SFI policy statement commits to complying with social laws and labour laws including the International Labor Organization (“ILO”) core conventions.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 5. 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>Evidence: <i>Interviews with Hampton staff at Babine and Decker Lake, 2020 Babine Forest Products SFI Evidence Package, Babine 2020 Woodlands Operations Handbook.</i></p> <p>Summary: Babine is supporting a number of current research projects including the purchase and analysis of Lidar at Chinook Community Forest, ongoing fertilization projects, reviewing stocking changes for climate change including larch and Douglas fir planting, ongoing rust resistance research and reviewing the WCSIC program for migratory birds.</p> <p>Babine supports and participates in the WCSIC and also supports and participates in a number of governmental, and non-governmental, entities to support its sustainable forestry programs. Examples include the Council of Forest Industries, the Forest Licensee Committee, the Operational Issues Forum, the Regional District of Bulkley-Nechako Forestry Forum and the Northern Silviculture Committee.</p> <p>Hampton does not provide funding for nor participate in genetically engineered tree research, nor are there efforts to deploy any kind of genetically engineered stock on Hampton owned or managed land.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 6. Training and Education To improve the implementation of sustainable forestry practices through</p>	<p>Evidence: <i>Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine’s Woodlands Operations Handbook, Site Plans</i></p> <p>Summary: It is the policy of Hampton to manage its timberlands in conformance with the Sustainable Forestry Initiative’s (“SFI”) standard and to communicate this commitment</p>

<p>appropriate training and education programs.</p>	<p>throughout the Company. Hampton’s land management and SFI Policy Manual are developed to meet the SFI standard. Roles and responsibilities of woodlands staff are detailed in Babine’s EMS with respect to the SFI standard. This is primarily through the functioning of the Training, Awareness and Competence Procedure which is outlined Babine’s EMS procedures. Contractor training sessions are conducted annually. All Babine contractors were in attendance and topics covered included: safety, log yard deliveries, EMS overview. Additionally, all contractors have pre-works for each harvest unit or roads activity and all contractors have Babine EMS Handbooks.</p> <p>Doug Bysouth is Babine’s participant in the WCSIC. The WCSIC have a specified a program to meet the Qualified Logging Professional (“QLP”) standard and Babine trains loggers on their EMS and other procedures to meet the requirements and conducts the LPI audits to assess conformance.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 7. 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>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine’s Woodlands Operations Handbook, Site Plans</p> <p>Summary: Babine, as part of the WCSIC, supports the development of educational materials through the extension work of the WCSIC. These efforts include its Small Woodlands Partnership Outreach program (links to Federation of BC Woodlot Associations, Private Forest Landowners Association (“PFLA”), and Forum for Research and Extension in Natural Resources (“FORREX”). Babine, as part of the WCSIC, provides information to landowners via the WCSIC Wood Purchase Information Package (EM-420), as well as, through the WCSIC website.</p> <p>Babine is actively involved with determining the clear designation of protected areas in the form of Mature Forest Retention Areas, OGMA’s, Protected Areas, Wildlife Tree Patches, cultural reserves, wildlife management areas. These areas have developed from historic government, and public-government, higher level planning processes, and have been implemented through current GAR and Sustainable Resource Management Plan (“SRMP”) processes.</p> <p>Babine participates in the Lands and Resource Management Plan tables in conjunction with government and local stakeholders. Higher level plans, landscape level plans, and site level plans address non-timber issues. Knowledge is transferred to participants through plans and documents which demand compliance and/or conformance. Transfer is completed at various stages not limited to the operational pre-work meeting.</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>Babine’s EMS contains a Communication policy that describes responsibilities for processing communications and tracks communications received from the public and summarizes how they were dealt with.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 8. Public Land Management Responsibilities To participate and implement sustainable forest management on public lands.</p>	<p>Evidence: Hampton SFI Evidence Package, Interviews with Hampton staff at Babine and Decker Lake, Babine FSP, SOP's and procedures including Babine’s Woodlands Operations Handbook, Site Plans</p> <p>Summary: Babine participates in regular District Licensee Committee meetings where active land mangers engage with the Crown on any issues or upcoming changes to the forest harvest land base. Babine has regular contact with a range of First Nations, recreation groups and landowners concerning their operational plans. The Ministry of Forests provides an initial list of local stakeholders, which Babine has updated. If Babine is operating in close proximity to private property, they will provide information to those whom are impacted.</p>

<p>Objective 9. Communications and Public Reporting To increase transparency and to annually report progress on conformance with the SFI Fiber Sourcing Standard.</p>	<p>Evidence: Annual SFI Public Summary Report, Hampton SFI Annual Report</p> <p>Summary: A public summary report is prepared by PwC as part of the audit and submitted to SFI for posting on its website.</p> <p>Annual reports are submitted to SFI as required and records and past reports maintained. Hampton prepares and submits the Annual SFI Survey by the end of March. Their US and Canadian operations both maintain the required data for the SFI annual submissions, and they maintain previous copies of their survey submissions on file.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	
<p>Objective 10. 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>Evidence: Interviews with Hampton foresters and administrative staff. Review of SFI Evidence Package, US and Canadian Internal Audit Reports, and Management Review meeting minutes.</p> <p>Summary: Hampton has a few methods for ensuring Continual Improvement throughout the organization, including annual review of their SFI evidence package, annual internal audits, and management review meetings at least once per year.</p> <p>Reports are generated from annual production/activities data, and internal and external audits, which are then review with top management. Internal audits cover all aspects of the SFI Standard over a three-year span and covers all Hampton US and Canadian operations. The US and Canadian operations are audited independently. Opportunities for this review occur at quarterly board meetings where any recent findings will be discussed. Annual Resource Department meetings for the US operations took place at various times in the Winter while the annual review for the Canadian operations took place in Summer of 2020.</p>
<p><i>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</i></p>	

Specific Good management practices are noted below:

- Lidar data has been collected for the Chinook Community Forest and is being used to improve/update the forest inventory.
- Babine woodlands staff have received drone pilot training and they’ve begun using them for a range of silviculture assessments and reconnaissance flights.
- Babine’s Logging Practices Inspection (“LPI”) program has been effective in maintaining contractor compliance with Best Management Practices.
- Three or more species are planted in many of Babine’s blocks helping create a more diverse and resilient forest.
- Babine has begun using the Climate Based Seed Transfer system to provide a greater range in seed stock options for their planting program.
- Health and Safety procedures for the log yard have been updated in response to COVID-19, eliminating physical contact between scalers and truck drivers.
- Spring decking and satellite yards are used to keep truckers employed for a greater number of months, helping Babine retain drivers.

Conclusion

Hampton has maintained conformance with the requirements of the Sustainable Forestry Initiative Fiber Sourcing Standard [2015-2019] / Sustainable Forestry Initiative Forest Management Standard [2015-2019]. The Certificate can be obtained by contacting Mark Vroman of Hampton Resources Inc. at 503-365-8400. More information on Company’s sustainable forestry program can be found at: <http://www.hamptonlumber.com/>.