



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

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PQC Code	E01E-Forestry, logging related					
Contract Number	US.1766366					

Certification Audit:	x	Re-Certification Audit:		Surveillance Audit:	#	Scope extension audit:	
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### Audit Summary

#### Introduction

This report provides a summary of the initial Sustainable Forestry Initiative (SFI) audit of the Spray Lake Sawmill's (SLS) forest management operations in Cochrane, Alberta. This SFI audit was conducted in parallel with a Forest Stewardship Council (FSC) Forest Management Surveillance Audit. SLS has been FSC certified since 2013.

The audit was conducted on August 18-21, 2015. Craig Howard, RPF, conducted the audit on behalf of Bureau Veritas Certification. He was assisted by Sarah Bros, RPF, and Kandyd Szuba, PhD, RPF (Ecologist).

#### Audit Scope, Objectives and Process

The scope of the audit was forest and land management activities conducted by Spray Lake Sawmills Ltd. on 337,447 hectares of Crown forest lands in the foothills of southern Alberta. This forest is on Crown (public) lands in Alberta where the Province of Alberta has given the forest management responsibilities to Spray Lake Sawmills. The area is very close to the City of Calgary and is a designated mixed use area including oil and gas development, cattle grazing, recreation and tourism.

The objectives of the audit were to review Spray Lake Sawmill's SFI program documentation in accordance with the requirements of the SFI 2015-2019 Standard and verify the effective implementation of the SFI program. Specifically, two objectives of the audit were to:

1. Verify that the Program Participant's SFI Program is in conformance with the SFI Objectives, Performance Measures, and Indicators, and
2. Verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground.

The audit assessed conformance against the fifteen SFI Program Objectives in the 2015 Standard. All performance measures and all applicable indicators were assessed within each Objective. There were no substitutions or modifications of SFI indicators.

Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the most recent version of the Bureau Veritas Certification SFI Auditor Handbook available on the auditor access website.

### **Audit Plan**

A copy of the audit plan was distributed to the Company on August 11, 2015. A copy of the audit plan has been appended to this report.

### **Company Information**

Spray Lake Sawmills is a softwood sawmill in Cochrane, Alberta which was established in 1943. The Company obtains its timber supply from Forest Management Agreement Area 0100038 and from the C5 Quota licenses with the Alberta Government.

The Company is privately owned by the Company president, supported by a general manager and six managers covering Woodlands, Operations, Human Resources and Environmental Health and Safety, Chief Financial Officer, Top Spray, and Sales.

### **Audit Results**

The audit includes a review of supporting documentation pertaining to Objectives 1-15 in the SFI Standard. This information was well organized and showed a high level of conformance to the requirements of the Standards. The auditors' visited over 28 sites that were the subject of either current or recent harvest, road construction, road reclamation, site preparation and or renewal activities.

In many cases, the auditors were able to evaluate performance against more than one activity on a block. For example, a site that had been harvested two years ago normally presented an opportunity to inspect harvest, site preparations, water crossings, road rehabilitation, and HCV protection. Seven blocks inspected had been specifically identified to the auditors by stakeholders primarily rural residential landowners and or local environmental groups. In summary form, the specific features evaluated by the auditors are as follows:

- Harvest – 18 sites
- Site Preparation – 8 sites
- Renewal – 7 sites
- Roads – 8
- Water crossings – 18
- Recreational Trails – 5
- Rutting – 2
- Stakeholder request – 7
- HCV Protection – 2
- Harvest Plan – 5

The audit also included extensive consultation with stakeholders. This included approximately 8 hours of open houses or group meetings, mailed in responses and direct interviews with one First Nation representative. The auditors also interviewed most Spray Lake staff that had responsibilities for the forest management program.

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

The Company's Detailed Forest Management Plan (DFMP) is comprehensive. It is based on a robust forest inventory and includes direction on long term wood and wildlife habitat supply under several different scenarios. The DFMP has been supplemented by the High Conservation Value Forest (HCVF) and Pre Industrial Condition (PIC) Reports, prepared in support of the Company's FSC certification which updates key ecological assessments.

The Annual Allowable Cut is determined during the DFMP process. A detailed analysis is undertaken that examines a range of scenarios with the best information available (including a new forest inventory). The land base is netted down to the operable land base with reserves removed. The AAC once established is then reduced by an additional 7.5% to account for other values beyond those already accounted for.

The five-year stewardship report shows an actual harvest between 2007 and 2012 of 878,974 m<sup>3</sup> measured against calculated AAC of 1,595,715 m<sup>3</sup> or a harvest level of about 55% of the total available volume allocated. The DFMP, HCV, PIC and 5 year stewardship reports are all available on line at the Company website.

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

The reforestation program is well designed and effectively implemented. Natural regeneration is supported by stump side processing with subsequent release of well dispersed seed on site. 100% of harvested blocks are replanted.

The Company has an ongoing monitoring program to assess regeneration success. The auditors were taken to one block that required replanting in 2015. No herbicides are used by the Company on the forest and there has been no use of pesticides.

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

The Company must adhere to government approved Operating Ground Rules (OGR's) for all forest operations, including planning harvesting and reforestation . The Operating Ground Rules are also designed to protect stream and water sources, prevent soil compaction and erosion.

During the audit of the certified area in 2015, the auditors recorded observations of 18 stream crossings and three cases of ephemeral flow. During the 2014 audit, a total of 19 stream crossings were also observed, including two inhabited by Westslope cutthroat trout. With one exception, all of the crossings examined by the auditors in the certified area appeared to be well done and functioning.

The SLS total road reclamation process includes ripping subgrade, replacing the fill slope to match natural contours, replacing topsoil and placing coarse woody debris and vegetation on the reclaimed surface.

OGR 11.3.3 addresses measures to be used to prevent soil erosion and minimize sedimentation into water courses. During the field visit, one water course crossing approach was observed where road fill and ditch material was eroding and passing over a failed filter barrier. The material was transporting into a forested filtration zone and not reaching the water course (figure 1). However the steepness of the stream crossing approach is not consistent with conventional best management practices.

Adjacent to this crossing is a natural bared area with erosive soils delivering sediment to the stream along with an old existing ATV trail that is also delivering sediment to the stream. The recreational ATV trail was in place prior to the temporary SLS road and is outside of the Company's control. The auditors note that although the silt fence was compromised, no sediment was observed to have reached the creek as a result of SLS activities.

The auditors also note that the creek was not a fish bearing stream. Given the temporary category of the road, it is expected that the road itself will be completely removed and rehabilitated in 2016. However an opportunity for improvement was issued as the crossing itself has very steep approaches, increasing the risk of sediment delivery (**OFI 2015-1**).



*Figure 1. Filter fabric in this situation was not effective. Maintenance of the crossing appeared to have been compromised by ATV use. OFI 2015-1 was issued. Most water crossings were very well done, as exemplified by the second photo above.*

A nearby resident stakeholder comment expressed concerns with soil disturbance. Seven blocks were included in the sample of sites inspected by the auditors in response to these comments. Soil disturbance was noted on one site (rutting). All of the other concerns investigated during the field visit did not show evidence of site disturbance. In fact, the Company's efforts to rehabilitate harvest roads was among the most impressive witnessed by the audit team. A notable practice was issued in this regards.

The OGR's contain procedures and instructions for tree retention. Field visits during the audit indicate vigorous trees are being left in harvest operations lowland sites and hardwood sites consistent with silvicultural standards.

Interviews with harvest supervisors confirm roads, bridges and water crossing are removed within two years following harvest. Field visits confirm an active roads removal program that returns the landscape to original slopes and renders in-block roads effectively inaccessible. The roads rehabilitation program is very well done, and is amongst the most effective the audit team has

witnessed anywhere.

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

SLS maintains a comprehensive program to conserve biological diversity at both the stand and landscape scales, through planning, implementation, and monitoring. The program is guided by the requirements of the FMA, the Alberta Forest Management Planning Standard (2006), and the SLS and CO5 Operating Ground Rules (May 2012). SLS has made additional efforts through their FSC certification process.

Site inspections confirmed that SLS contractors retained snags and living wildlife trees on all harvested areas. There is abundant coarse woody material of all species present (pine, poplar spruce) because harvesting is done via processing at the stump. Stumps are not extracted.

There are provincial recovery plans in place for species at risk which occur on the FMA, including:

- Alberta Grizzly Bear Recovery Plan (July 2008)
- Alberta West Slope Cutthroat Trout Recovery Team Update (April 2009)
- Alberta Whitebark Pine/Limber Pine Recovery Team Update (March 2009).

The Operating Ground Rules for the DFMP indicate where changes need to be made to operations to comply with recovery plans. SLS is co-operating in the implementation of all of these plans, as indicated by the management and monitoring strategies outlined in the Company's HCVF report.

Staff also explained that a plan produced by Environment Canada for the Bird Conservation Region in which the SLS FMA is located (BCR 10 - Northern Rockies) also exists, and illustrated how it has been assessed by SLS for applicability to their FMA.

All known occurrences of species of concern are mapped. An annual download of sensitive sites and species occurrences is received by SLS from the Alberta Government to ensure the information remains current. All occurrences of species of concern are taken into account during planning and implementation, and managed appropriately. Examples follow.

- 1) A report prepared for SLS by professional biologists accompanies the DFMP (Kansas and Collister 2004 "Projecting effects of timber harvest scenarios on vegetation and wildlife habitat"). It assesses the impact of two different harvesting scenarios on the long term supply of the habitat types (habitat units) recognized on the FMA and several individual species, including some Species at Risk (SAR). It reveals that the selected management strategy will not reduce the supply of key habitat types.
- 2) The SLS HCVF report explains how sensitive values (plants, animals, concentrations of values, special sites) are provided for and monitored during the course of forest management planning and implementation.
- 3) Site visits and interviews with field workers suggested that values were well-protected. Operators had general awareness of SAR and sensitive species and would stop work and report sightings to supervisors if a SAR or rare species were encountered. Cut blocks are walked before harvesting by both SLS and the contractor, increasing the likelihood that unmapped values will be found and appropriate precautions taken (Figure 2).



Figure 2. Douglas Fir - a sensitive range-edge species is retained wherever possible.

4) Through their FSC Gap Analysis process, SLS identified concentrations of biodiversity values where harvesting has been deferred.

One block bordered an active nesting area for swans that was not initially identified by the Government or the Company. This was brought to their attention by a group of local residents. The nesting activity was verified and a significant buffer zone was established.

A detailed system of water body classification is described in the Operating Ground Rules for the FMA and the C5 quota. Wetlands and water bodies are mapped.

SLS has a comprehensive program in place to protect species at risk, sensitive species, and special sites. There are no critically imperiled or imperiled species in the areas subject to forest management on the FMA. Old growth is common on the active and passive portions of the forested landscape.

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

The OGRs and DFMP require SLS to take visual quality and impacts on recreational benefits into account during planning and implementation. Company work is consistent with the indicators under this objective.

SLS completed an analysis of natural disturbances in the pre-industrial period in the region. Using fire mapping (1930-1950) and fire model simulations, Rogeau (2013) concluded that the vast majority of natural fires in the region were greater than 100 ha in size.

Therefore, current OGRs and the SFI Standard that limit disturbance sizes to 100 ha are inconsistent with the natural ecological conditions in this area. This may be important to some wildlife. For that

reason, SLS has been attempting to adjust the placement of cutblocks to achieve a more natural landscape pattern.

Two days of site visits in 2015 confirmed that disturbance patches caused by forest harvesting are not excessively large or a negative ecological issue on this landscape. In the opinion of the auditor, since the landscape contains many natural meadows, the visual appearance of cutblocks from a distance is greatly mitigated.

SLS contractors process harvested trees at the stump - this eliminates slash piles, burning and most landings. SLS has an effective program of road decommissioning in place, which results in the removal of old in-block roads and creates an aesthetically appealing landscape.

The forest management area is located in a region where portions of the forest are important for motorized and non-motorized recreation. The Alberta government regulates land use in the province and SLS complies with those land use decisions. SLS hosts collaborative planning sessions, annual open houses and periodic workshops to engage various stakeholder groups such as the general public, recreationists, and neighboring residents. First Nations are invited to all of the aforementioned consultation opportunities; however SLS has separate First Nation Consultation program regulated by the Province of Alberta.

The Company's planning maps indicate parks, private land, trails, wildlife values, cultural values, and many other features. It was confirmed in the field at numerous equestrian, hiking, biking, and all-terrain vehicle trails that SLS strives to ensure that the safety of designated trails in or near cut blocks and hauling roads is not compromised by forest management activity.

In the field the auditor observed a 1 km stretch of trail constructed by SLS for other users at their own expense, and areas where extra gravel had been installed where trails crossed hauling roads.

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

During development of the DFMP and HCVF reports, SLS identified a wide variety of special sites that require site specific management plans. The specific management approaches are outlined in the DFMP and HCVF documents. SLS also participated in a regional protected areas gap analysis to identify new protected areas, and conducted its own protected areas gap analysis; both of these efforts resulted in the identification of new potential protected areas.

The Company's database of values is extensive. The HCVF report contains lists of rare and sensitive species and their occurrences in the FMA. The list of sensitive species and sites is updated annually with information supplied by the government of Alberta through the Alberta Conservation Management Information System.

The Company's planning maps indicate slopes, parks, private land, trails, wildlife values, cultural values, and many other features. Cultural sites are identified in the government's Alberta Cultural and Community Spirit database. Requirements for protection are outlined in the OGRs.

The FMA/B9 Quota Area is located in a region where provincial parks, national parks, and other conservation areas cover a significant portion of the landscape. For example, in the area covered by the Protected Area Gap Analysis, about 37% of the area is formally protected. This does not include lands immediately adjacent to the Regional Assessment Area where Banff National Park occurs.

SLS has a long history of participation in initiatives to identify new parks and protected areas in the

region. Examples are the "Special Places 2000" program of the Alberta Government, and more recently the "South Saskatchewan Regional Land Use Plan" (SSRP). During the earlier process, SLS voluntarily contributed 18,889 ha of its timber quota area for incorporation into Sheep River Provincial Park and Bluerock Wildland Provincial Park, two areas that helped to fill the province's lower elevation protected area targets.

During the recent SSRP process, an SLS staff member was a member of the Regional Advisory Council (RAC). The RAC used protected area gap analysis methods to nominate nine conservation areas, including two within or immediately adjacent to the FMA. SLS deferred management activities in these areas.

For their own Protected Areas Gap Analysis, SLS used a regional assessment area (RAA) larger than the FMA/Quota area, encompassing 7 natural sub regions identified by the province and in and adjacent to the FMA. This is a logical and rational way to assess gaps that can make meaningful contributions to the conservation of biological diversity in the region.

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

The Alberta Environment and Parks (AEP) Forest Operations Monitoring Program (FOMP) conducts regular compliance inspections and enforcement on all harvest operations. AEP maintains a website identifying infractions under the Forests and or Public Lands Act. There have been no infractions against Spray Lake in the past two years.

Hardwood and conifer mixedwood stands represent approximately 12% of the FMA area. Interviews and field visit confirmed SLS does not harvest hardwood except to access conifer trees or in construction of road. Hardwood is used in box culverts (native timber bridges) or as corduroy. No compliance issues were noted with respect to utilization during 2015.

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

Spray Lake has a written policy that recognizes indigenous people's rights, the need for communication and the promotion of economic opportunities within SLS's control. The Company maintains a First Nation communication log which is submitted annually to the Alberta Government for review and approval as required by Alberta's First Nations Consultation Policy.

SLS has a dedicated staff that is responsible for ongoing communication efforts with indigenous communities with interests on forest area. SLS staff recently attended an aboriginal cultural awareness training put on by Stoney Nakoda Nation (SNN). The OGR's contain measures to protect identified indigenous communities' values. An interview with a representative from SNN indicated some level of dissatisfaction with efforts by the Company to protect values on a previous harvest program dating back to 2011.

Particular to this concern, SLS records indicate over 21 communication exchanges between the Company and SNN where the Company was trying to reach agreement and learn where the special sites were in order to protect them. The block identified of interest by the SNN was voluntarily deferred by SLS for 2.5 years, to provide additional time for the SNN to specify value areas needing protection.

The auditors note that the SNN did not, when given the opportunity by the Company, identify specific values areas or values within this blocks that were of concern. Communications with the SNN are ongoing. The auditors note that this took place prior to the Company participation in the SFI program.

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

The Company has a comprehensive list of applicable laws and regulations that apply to its forest management and operations. These are supported by the Company's management planning process, operational compliance program, and to a lesser extent, government compliance inspections.

The auditors inspected over 28 sites which all appeared to be in compliance with legal regulatory requirements. Two out of 18 water course crossings inspected had some minor issues. All other sites had functioning protection measures for soils and water resources. Road rehabilitation and stream crossings were particularly well done.

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

SLS has made a commitment to follow an adaptive management model in the planning and implementation of its forest management activities on the FMA. Consistent with that commitment, the Company supports a wide variety of research and monitoring programs through a variety of other agencies (e.g., Forest Resource Improvement Association of Alberta, FRI - Foothills Research Institute, and FPInnovations) to assess needs, the effectiveness of management prescriptions, and new ways of doing business (Stewardship report).

SLS has engaged the services of a consulting forest hydrologist to develop a watershed sensitivity tool to assist in the classification of watersheds according to their risk level.

SLS supported work to understand the pre-industrial forest condition and disturbance regime of the SLS FMA area through work by Marie-Pierre Rogeau (2013), a consultant working in the field of disturbance analysis with many years of experience in the region. This has helped to compare the impacts of forestry and natural disturbances.

SLS with its partner Tesera Systems, has developed a state of the art forest inventory system called the High Resolution Inventory System (HRIS). SLS is one of the first forest management companies to develop Light Detection and Ranging (LiDAR) derived data to this extent.

HRIS will be instrumental in the formulation of the Companies next Detailed Forest Management Plan, in providing better data to support land-use decisions on the FMA, specifically with respect to Mountain Pine Beetle (MPB). HRIS will also better define Mountain Pine Beetle susceptible stands and prioritize these stands for future management to reduce impacts to the watershed. Application of the data will also support development of management strategies to minimize the risk and potential impacts of other disturbance related events, such as fire.

## **Objective 11-Training and Education:**

The training program for staff and loggers meets the requirements of this objective. Staff has been designated as responsible for particular components of the SFI program and interviews showed a good level of understanding in this regards. Contractors participate in an annual training program. They demonstrated a solid understanding of the operating ground rules and had a working knowledge of both rare, threatened and endangered species and invasive species that could be found in the operating area.

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

SLS is a member of the Western Canada SFI Implementation Committee (WCSIC). WCSIC financially supports groups with an interest in forestry related values and forest practices through an application process. The annual fee paid by SLS as a member of WCSIC goes toward this program in addition to the Small Woodland Partnership program that provides training and support for the small woodlot owner.

The Company maintains a public website that contains information regarding such things as invasive species, wildlife habitat considerations, insects and diseases and other ecological factors relevant to management on the forest. There is also a public comment/question form and the Company has a Facebook page. The Company holds annual collaborative planning sessions before plans are approved as well as hosts open houses to present the General Development Plan, Forest Harvest Plan and the Annual Operating Plan. Based on interviews with staff and stakeholders there are additional opportunities for field trips and workshops to engage stakeholders and the general public.

The Company has produced a number of educational forestry videos that are available on their website. Interviews with staff confirm field tours with local school groups. SLS foresters are licensed as Registered Professional Foresters with the College of Alberta Professional Foresters while the Company is a member of the Alberta Forest Products Association. SLS has been recognized by several organizations and the province of Alberta as a good corporate citizen.

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

The Detailed Forest Management Plan is available on the Company and government web sites. The auditors witnessed an active program of public consultation. Several open houses have been held in 2015 and more are planned through the planning period.

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

The Company is fully aware of the requirement to post the audit report. This will be done, pending approval by BVC.

## **Objective 15-Management Review:**

In the DFMP, SLS has made a commitment to follow an adaptive management framework for sustainable forest management. Some of the evidence available to support this follows.

Under the terms of the FMA and OGRs, SLS is required to produce a 5-year Stewardship report that describes and assesses the success of its programs. SLS produced a report in 2013. The Stewardship Report (section 2) states that SLS is currently conducting an overall evaluation of the monitoring program and on-going research efforts, and that SLS is identifying future research needs to provide useable feedback for incorporation into current operations, the monitoring program, and for the development of the 2018 DFMP.

Forestry staff explained that SLS performs an annual internal review of its programs. Presentations and meeting minutes confirm that SLS holds annual training sessions with staff and contractors in which changes to procedures as a result of the annual review are discussed.

SLS also regularly reviews its proposed activities with the Public Advisory Committee (PAC), whose members represent: First Nations, motorized and non-motorized recreation, environmental groups, rural residential landowners, industry and government.

SLS meets with the government annually to discuss the Annual Operating Plan and to ensure any concerns are understood and that necessary changes are in compliance with government policy.

## **Findings**

### **Previous non-conformances:**

No non-conformances were issued previously.

### **Non-conformances:**

No non-conformances were issued on this audit.

### **Opportunities for Improvement:**

One opportunity for improvement was issued:

OFI 2015-1 – Indicator 2.3 .2 requires the use of erosion control measures to minimize loss of soil and site productivity. An opportunity for improvement was issued as the crossing itself has very steep approaches, increasing the risk of sediment delivery to a water course.

### **Notable Practices:**

Indicator 3.2.1 requires a program to address the management and protection of rivers, streams, lakes, wetlands, other water bodies and riparian areas during all phases of management, including the layout and construction of roads.

The Company's road rehabilitation program is comprehensive and effective. All roads, including in block skid trails are rehabilitated to the point where there was virtually no loss of productive land. Further, the opportunity for soil movement from the former road site, either within the block or into water course, has been effectively eliminated. A notable practice has been issued.

### **Logo/label use:**

At the time of the audit, the Company has not used any logos.

### **SFI reporting:**

This will be verified on the first surveillance audit.

## **Conclusions**

A closing meeting was held on August 21, 2015. The auditors indicated that no non-conformances had been identified although one opportunity for improvement had been issued based on one deficient water crossing out of 18 inspected, and that further non-conformances may be identified as a result of further document review or stakeholder input.

The auditors conclude that Spray Lake Sawmills is operating a forest management program that meets, with the exception of the improvement opportunity noted, the requirements of the SFI 2015-2019 Forest Management Standard. The Company has a comprehensive forest management plan that is publically reviewed, provincially approved, and available for public downloading in its entirety on the Company website.

Its harvest operations are well done, with good residual structure and downed woody debris evident on all blocks. Soil disturbance was observed, but it was a rare occurrence. The Company rehabilitates all of it's in block roads rigorously. It replants and monitors regeneration on 100% of its blocks.

At the time of the audit, the Company was actively engaged with several concerned rural residential landowners who reside near the Company's planned operating area. As part of the FSC audit, the audit team met with these stakeholders to listen and learn their concerns. These discussions were occasionally passionate, as the perspectives on forest management were stated from very different positions. However, in the view of this audit team, the technical approach to forest operations taken by the Company is well within acceptable operating parameters.

The auditors recommend that full certification to the SFI 2015-2019 SFI Forest Management Standard be issued without delay.

### **SEE SF61 FOR AUDIT NOTES**

<b>Audit Report</b>	
Opening Meeting	<p>Participants: ➤ Craig Howard , Ed Kulcsar (Woodlands Manager), Arnold Fiselier (General Manager), Rob Berndt (Operations Manager), Allen Mottet (Harvest Planner), Tannis Zubot (Administrative Assistant), Darrell Panas (Silvicultural Forester), Dan LaFleur (Harvest Supervisor), Bryan Hennessey (Harvest Supervisor), Matt Denney (Planning Forester), Jason Mogilefsky (Environment and Safety Manager), Gord Lehn (Director Communications/ Ecological Good and Services)</p> <p>Discussions:</p> <ul style="list-style-type: none"><li>➤ Introductions</li><li>➤ Scope of the audit</li><li>➤ Purpose of stage 1 audit</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></ul>

	<ul style="list-style-type: none"> <li>➤ Appeals process</li> <li>➤ Closing meeting timing</li> </ul>
Closing Meeting	<p>Participants: ➤ Craig Howard , Ed Kulcsar (Woodlands Manager), Arnold Fiselier (General Manager), Rob Berndt (Operations Manager), Allen Mottet (Harvest Planner), Tannis Zubot (Administrative Assistant), Darrell Panas (Silvicultural Forester), Dan LaFleur (Harvest Supervisor), Bryan Hennessey (Harvest Supervisor), Matt Denney (Planning Forester), Jason Mogilefsky (Environment and Safety Manager), Gord Lehn (Director Communications/ Ecological Good and Services) Introductions and appreciation for selecting Bureau Veritas Certification.</p> <p>Discussions:</p> <ul style="list-style-type: none"> <li>➤ Review of audit process - process approach and sampling.</li> <li>➤ Nonconformances- 0</li> <li>➤ Opportunities for improvement – 1</li> <li>➤ Notable Practices – 1</li> <li>➤ Conclusions</li> </ul>

<b>Summary of Audit Findings:</b>							
Audit Date(s):	From: August 17, 2015			To: August 21, 2015			
Number of SF02's Raised:	Major:		0	Minor:	0		
Is a follow up visit required:	Yes	No	X	Date(s) of follow up visit:			
Follow-up visit remarks:							
<b>Team Leader Recommendation:</b>							
Corrective Action Plan(s) Accepted	Yes	No		N/A	x	Date:	Aug 21, 201
Proceed to/Continue Certification	Yes	x	No	N/A		Date:	Aug 21, 201
All NCR's Closed	Yes		No	N/A	x	Date:	Aug 21, 201
Standard audit conducted against:							
1) SFI FM 2015-2019	3)						
2)	4)						
Team Leader (1):	Team Members (2,3,4...)						
Craig Howard (RPF)	2) Kandyd Szuba ( PhD, RPF)						
	3) Sarah Bros (RPF)						
	4)						
	5)						
	Scope of Supply: (scope statement must be verified and appear in the space below)						
<i>From the CEP:</i> Forest management							
Accreditation's	ANAB						
Number of Certificates	1						
Proposed Date for Next Audit Event							
Date	August 2016						
Audit Report Distribution							
Jason Mogilefsky <jason.mogilefsky@spraylakesawmills.com>							
Dawn Komnick - dawn.komnick@us.bureauveritas.com							



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<b>Company</b>	Spray Lake Sawmills				
<b>Contract Number</b>	US.1766366				
<b>Audit Type</b>	Surveillance 2 (FSC) Initial audit (SFI)	<b>Audit Dates</b>			
<b>Standards</b>	FSC Canadian Boreal Forest Standard V1.0, fsc-std-20-007, SFI 2015-2019 FM Stage 1 and Stage 2				
<b>BVC– Audit Team:</b>	Craig Howard , Sarah Bros, Kandyd Szuba				
<b>Representative</b>	Jason Mogilefsky				
<b>Opening Meeting:</b>	<b>Date:</b>	August 18, 2015			
	<b>Time:</b>	08:00am			
	<b>Place:</b>	305 Griffin Road , Cochrane, Alberta T4C 2C4			
<b>Closing Meeting:</b>	<b>Date:</b>	August 21			
	<b>Time:</b>	12:00			
	<b>Place:</b>	305 Griffin Road Cochrane, Alberta T4C 2C4			
<b>Audit Scope:</b>	Forest Management Activities Including planning, harvesting, silviculture, road construction and road maintenance. FMA 0100038 & C5 Quota				
<b>Verification Indicators</b>	FSC FM – Indicators 1.5, 2.3, 3.2, 4.2, 4.4, 5.6, 6.2, 6.3, 6.9, 8.2, 9.3, 9.4  Principles 1, 3, 6 inclusive  SFI Objectives - all applicable				

**Audit Objectives –FSC FM certification/SFI LM certification shall establish:**

1. Conformance of the organization's program against the FSC and SFI Standards listed above.
2. Evaluation of renewal of an existing certificate in good standing.

**Procedures and Protocols Used:**

The certification audit will be conducted under environmental auditing methodologies identified in the BVC-NA Ultimate Auditors Handbook and the BVC FSC BMS. Standard Bureau Veritas protocols and forms will be applied throughout the verification.

## Audit Schedule

Date	Time	Activity	BVC Representative	Company Representative
August 18	0800	Opening Meeting	Craig Howard , Sarah Bros, Kandyd Szuba	Jason Mogilefsky
	830	Document Review	Craig Howard , Sarah Bros, Kandyd Szuba	Jason Mogilefsky
	1100	Field Sites Logistics/Document Review	Craig Howard , Sarah Bros, Kandyd Szuba	Jason Mogilefsky
	1300	Document review	Craig Howard , Sarah Bros, Kandyd Szuba	
	1700	Daily Debrief Travel to field site locations	Craig Howard , Sarah Bros, Kandyd Szuba	Jason Mogilefsky
	1900	Public open house Frank Wills Memorial Hall	Craig Howard , Sarah Bros, Kandyd Szuba	
August 19	0700	Field Sites	Craig Howard , Sarah Bros, Kandyd Szuba	Jason Mogilefsky
	1700	Daily Debrief	Craig Howard , Sarah Bros, Kandyd Szuba	Jason Mogilefsky
	1900	Open House <b>Beaupre Community Hall</b> 263035 Beaupre Creek Rd, Rocky View County,AB	Craig Howard , Sarah Bros, Kandyd Szuba	
Auditor 20	0730	Field site inspections	Craig Howard , Sarah Bros, Kandyd Szuba	Jason Mogilefsky
	1300	Document Review	Craig Howard , Sarah Bros, Kandyd Szuba	Jason Mogilefsky
August 21	0800	Document review	Craig Howard , Sarah Bros, Kandyd Szuba)	Jason Mogilefsky
	1400	<b>Closing meeting</b>		

## Summary of site visits

Site number	Block number	Feature	Comments
1	0251	Harvest 2013; plant 2015; SIP 2014; road reclamation 2015; trail protection	Harvest utilization viewed; insular patches of mixed species (Pl, Po, Sp)Viewed road reclamation and trail free of debris; viewed heavy drags SIP
2	2528	Harvest 2013; plant 2015; SIP 2014; active road reclamation 2015	Harvest utilization viewed; insular patches of mixed species (Pl, Po, Sp)Viewed active road reclamation; checked H&S requirements; Viewed 2015 planted tree survival
3	2632	Harvest 2014; stakeholder concern - rutting	Located area of rutting – 2 ruts approx. 10-15' long & 6" deep – isolated – observed frogs in water held by ruts – ruts beginning to close in and settle; Viewed 2015 planted tree survival – trees were planted along the rut edges.
4	2347 & 1499	Stream crossing	Native timber bridge, no issues, use of silt cloth to prevent siltation, no disturbance near stream channel
5	2273 & 2309	Stakeholder concern 2013 harvest block; 2014 SIP; 2015 plant	Site Preparation, harvest block , Walked edge of cut boundary – evidence of cattle/feral horses – no issue with site degradation or rutting
6	2239B	Stream crossing; stakeholder concern	Very steep approach to creek; road fill and ditch material was eroding and passing over a failed filter barrier.; quad trail runs through creek with no bmp crossing, the ATV trail was in place prior to the temporary SLS road;  Steepness of the stream crossing approach is not consistent with conventional best management practices. Not a fish bearing stream. Temporary road. Sediment didn't appear to enter the stream
7	3486A	Road construction and water course crossings	Native timber bridge; silt running off road on approach to crossing and down bank to within 1 meter of permanent stream; bridge deck separated in nw corner from abutments allowing road material to fall through (not into creek); Runoff; siltation due to space between bridge deck and bridge cribs/road bed
8	2865A	Harvest 2015	Some isolated rutting/site disturbance; correctly mitigated.
9	0114	Road reclamation; stakeholder concern SIP rutting	Little change from 2014 pictures; viewed plant survival; area greened up; viewed some willow ingress. No evidence of original concern of rutting near campground
10	0941A	2007 plantation and retreat 2015; stakeholder concern	Viewed area of retreat; viewed successful regeneration;; 2007 trees growing slowly and poor survival; SLS is aware and has replanted in 2015 based on establishment surveys in 2015
11	Bible Camp Road	Road reclamation; stakeholder concern	Road surface beginning to green up – no issues

12	0654	wetland stakeholder concern; stream buffers concern stakeholder	<p>Identified as a wetland concern prior to harvest; SLS worked with stakeholder to leave a buffer along wetland; Company left variable buffer during harvest; identified as a concern by another stakeholder in 2013;</p> <p>Company investigated and provided paper work; no FSC finding; viewed area of concern but no water evident to call a stream; biologist confirmed likely an ephemeral stream ; Water course was well-marked and protected with a buffer</p> <p>The stakeholder complaint about harvesting to the edge of a stream was investigated the site proved to be shallow ephemeral surface flow on relatively flat ground and did not appear to be negatively affected by the adjacent cutblock; it was not a stream.</p>
13	1794 + CTP	Harvest 2015; HCV tree	Viewed piling of slash in CTP cut to address request from AEP Fire – AEP will burn slash piles as part of fire protection for base at bottom of hill, Viewed recent harvest and standing Douglas Fir – abundant residual trees left standing that appear representative of original stand
14	2049	Harvest/block layout	Block boundary pulled back to retain poplar No other changes were required
15	2073	Harvest block layout /Stakeholder concern	Trumpeter swan reserve. Walked buffer. Cut planned for winter. Nesting habitat identified by stakeholders, verified by AAF, cut boundary adjusted by SLS. Very wide buffer. Targeted to maintain undisturbed visual habitat for nesting swans.
16	0283	Harvest areas and roads	There was no garbage on the cutblocks. Gates and barriers were in place. Roads were well constructed with no visible erosion problems.
17	3280	Harvest block layout /Stakeholder concern	Adjacent to landowner, Block boundary was adjusted to minimize opportunity for blow down near fence.
18	3489A	Harvest/ reclaimed road /regeneration	reclaimed road almost undetectable , stocking 89 % surviving but slow growing , slash load is very light, no rutting or industrial trash evident.
19	3926	Harvest block layout/stakeholder concern	Block boundary was changed to correct layout error. Change reduced sight lines for hunting. Done with input from nearby landowner. Adjacent to an open hay field
20	0312	Harvest areas, trails and reclamation	Hidden trails, Block buffer to protect viewscape; See road reclamation 0312, harvest retained island , Road reclamation excellent Slash dispersed on site Very nice site
21	0382	Active Harvest areas and trails	93 ha harvest block, horse trail has been protected, No unique habitat or RTE species noted cross drains on site Planned retention in block, operator had RTE and Invasive Species book on hand , no soil movement , excellent utilization.
22	2507, 2514, 2547, 3554, 3585,	Harvest areas, water course crossings and renewal sites	There was no garbage on the cutblocks. Gates and barriers were in place. No unauthorized vehicles were encountered. Hiking/biking/equestrian trails were protected and signed for safety.

	3600, 3620		<p>Stream crossings were well-constructed (permanent and ephemeral flow). Buffers were appropriate. Roads were well constructed with no visible erosion problems.</p> <p>Cross drains were functioning well. Corduroy and geotextile were used under roads in wet areas to protect them from compaction and rutting, and over grazing land on private property to enable the road bed to return to grazing land quickly after road reclamation.</p> <p>Cutblock boundaries were respected and followed natural contours. Cuts were not excessive in size. Residual retention was as per requirements in the cut blocks.</p> <p>Coarse woody material was abundant throughout the cutblocks and consisted of a variety of species (pine, poplar, spruce). Cut blocks blended into the landscape which was marked with many natural meadows.</p>
23	3554	Harvest areas and water course crossings	<p>There was no garbage on the cutblocks. Stream crossings were well done. Stream buffers were in place and appropriate. Cutblock boundaries were respected and followed natural contours.</p> <p>Cuts were not excessive in size. Residual retention was as per requirements in the cut blocks. Coarse woody material was abundant throughout the cutblocks and consisted of a variety of species (pine, poplar, spruce).</p>
24	0283	Harvest area, and trails	<p>No unauthorized vehicles or garbage were observed in the area. Roads were well constructed. Cross drains were installed and working well.</p> <p>A recreational trail constructed under an agreement for other users was observed. An existing bike trail was well protected and signed for safety. A red-tailed hawk, numerous songbirds, and a mule deer were observed using the cut block.</p>
25	2514	Trails, harvest area and water course crossings	<p>The equestrian trail was well protected and extra gravel applied by SLS at the junction with the forest access road. A native timber box crib over a stream was well done.</p> <p>A fence built by SLS for a rancher under a GTA was observed and functioning, No unauthorized use of roads was observed. Roads were well constructed.</p> <p>Residual retention in the cutblock was good. Cutblock boundaries were respected.</p>
26	0 km to 3.5 km Lost Creek Road	Active road construction and water course crossings	<p>4 staff of the ESC Group contracting Company were interviewed (processor operator, excavator operator, foreman, processor operator) at a road construction site.</p> <p>All men had safety gear (vest, hard hat, spill kit, first aid kit), knew where the emergency evacuation site was, and all had attended the contractor training session put on by SLS in the spring.</p> <p>All demonstrated awareness of SAR and the procedure to be followed if new values were discovered during the course of operations (e.g., dens, SAR, Douglas fir occurrences, nests).</p> <p>Operators all stated that they wash machinery before it is moved to a new site to help to prevent the spread of invasive species. Road building was good and crossings were well done. Excellent efforts had been made by SLS to remove an old railcar bridge across Cataract Creek at this site</p>

27	0654	Harvest/ stakeholder concern /HCV Protection	Road reclamation is quick and effective, roads disappear (two roads). Water course was well marked and protected with a buffer. There was no garbage on the cutblock. The gate preventing access to HCVF #14 was closed and locked. No unauthorized access was observed.  Contract Supervisor had good knowledge and awareness of SAR, and the procedure for addressing new values discovered during the course of operations. The process for pre-harvest inspections was described.
28	1794	Harvest/ Access management	The gate preventing access to the block was closed and locked. No unauthorized access was observed. There was no garbage on the site. Douglas fir had been retained unharvested. Residual retention was excellent.