



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

390 Benmar Drive, Suite 100
Houston, TX 77060
Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	SPRAY LAKE SAWMILLS Ltd.
Contact Person	Jason Mogilefsky
Address	305 Griffin Road, Cochrane, Alberta T4C 2C4
Phone / Fax	403.851.3338
PQC Code	E01E-Forestry, logging related
Contract Number	US.1766366

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	4	Scope extension audit:	
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Audit Summary

Introduction

This report provides a summary of the fourth surveillance audit of the Spray Lake Sawmills (SLS) forest management operations in Cochrane, Alberta under the Sustainable Forestry Initiative (SFI) standard. The audit was conducted on August 26 to 28, 2019. Brian Callaghan, RPF, conducted the audit on behalf of Bureau Veritas Certification. Mr. Callaghan is a professional forester with more than 30 years' experience focusing on forest planning, timber supply, forest operations and resource assessment.

Audit Scope, Objectives and Process

The scope of the audit was forest and land management activities conducted by Spray Lake Sawmills Ltd. on 444,825 hectares of Crown forest lands in FMA 0100038 and the C5 Quota license. 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. Recreational use is very high with an extensive network of hiking, riding, and motorized trails throughout the forests.

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 SFI Program Objectives in the 2015 Standard. During the audit Objectives 2, 3, 7, 9, 12, 13, 14, and 15 were examined. All performance measures and all applicable indicators were assessed within each Objective. Additionally, performance measures 1.2 and 1.3 related to forest conversion were checked. 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 prior to the audit. The plan included approximately a half day in the office doing document review and 2.5 days undertaking field work in both the FMA and in the C5 Quota area. A copy of the audit plan is on file with Bureau Veritas Certification in Houston Texas.

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, who is 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 included a review of Objectives 2, 3, 7, 9, 12, 13, 14, and 15 as well performance measures related to forest conversion (1.2 & 1.3) were checked. Record keeping systems, documented procedures and GIS were all found to be well maintained and easy to use. The auditor visited 12 sites during the audit including 3 active harvest sites, 3 sites which had been planted this year. More than a dozen water crossings were inspected, as well as, two recently constructed roads, and one active road rehabilitation site.

Objective 1-Forest Management Planning:

From a review of the Company's forest management activities there is a balance between harvest and renewal which indicates that there is no large-scale or illegal forest conversions taking place. The fact that all roads are rehabilitated to their original contour further minimizes forest conversion.

Objective 2-Forest Health and Productivity:

Forest regeneration activities occur promptly after harvest. Planting is accomplished within 2 years while natural regeneration is declared Free-To-Grow within 7 to 10 years. The company must follow the Alberta system of surveys and assessment which provide the legislated information requirements. Examination of recent and well-established regenerated forests found them to be well stocked and thriving. Spray Lake Sawmills does not use any chemical herbicides or pesticides on their forest.

Soil erosion is controlled on all sites through careful layout of harvest operations. When crossing streams the Company uses bridges and box-culverts rather than culverts to ensure that streambeds are not disturbed. No evidence of erosion issues was found during the audit. All sites had plenty of down-woody-debris. The use of stump-side processing leaves all debris and tops across the site.

In discussion operators knew when to shut down operations before site degradation can occur. They explained what a "rut" is and when "ruts" are a concern.

Objective 3-Protection and Maintenance of Water Resources:

Spray Lake Sawmills must adhere to government approved Operating Ground Rules (OGR's) for all forest operations, including planning, harvesting, and reforestation. The Operating Ground Rules are designed to protect stream and water sources, prevent soil compaction and erosion. During the audit more than 20 water crossings were observed, all were functioning and sound. The audit inspected an active road construction site.

Forest operations are prevented from working in and around riparian areas. A variety of buffers are used to protect riparian features, all are full reserves with no harvesting allowed. Company staff use a variety of information to identify all water courses. Ephemeral streams were flagged and protected on all harvest sites. On block 1642 a groundwater source area was discovered during layout and protected during the harvest. (Figure 1).



Figure 1. A groundwater source area protected during layout, block 1642

A complaint was submitted to Department of Fisheries and Oceans and the Alberta Ministry of Environment & Parks relating to the condition of Sylvester Creek in early May of 2018. The complaint related to siltation of the creek in the Spring of 2018. In the Spring of 2019, the Company was directed to rehabilitate the road to Department of Oceans and Fisheries standards. Four water crossings were removed, and erosion control measures were established (Figure 2).



Figure 2. Sylvester Creek road after rehabilitation.

Spray Lake Sawmills employs an access strategy which minimizes disturbance to water courses and riparian areas. The use of box culverts on perennial, intermittent and ephemeral streams ensures that stream beds are not disturbed, and the banks are maintained. On more than one occasion during the audit a straight line 1 km traverse was a 30 km drive which avoids a water crossing or two.

NP 1 - The Company practices forestry in such a way as to minimize disturbance to water courses and riparian areas this can be seen from its minimization of water crossings which significantly increase haul distances and their use of box culverts on all riparian areas which ensures that stream bottoms are not impacted.(PM 3.1)

Objective 4-Conservation of Biological Diversity:

Not Audited

Objective 5-Management of Visual Quality and Recreational Benefits:

Not Audited

Objective 6-Protection of Special Sites:

Not audited

Objective 7-Efficient Use of Fiber Resources:

Wood utilization is high on the Spray Lake forests. Efficient stump-side processing and merchandising stems at the sawmill make for very clean harvest areas. The company maximizes its merchandising at the mill, though pole quality timber is identified onsite and shipped direct to the buyer.



Figure 3 High levels of wood utilization were found on all sites (Block 1019)

Objective 8: Recognize and Respect Indigenous People’s Rights:

Not Audited.

Objective 9-Legal and Regulatory Compliance:

Spray Lake Sawmills have an effective system for achieving regulatory compliance which includes: standard operating procedures, access to laws and regulations, contractual requirements, contractor training, and operations monitoring. Alberta Agriculture and Forestry undertakes regular compliance inspections. A review of the 2018 and 2019 Forest Act Contraventions identified that the company and its contractors had not been found in noncompliance with Alberta laws and regulations.

Objective 10-Forestry Research, Science and Technology:

Not audited.

Objective 11-Training and Education:

Not audited.

Objective 12-Community Involvement and Landowner Outreach:

Spray Lake Sawmills 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.

The Company is highly involved in the communities it operates in, by supporting educational, recreational, and athletic activities. On an annual basis the company contributes to more than three dozen causes in the communities it operates in. The Company supports education by presenting to classes in local schools and supporting community colleges (and others) by hosting field tours.

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. A variety of open houses and meetings have been and are being held as part of the development of the new management plan.

Objective 14-Communications and Public Reporting:

The Company participated in the annual SFI survey and submitted its data prior to the deadline. A summary audit report for the 2018 surveillance audit can be found on-line at SFI Inc.

Objective 15-Management Review:

Spray Lake Sawmills performs an annual internal audit and review of its forestry programs. Presentations and meeting minutes confirm that results are reviewed with senior management annually. SLS holds annual training sessions with staff and contractors in which changes to procedures as a result of the annual management review are discussed.

Findings

Previous non-conformances:

None issued

Non-conformances:

None Issued.

Opportunities for Improvement:

None issued

Notable Practices:

NP1 - Spray Lake Sawmills practices forestry in such a way as to minimize disturbance to water courses and riparian areas this can be seen from its minimization of water crossings, which significantly increases haul distances, and their use of box culverts on all riparian areas which ensures that stream bottoms are not impacted.(PM 3.1)

NP2 – Spray Lake Sawmills is a great supporter of local communities, by extensively supporting educational, recreational, and athletic causes. (PM 12.1)

Logo/label use:

The Company has used the SFI trademark promotionally. All required approvals were on file. The current procedure does not correctly identify the approval procedure for SFI trademark use, a non-conformance was issued and has been closed.

SFI reporting:

A summary audit report for the 2018 certification audit can be found on-line at SFI Inc.

Conclusions

A closing meeting was held on August 29 2019. The auditor indicated that no non-conformances had been identified. Two notable practices were identified. The auditor concludes that Spray Lake Sawmills is operating a forest management program that meets the requirements of the SFI 2015-2019 Forest Management Standard. The auditor recommends that continued certification to the SFI 2015-2019 SFI Forest Management Standard be issued without delay.

SEE SF61 FOR AUDIT NOTES

Audit Report	
Opening Meeting	<p>Participants: > Brian Callaghan , Ed Kulcsar (Vice President, Woodlands),</p> <p>Discussions: Rob Berndt (Operations Manager), Allen Mottet (Harvest Planner), Tannis Zubot (Administrative Assistant), Darrell Panas (Silvicultural Forester), Matt Denney (Planning Forester), Jason Mogilefsky (Forestry Manager), Troy Johansen (Log Haul Supervisor), Paul Hebrada (Harvest Supervisor),</p> <ul style="list-style-type: none"> > Introductions > Scope of the audit > Nonconformance types – Major / Minor > Review of previous nonconformances - 0. > Process approach to auditing and audit sampling > Confidentiality agreement > Termination of the audit > Appeals process > Closing meeting timing
Closing Meeting	<p>Participants: > Brian Callaghan , Ed Kulcsar (Vice President, Woodlands),</p> <p>Discussions: > Rob Berndt (Operations Manager), Allen Mottet (Harvest Planner), Tannis Zubot (Administrative Assistant), Darrell Panas (Silvicultural Forester), Matt Denney (Planning Forester), Jason Mogilefsky (Forestry Manager), Troy Johanson (Log Haul Supervisor), Paul Hebrada (Harvest Supervisor)</p> <ul style="list-style-type: none"> > Introductions and appreciation for selecting Bureau Veritas Certification. > Review of audit process - process approach and sampling. > Nonconformances- 0 > Opportunities for improvement – 0 > Notable Practices – 2 > Conclusions

Summary of Audit Findings:									
Audit Date(s):		From: August 26 2019				To: August 29 2019			
Number of SF02's Raised:			Major:		0		Minor:		
Is a follow up visit required:		Yes		No	X	Date(s) of follow up visit:			
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes		No		N/A	x	Date:	
Proceed to/Continue Certification		Yes	x	No		N/A		Date:	29/8/19
All NCR's Closed		Yes		No		N/A	x	Date:	
Standard audit conducted against:									
1)	SFI FM 2015-2019			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Brian Callaghan			2)						
			3)						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Forest Management on Agreement Area 0100038 and from the C5 Quota licenses with the Alberta Government									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date		August 2020							
Audit Report Distribution									
Jason Mogilefsky <jason.mogilefsky@spraylakesawmills.com>									
Lorissa.love@us.bureauveritas.com									