

**Forest Management and Stump-to-Forest Gate Chain-of-Custody
Certification Evaluation Report for the:**

**Sudbury Forest
under the
Sustainable Forest License of the
Vermilion Forest Management Company Ltd.**

**Conducted under auspices of the SCS Forest Conservation Program
SCS is an FSC Accredited Certification Body**

**CERTIFICATION REGISTRATION NUMBER
SCS-FM/COC-00094N**

Submitted to:

The Vermilion Forest Management Company Ltd.

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Certified: May 16, 2006

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Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the SCS website (www.scs-certified.com) no less than 30 days after issue of the certificate. Section B contains more detailed results and information for the use of the Vermilion Forest Management Company, Ltd.

FOREWORD

Scientific Certification Systems (SCS), a certification body accredited by the Forest Stewardship Council (FSC), was retained by Vermilion Forest Management Company Ltd to conduct a certification evaluation of the Sudbury Forest. Under the FSC/SCS certification system, forest management operations meeting international standards of forest stewardship can be certified as “well managed”, thereby enabling use of the FSC endorsement and logo in the marketplace.

In 2005, an interdisciplinary team of natural resource specialists was empanelled by SCS to conduct the evaluation. The team collected and analyzed written materials, conducted interviews and completed a six-day field and office audit of the subject property as part of the certification evaluation. Upon completion of the fact-finding phase of the evaluation, the team determined conformance to the 56 FSC Criteria in order to determine whether award of certification was warranted.

This report is issued in support of a recommendation to award FSC-endorsed certification to Vermilion Forest Management Company Ltd., for the management of the Sudbury Forest. As detailed below, certain pre-conditions (also known as Major Corrective Action Requests) that were stipulated by the audit team upon completion of the field audit were addressed by Vermilion Forest Management Company Ltd. and cleared by SCS prior to finalization of this report. In the event that a certificate is awarded, Scientific Certification Systems will post this public summary of the report on its web site (www.scscertified.com).

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SECTION A- PUBLIC SUMMARY AND BACKGROUND INFORMATION

1.0 GENERAL INFORMATION

1.1 FSC Data Request

Applicant entity	Vermilion Forest Management Company Ltd.
Contact person	Peter Street, General Manager
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Telephone	705-752-5430 ext. 26 or (705) 560-6363 (VFM Office)
Fax	(705) 560-7887
E-mail	pstreet.nfrm@onlink.net or VFM@ontera.net
Certificate Type	<i>single FMU</i>
SLIMF <i>if applicable</i>	<i>NA</i>
Number of FMU's <i>if applicable</i>	<i>Single FMU</i>
Number of FMUs in scope that are more than 10 000 ha in area	1
Location of certified forest area	
Latitude	46:29:24N (46.4899)
Longitude	80:59:23W (-80.9898)
Forest zone	<i>boreal and temperate</i>
Total forest area in scope of certificate which is:	
privately managed ¹	<i>648,897 ha</i>
state managed	<i>0 ha</i>
community managed ²	<i>0 ha</i>
Number of forest workers (including contractors) working in forest within scope of certificate	75
Area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives	<i>127,443 ha</i>
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	<i>73,599 ha</i>
Area of forest classified as 'high conservation value forest'	<i>** ha</i>
List of high conservation values present ³	<i>HCV 1-6</i>
Chemical pesticides used	<i>Vision, Vision Plus, Release</i>
Total area of production forest (i.e. forest from which timber may be harvested)	<i>447,855 ha</i>
Area of production forest classified as 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF)	<i>0 ha</i>

¹ The category of 'private management' includes state owned forests that are leased to private companies for management, e.g. through a concession system.

² A community managed forest management unit is one in which the management and use of the forest and tree resources is controlled by local communities.

³ High conservation values should be classified following the numbering system given in the ProForest High Conservation Value Forest Toolkit (2003) available at www.ProForest.net

Area of production forest regenerated primarily by replanting ⁴	** ha
Area of production forest regenerated primarily by natural regeneration	** ha
List of main commercial timber and non-timber species included in scope of certificate (botanical name and common trade name)	<i>Pinus strobus</i> – eastern white pine <i>Pinus resinosa</i> – red pine <i>Pinus banksiana</i> – Jack pine <i>Picea mariana</i> – black spruce <i>Picea glauca</i> – white spruce <i>Abies balsamea</i> – balsam fir <i>Tsuga canadensis</i> – eastern hemlock <i>Taxus canadensis</i> – Canada yew <i>Thuja occidentalis</i> – eastern white cedar <i>Larix laricina</i> – larch <i>Populus tremuloides</i> – trembling aspen <i>Populus balsamifera</i> – balsam poplar <i>Betula papyrifera</i> – white birch <i>Betula allegheniensis</i> – yellow birch <i>Quercus rubra</i> – northern red oak <i>Quercus macrocarpa</i> – burr oak <i>Acer saccharum</i> – sugar maple <i>Acer rubrum</i> – red maple <i>Fraxinus nigra</i> – black ash <i>Fraxinus Americana</i> – white ash <i>Fagus grandifolia</i> – beech <i>Tilia americana</i> – basswood <i>Ostrya virginiana</i> – ironwood <i>Prunus nigra</i> – black cherry
Approximate annual allowable cut (AAC) of commercial timber (m ³ /5 year plan term)	<i>Pinus strobus</i> – eastern white pine 483,604/5 <i>Pinus resinosa</i> – red pine 128,229/5 <i>Pinus banksiana</i> – Jack pine 771,309/5 <i>Picea mariana</i> – black spruce 295,022/5 <i>Picea glauca</i> – white spruce 137,971/5 <i>Abies balsamea</i> – balsam fir 97,145/5 <i>Tsuga canadensis</i> – eastern hemlock 14,361/5 <i>Thuja occidentalis</i> – eastern white cedar 19,654/5 <i>Larix laricina</i> – larch 11,086/5 <i>Populus tremuloides</i> – trembling aspen 575,041/5 <i>Betula papyrifera</i> – white birch 393,070/5 <i>Betula allegheniensis</i> – yellow birch * <i>Quercus rubra</i> – northern red oak * <i>Quercus macrocarpa</i> – burr oak * <i>Acer saccharum</i> – sugar maple 13,747/5 <i>Acer rubrum</i> – red maple * 22,588/5 <i>Fraxinus nigra</i> – black ash 38,855/5 <i>Fagus grandifolia</i> – beech * <i>Tilia americana</i> – basswood *
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	None commercial, approximately 400 m ³ per year of firewood made available to the public through an overlapping license agreement managed by MNR
List of product categories included in scope of joint	Round wood

⁴ The area is the *total* area being regenerated primarily by planting, *not* the area which is replanted annually. NB this area may be different to the area defined as a 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF) or for other purposes.

FM/COC certificate and therefore available for sale as FSC-certified products (include basic description of product - e.g. round wood, pulp wood, sawn timber, kiln-dried sawn timber, chips, resin, non-timber forest products, etc.)	Pulp wood
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Proposed and Identified High Conservation Values on the Sudbury Forest.

-
- Category 1 "...significant concentrations of biodiversity values."
1. **HCV:** Red-shouldered Hawk nest sites
Bald Eagle nest sites
Peregrine Falcon nest sites
Wood Turtle habitat
Eastern Massassaga hibernacula and basking sites
 3. **HCV:** White-tailed deer wintering areas (deer yards)
 4. **HCV:** Elk habitat
 6. **HCV:** Provincially Significant Wetlands (five)
Wolf Lake Old Growth Forest (F175, possible mining claim)
Sturgeon River (P173; possible mining claim)
Capreol-Hammer Delta Forest Reserve (F179; possible mining claim)
Vermilion River delta (Dowling/Fairbank; possible mining claim)
- Possible HCV:** Candidate protected areas from Room to Grow process
- Category 2 "...large landscape level forests..."
7. **Possible HCV:** Unaccessed patch in the NW portion of the SF.
- Category 3 "...rare threatened or endangered ecosystems."
8. **Possible HCV:** White Cedar-Yellow Birch forest Type
9. **HCV:** Late seral stage red and white pine untreated by shelterwood systems
Unharvested late seral stage tolerant hardwood forest
Late seral stage Hemlock
 11. **Possible HCV:** Woodwardia Bog and West Bay (**Wild Rice Bed?)
- Category 6 "...communities' local cultural identity..."
18. **HCV:** French, Vermilion, Wanapitei, and Sturgeon Rivers
Possible HCV: First Nation Values, as identified

1.2 Management Context

The Vermilion Forest Management Company Ltd. (VFM) was issued a Sustainable Forest License (License No. 542442) for the Sudbury Forest by the Minister of Natural Resources on June 24th, 1998.

Under a Sustainable Forest License (SFL), VFM is responsible for:

- a) forest management planning;
- b) renewal and maintenance activities; and
- c) monitoring and reporting.

The SFL for the Sudbury Forest is held by VFM, which is owned by 11 shareholders, each with management operations on the Forest. These 11 shareholders are:

H & R Chartrand Lumber Co. Ltd.
Domtar Inc.
R. Fryer Forest Products Ltd.
Gervais Forest Products Ltd.

Goulard Lumber (1971) Ltd.
Lahaie Lumber Limited
Mainville Lumber Company Ltd.
Nadon Lumber Ltd.
Isidore Roy Limited
G. W. Sutherland Contracting Company Ltd.
N'Skwakamok Forestry Corporation

VFM as signatory to the SFL, is responsible to meet the terms and conditions of the SFL. Coincidentally, VFM has responsibility to perform functions as directed by the shareholders. This introduces considerable complexity into management of the Forest compared to a situation in which the SFL is held by a single forest products company, as has traditionally been the case. This complexity is evident in:

- Each of the shareholders has traditional operating areas, and the harvest areas are distributed across the forest so as to accommodate them;
- The training and compliance awareness of the shareholders are different, yet the actions of each reflect upon VFM as a whole;
- The expectations and operational capacities of the shareholders are different, leading to a variety of demands being placed both on the management company (VFM), and on the Ministry.

In addition, several VFM staff members are also staff of Nipissing Forest Resource Management Ltd. (NFRM) - the company which holds the SFL for the Nipissing Forest, which abuts the Sudbury Forest to the east. NFRM is also a shareholder-owned company and functions similarly to VFM. The fact that the companies share staff allows each to benefit from the experiences and context of the other; however, at times it may lead to conflicting and intense workloads for the shared staff.

The Sudbury Forest was under Crown management until 1998. The conversion of Crown Units to SFLs has been accompanied by some issues/concerns across the Province. MNR staff members are becoming adjusted to their new roles involving less hands-on management, and forest industry staff are similarly becoming accustomed to new responsibilities including self-compliance, and greater planning responsibilities.

The Forest Management Plan (FMP) for the Sudbury Forest and the resulting forest management activities were developed to be consistent with higher order direction provided by provincial legislation and regulations, and provincial and regional policies and strategies. The Report of Past Forest Operations, the Independent Forest Audit, other resource management plans, business needs of the forest industry and other forest-dependant industries, such as the tourist industry, were also considered in setting strategic direction provided in the forest management plan.

The major direction regarding production of a Forest Management Plan is from the *Crown Forest Sustainability Act* and the Decision on the Environmental Assessment of Timber Management on Crown Lands in Ontario. Direction from these sources is incorporated primarily through requirements in the 1996 forest management planning manual (FMPM).

The FMPM also complies with the Policy Framework for Sustainable Forests. The introduction of the forest management plan describes how the Statement of Environmental Values and the Environmental Bill of Rights from the Ministry of Natural Resources (MNR) are addressed in the plan.

The Forest Resource Assessment Policy (FRAP) provides direction on timber production. It states that the long-term sustainability of the forest is the first priority, and that timber harvest levels are decided locally as part of the forest management planning process. The Strategic Forest Management Model (SFMM) is used to determine sustainable timber production levels for the term of the plan.

Ontario's Living Legacy Land Use Strategy, 1999, specified acceptable land uses for different areas in the Sudbury District. The Sudbury District Land Use Guidelines (DLUG), 1983, the Gogama District Land Use Guidelines and the Temagami Land Use Plan provide additional detail for some areas. Where the Strategy and the 1983 DLUGs address the same topics, the Strategy provides current direction. The DLUG provides some detailed land use and resource management direction, particularly for the General Use Areas, which have not been dealt with in the Strategy. MNR has compiled a Land Use Atlas containing all land use direction (<http://crownlanduseatlas.mnr.gov.on.ca/>). Table FMP-7 in the Sudbury Forest FMP reflects land use direction and policy from the Crown Land Use Atlas for land use areas in the Sudbury, Timmins and North Bay District.

In addition to recommending new protected areas (parks, forest reserves and conservation reserves), the Strategy identifies a new land use category, enhanced management areas (EMAs). EMAs have been established in order to provide more land use direction in areas of special features or values. Ontario's Living Legacy also provides for the identification of Intensive Forest Management. Table FMP-7 of the Sudbury Forest FMP describes management guidelines for land use areas in the district.

MNR's Direction 90's outlined four major objectives:

- To ensure the long-term health of eco-systems by protecting and conserving our valuable soil, aquatic resources, forest and wildlife resources as well as their biological foundations;
- To ensure the continuing availability of natural resources for the long-term benefit of the people of Ontario; that is, to leave future generations a legacy of the natural wealth that we still enjoy today;
- To protect natural heritage and biological features of provincial significance; and
- To protect human life, the resource base and physical property from the threats of forest fire, floods, and erosion.

This strategic direction was re-affirmed in a second document, Direction '90s: Moving Ahead 1995, which made a further commitment to an ecosystem-based approach to sustainable development of Ontario's natural resources. Beyond 2000, the third in an ongoing series of direction documents for MNR, formally adopts a Ministry mission of ecological sustainability and sets out supporting strategies.

Strategic direction from the Vermilion Forest Management Company Ltd. is provided by its vision and mission statement, as follow:

Vision

To administer an efficient program of sustainable forest management.

Mission

To maintain and enhance the long-term health and productivity of the Sudbury Forest, while providing environmental, economic, social, and cultural opportunities for the benefit of present and future generations.

Direction from “A Conservation Strategy for Old Growth Red and White Pine Forest Ecosystems for Ontario” must be followed for all management plans in Ontario. This strategy says “The key objective for protection is to protect representative ecosystems of old growth red pine and white pine in each site district in Ontario within the natural range of pine.” The policy also states that there must be no net loss in the amount of white pine and red pine area.

MNR issued an old growth policy in 2003 which must be implemented for all plans starting in 2006. This 2005 VFMP has an old growth strategy in Appendix VIII which lays some ground work that will help implement the policy in full for the 2010 VFMP.

The Provincial Policy Statement on Natural Heritage Areas (1996) stipulates that there will be no loss in function of wetlands. This policy statement applies to private land, but the same principles are applied to Crown land in the Sudbury District. To date, four provincially significant wetlands have been surveyed in the Sudbury Forest: the Vermilion River Wetland, the Vermilion River Delta Wetland, Sucker Creek Provincially Significant Wetland, and the Muskrat Creek Wetland. All three wetlands have been approved as provincially significant. The Vermilion River Delta Wetland and the Sucker Creek Provincially Significant Wetland are completely within the Sudbury District; the Muskrat Creek Wetland is mostly in the North Bay District, but partly in the Sudbury District. These wetlands are in Ontario Ministry of Natural Resources (OMNR’s) values mapping system; appropriate measures will be followed to ensure no loss in function of wetlands.

This VFMP was developed to comply with the Tourism and Forestry Industry Memorandum of Understanding. There is a commitment to maintain the viability of the tourism industry by protecting tourism values in the FMP process through the application of the Tourism Guidelines and the use of Resource Stewardship Agreements (RSAs) as one method of protecting and sustaining these values. At the time of plan preparation, 14 RSAs have been prepared for signing by resource based tourism operators and VFM. Prescriptions related to forest management that were proposed in RSAs have been reviewed through this FMP planning process. The terms of any RSA do not bind or limit the Minister’s right to make land use decisions for Crown land in Ontario.

There were independent forest audit recommendations on three FMP-related topics. Task teams for utilization and roads were developed as recommended, and they have proved useful in FMP preparation. The audit recommendation that an old growth management strategy be

developed was acted upon, as was the suggestion that VFM and MNR develop additional quantitative objectives for forest diversity for the 2005 FMP.

1.2.1 Environmental Context

The Sudbury Forest is a Forest of approximately 1.1 million ha surrounding the city of Sudbury, Ontario. It comprises a transitional forest type that straddles the Boreal forest region to the north and the Great Lakes-St. Lawrence forest region (mixed-wood forests and agricultural areas) to the south. The Sudbury Forest lies on the Pre-Cambrian shield. Two distinct climatic zones occur in the area. The climatic zones are separated by Hills' site region boundary line aligned in an east-west position roughly north of Lake Wanapitei. To the north is site region 4E and to the south is site region 5E. The climate is somewhat drier in the north in site region 4E; as one moves south and on through site region 5E, it is more influenced by Georgian Bay.

In the central to northerly part of site district 5E-4 along the Highway 17 corridor is the Sudbury Basin area. This area includes the Sudbury nickel irruptive which is an oval intrusion of Post Huronian, mafic intrusive rocks. The vast reserves of nickel, copper and platinum group metal deposits have formed the basis of the vital mining activity in the Sudbury area. Soils, vegetation, and sites in this area were severely damaged by mining and smelting activities.

The Great Lakes-St. Lawrence forest region commonly includes such species as sugar maple (*Acer saccharum*), red maple (*Acer rubrum*), red oak (*Quercus rubra*), American beech (*Fagus grandifolia*), basswood (*Tilia americana*), white pine, (*Pinus strobus*) red pine (*Pinus resinosa*), hemlock (*Tsuga canadensis*) and mid-tolerant hardwoods such as yellow birch (*Betula alleghaniensis*), black cherry (*Prunus serotina*) and ash (*Fraxinus* spp)

Predominant species found in the Boreal portion of the Sudbury Forest include conifers such as black spruce (*Picea mariana*), white spruce (*Picea glauca*), jack pine (*Pinus banksiana*), larch (*Larix laricina*), balsam fir (*Abies balsamea*) and eastern white cedar (*Thuja occidentalis*). The rest is comprised of shade-intolerant hardwoods, which include trembling aspen (*Populus tremuloides*) and white birch (*Betula papyrifera*). Because the Sudbury Forest is transitional, many species are at the northern or southern limits of their ranges.

Provincial parks and Natural Heritage Areas provide a significant contribution to the protection of other forest resources in the region. In those parts of the forest where forestry operations are permitted, the effects of those operations on non-timber resources are mitigated through planning for 'Areas of Concern' (AOC) and High Conservation Value Forests (HCVF). AOCs are applied around sensitive values, providing a zone of protection for the value through a required set of operational restrictions including timing and modifications to the actual operations within the AOC. HCVF areas are generally established in the Sudbury Forest for values not adequately protected by AOCs.

Within the Sudbury Forest, wildlife habitat is diverse and rich; fisheries are a significant resource and wetlands contribute to both fish and wildlife habitat and to recreational activities such as birding, hunting and fishing. Three main game species are found on the Forest, including moose (*Alces alces*), white-tailed deer (*Odocoileus virginianus*) and black bear (*Ursus americanus*). In general, moose and white-tailed deer populations show a gradual increase on the unit while black bear populations appear stable.

1.2.2 Socioeconomic Context

The Sudbury Forest is located in central Ontario, encompassing the city of Sudbury and the surrounding towns. Sudbury is in the approximate center of the Forest.

The Forest extends south to the shore of Georgian Bay in the Killarney area. At its northernmost extension, the Forest reaches about 120 km north of Sudbury. To the east the forest extends about 60 km – almost halfway between Sudbury and North Bay, and to the west, the forest extends about 60 km from Sudbury.

The Sudbury Forest encompasses almost 1.1 million ha (11,000 square km). About 83% of the area is land; most of the water area of the Forest is in Lake Wanapitei and in a portion of Georgian Bay, which is included within the defined boundaries of the Forest.

About 73% of the total area of the Sudbury Forest, is Crown land; 24% of the area is Patent land, with the remainder comprised of First Nation reserves and other federal lands. The Lands for Life and Living Legacy processes resulted in the creation of new parks and conservation reserves in central and northern Ontario.

The parks in the Sudbury Forest, by category, are:

Category	Park Name
Wilderness	Killarney
Recreation	Windy Lake
	Fairbanks
	Maskinonge
Waterway	French River (partially in Sudbury Forest)
	Sturgeon River (partially in Sudbury Forest)
	Obabika (partially in Sudbury Forest)
	Solace (partially in Sudbury Forest)
	Chiniguchi
	Killarney Coast and Islands
Natural Environment	Killarney Lakelands and Headwaters
	Wanapitae

There are also a number of conservation reserves and forest reserves in the Sudbury Forest. In general, commercial timber harvest, mining, and commercial hydro-electric power are excluded from conservation reserves. Forest Reserves are areas where protection of natural

heritage and special landscapes is a priority, but some resource use can take place. Commercial forest harvest, new hydroelectric power development, and peat extraction are not allowed; mining and most other resource and recreational use is permitted, provided they are consistent with the values being protected.

The conservation reserves and forest reserves are:

Conservation Reserves Cherriman Township
Attlee
Garson Forest
MacLennan Esker Forest
Tilton Forest
Attlee Central Forest
Eden Township Forest
Pinetorch
North Yorston

Forest Reserves Campreol/Hanmer Delta
Cow Lake
Daisy Lake Uplands
Dowling/Fairbank (includes Vermilion River Delta Wetland)
Kukagami Lake
Nelson Delta East
Wolf Lake Old Growth Forest
Killarney North

The final land areas removed from timber production in the Sudbury Forest have yet to be calculated, but it is estimated that new protected areas will encompass about 5% of the Forest.

About 16 mills receive wood from the Sudbury Forest, although most are not entirely dependent on the Forest for their timber supply. The wood supply traditionally provided to these mills from the Sudbury Forest varies from less than 100 m³/yr to more than 40,000 m³/yr. Over the last ten years, the average annual harvest area has been 4,682 ha, yielding approximately 176,000 m³/year of wood.

Five First Nations are considered within or adjacent to the Sudbury Forest. These are Dokis, Henvey Inlet, Whitefish Lake, Wanapitei, and Wikwemikong. Point Grondine Indian Reserve #3 is also located within the Sudbury Forest, situated on the north shore of Georgian Bay between Killarney Provincial Park and Highway 69. This area is part of the reserve territory of Wikwemikong First Nation. In addition, the Temagami First Nation, as well as the other five First Nations listed above, has some traditional land use areas in the Sudbury Forest. Four of these First Nations have representatives on the planning team (Whitefish Lake, Wahnapiatae, Wikwemikong and Temagami). Dokis and Henvey Inlet have chosen to keep informed through the public consultation process. N'Skwakamok is a company owned by the five First Nations of [Wikwemikong](#), [White Fish Lake](#), [Henvy Inlet](#), [Dokis](#) and

Wanapitei. N'Skwakamok is a first nation shareholder in the Vermilion Forest Management and has a seat on the board of directors.

1.3 Forest Management Enterprise

1.3.1 Land Use

The history of the Sudbury Forest has been largely influenced by logging in the mid-late 1800's, followed by fire. Logging started along the shores of Georgian Bay and the French River and progressed north and inland, along rivers and then along the railroad.

Human activities on the Sudbury Forest, such as logging, mining, human-caused fire as well as fire suppression, have all caused changes to the Sudbury Forest. Ontario Land Surveyor records provide some information on what the Sudbury Forest was like before extensive human intervention. In the late 1800's and early 1900's surveyors established township lines and other legal boundaries as part of the settlement process. When doing this, they recorded information on land type, landform, soil productivity, and forest cover. Detailed descriptions of forest cover included species (in order of abundance), relative ages, health and diameter at breast height of the trees they encountered. This 1890 (circa) forest data showed that there is approximately twice as much birch, maple and spruce now than there was at that time, and conversely, that there was approximately twice as much pine at that time than- there is now. This data was used to help develop objectives, targets and strategies to move toward a forest composition more similar to the one which occurred at that time.

The Sudbury Basin has been the landform that was most significantly altered since pre-settlement days when mature stands of white pine dominated the landscape. The settlement of the Sudbury area centred around the construction of the railway and the development of the forest and mining industries. Land was also cleared for farming, particularly in the Hanmer, Chelmsford and St. Charles areas.

The liberation of gases such as sulphur dioxide from the early open hearth, roast bed operations (early 1900's to 1930), and later from the stacks at Copper Cliff, Coniston and Falconbridge, caused severe damage to surrounding forest vegetation. Logging and repeated fires were also significant factors in the deforestation. About 80,000 hectares were disturbed or damaged by toxins released through the smelting process. Natural colonization (from wind-blown seed) of some of the barren areas by early successional species such as white birch and poplar occurred, but the process was slow because repeated fumigation would kill newly established seedlings. Construction of the superstack by INCO in the mid-1970's helped accelerate natural colonization.

A progressive land reclamation program sponsored by a multi-agency partnership of Regional, provincial and federal governments, industry and academia has received recognition from the United Nations for its contribution to the accelerated re-vegetation of the Sudbury Basin. The program began with research, trials, and mapping during the mid-1960's. This program, which includes liming, grassing and tree planting, is ongoing and a commercially viable forest is expected to be available in the Sudbury Basin within the next

100 years. Over 10 million trees have been planted since 1979, including about four million that were planted by VFM and the City of Sudbury through a Forestry Futures Trust project. Main target species include jack pine, red pine, white spruce and white pine but other species also include silver maple (*Acer saccharinum*), red oak, ash, cedar, larch and black locust (*Robinia pseudoacacia*). The liming process also speeds up the natural regeneration of poplar and white birch. Most of the reclamation work has been on private land holdings and municipal lands, however, the 2003 planting was on Crown land.

The pattern of the forest in the area south of Highway 17 has been affected by the settlement of small communities such as Alban, Noelville and Killarney. Repeated logging of the forest for industrial, commercial and individual use has produced the mixed wood condition of many of the present day stands.

The city of Greater Sudbury lies in the midst of the Sudbury Forest. This fact and the Forest's proximity to other population centres, creates demands on the Forest for a variety of recreational activities including hunting, snowmobiling, and cottaging. Recreational activities, such as cottaging, canoeing, hiking, bird watching, camping, hunting, fishing, snowmobiling and skiing are important social values on the Sudbury Forest.

In addition to 187,530 ha of protected forests, there are eleven enhanced management areas for recreation, remote access, natural heritage and Great Lakes Coastal areas along Georgian Bay of Lake Huron on the Sudbury Forest. All of these areas are valued for recreation. Each of these, and other activities, require that forest management be undertaken in such a way as to minimize or ameliorate potential negative impacts. For example, a cottaging lake prescription has been included in the FMP and applied to lakes that have a relatively high number of cottages and/or full time residents. In a number of situations, cottage lake representatives met with members of the planning team to develop specific AOC prescriptions to mitigate the impact of forest operations on their specific values.

Access management is a particularly difficult aspect of managing the forest for multiple values. In addition, the area around Sudbury has extensive mining and smelting industries, and these have impacted on the use of the forest, access, and the environment.

1.3.2 Land Outside Scope of Certification

The Lands for Life and Living Legacy processes resulted in the creation of new parks and conservation reserves across Ontario. The conservation and forest reserves currently remain under the management of VFM; however, they are excluded from the allowable cut calculations. These reserves are afforded the protection until a final disposition is determined. The final land areas removed from timber production in the Sudbury Forest have yet to be calculated, but it is estimated that new protected areas will encompass about 5% of the Forest.

Five first nations are located within or near the Sudbury forest management unit. These lands are all managed by the first nations. These include Dokis First Nation, Henvey Inlet First Nation, Whitefish Lake First Nation, Wahnapiatae First Nation and Wikwemikong

Unceded Indian Reserve. Point Grondine Indian Reserve #3 is located within the Sudbury Forest, on the north shore of Georgian Bay between Killarney Provincial Park and highway 69.. In addition, Temagami First Nation has some traditional land use areas in the Sudbury Forest.

Dokis First Nation is located approximately 16 km southeast of Lake Nipissing, on the French River. It has a land area of approximately 12,262.2 ha. It is divided into two large parts consisting of a north island, Okikendawt, and a large southern peninsula. The main settlement is found on Okikendawt Island. Road access to the First Nation is by a gravel road which connects with highway 64, approximately 30 km to the northwest. There are approximately 951 members with 161 people living on reserve and 372 living off reserve.

The Henvey Inlet First Nation is located on the French River Reserve 11 km south of the French River and the Henvey Inlet Reserve, located on the northeast shore of Georgian Bay. Henvey Inlet First Nation has a land base of 12,157.8 ha, comprising of 135 members living on the reserves with another 242 living off the reserves.

Temagami First Nation is located 88.5 km northwest of North Bay. With a land base of 293.4 ha, Temagami First Nation has a member registration of 639 members, with 192 living on reserve and 447 members living off reserve.

Wahnapiatae First Nation, a signatory to the Robinson-Huron Treaty of 1850 is located 50 km north of Sudbury. With a land base of 1063 ha, Wahnapiatae First Nation comprises approximately 320 members with about 60 of those living on the reserve.

Whitefish Lake First Nation is located approximately 15 km southwest of the City of Greater Sudbury and is a member to the North Shore Tribal Council. With a land base of 17,704.5 ha, Whitefish Lake First Nation consists of approximately 840 band members living both within and off of the reserve.

Located on Manitoulin Island, 160 km southwest of Sudbury and 35 km southeast of Little Current, Wikwemikong Unceded Indian Reserve #26 is home to the People of the Three Fires –Odawa (Traders), Ojibway (Faith Keepers) and Pottawotami (Fire Keepers). The largest of six First Nations' communities on Manitoulin Island, Wikwemikong is recognized as Canada's only Unceded Indian Reserve. With a land base of 55,000 ha on the reserve with additional area under resolution (boundary review), Wikwemikong Unceded Indian Reserve consists of approximately 5,500 members living both within and off of the reserve.

1.4 Management Plan

The FMP is consistent with higher order direction such as provincial legislation and provincial and regional policies and strategies. The report of past forest operations, the independent forest audit, other resource management plans, business needs of the forest industry and other forest-dependant industries, such as the tourist industry, were also considered in setting strategic direction for this plan.

In Ontario, forest management plans for Crown land forest management units are prepared using a 20-year planning horizon with a five-year term of effectiveness. The 2005-2025 FMP for the Sudbury Forest has an effective term from April 1, 2005 until March 31, 2010 and contains detailed information on operations scheduled during that period. The next FMP for the Sudbury Forest will be written for a ten-year term according to the 2004 Forest Management Planning Manual for Ontario's Crown Forests.

Annual Work Schedules will be produced to outline in detail the planned implementation of forest operations on a yearly basis. Annual Work Schedules follow the direction of the FMP. Annual Reports are prepared each year on the actual implementation of planned activities and a report of past forest operations is prepared at the end of the five-year term.

The FMP complies with the Tourism and Forestry Industry Memorandum of Understanding. There is a commitment to maintain the viability of the tourism industry by protecting tourism values in the FMP process through the application of the Tourism Guidelines and the negotiations of Resource Stewardship Agreements (RSAs) with resource based tourism operations, as one method of protecting and sustaining these values. At the time of plan preparation, 14 RSAs were prepared for signing by resource-based tourism operators and VFM. Prescriptions related to forest management that were proposed in RSAs have been reviewed through this FMP planning process.

Much public consultation has been done for the production of this plan. Over 400 people attended open houses and about 25 people participated in two field trips. There were many meetings with cottagers associations, Ontario Parks, tourism operators, naturalists and other stakeholders and interest groups in the Sudbury Forest. First Nations reviewed the proposed allocations determine whether or not any of their values might potentially be impacted by proposed operations. The meetings and consultations have resulted in a better plan. Meetings with stakeholders and concerned citizens is part of the Vermilion Forest Management Company's on-going out-reach program to ensure effective communication with those who could be affected by planned operations.

1.4.1 Management Objectives

In forest management plans, objectives are developed for desired benefits or outcomes that can be achieved by managing the forest cover. The primary goal in every forest management plan is to achieve a healthy, sustainable forest ecosystem, which is vital to the well-being of forest based, as well as non-forest based, Ontario communities. The *Crown Forest Sustainability Act* specifies that a plan must have objectives relating to:

- a) forest diversity;
- b) social and economic matters (including harvest levels);
- c) the provision of forest cover (for values dependant on forest cover); and
- d) silviculture.

Objectives for this plan were developed in accordance with higher level direction described above in Section 1.3. Also, a number of sources directly related to this management unit were incorporated, including:

- a) the objectives from the 2000-2005 FMP
- b) the report of past forest operations
- c) the results of the independent forest audit, which was conducted in 2001

In addition to these sources of information, the planning team obtained advice on developing objectives from the local citizens committee, the old growth task team, the utilization task team and the public, via the FMP consultation opportunities summarized in the supplementary documentation.

The entire Crown forest landbase, including managed forests, parks and conservation reserves, is used to achieve objectives for forest diversity, for values dependant on forest cover (such as wildlife and water quality or fish habitat), and for some social and economic matters (recreation, for example). The Crown land available for forest management is used to determine objectives for other social and economic matters such as harvest level and silviculture.

1.4.2 Forest Composition

The Sudbury Crown managed forest is a fairly even mix of softwood and hardwood working groups, with a little more than half the area in softwoods (57%) and a little less than half the area in hardwoods (43%). White birch is the single largest working group at 91,425 ha, followed by jack pine at 83,861 ha and poplar at 79,172 ha. There are 66,250 ha in the white pine working group; 54,168 ha in the black spruce working group; and 22,669 ha in the balsam fir working group. The following table (Figure 2.6 from the FMP) provides a summary of working group area for the Crown managed forest.

**Table 1.4.2.a:
Working Group Summary, Total Productive Forest Area (ha)**

Working Group	Area (ha)	%
White Birch	91,425	20%
Jack Pine	83,861	18%
Poplar	79,172	17%
White Pine	66,250	14%
Black Spruce	54,168	12%
Balsam Fir	22,669	5%
Red Pine	13,493	3%
Soft Maple	10,795	2%
White Spruce	10,101	2%
Oak	8,268	2%
Hard Maple	5,626	1%
Cedar	5,618	1%
Hemlock	3,090	1%
Spruce	1,779	0%
Yellow Birch	1,142	0%
Ash	619	0%
Maple	299	0%
Larch	258	0%
Other Hardwood	49	0%
Red Oak	35	0%
Other Conifer	21	0%
Total	458,738	100%

A history of human intervention on the Sudbury Forest has created a forest condition (species composition and age-class) that is considered anomalous in comparison to a forest where harvesting and fire protection practices have not been implemented. The age class distribution was greatly modified due to the past harvest policies of harvesting the oldest stands first. Fire protection is also a contributing factor to the age-class distribution on the Sudbury Forest. The following table shows the projected area of old-growth stands over the next eleven 10-year periods.

**Table 1.4.2.b:
Area in old Growth Age Classes All Forest Units, Current and Projected**

Area in old Growth Age Classes (ha)			
All Forest Units			
	Parks & Managed Forest Reserves	Available Managed Forest	Total
T1	4,908	25,733	30,642
T2	14,940	29,283	44,223
T3	38,626	36,679	75,305
T4	75,656	57,973	133,629
T5	107,478	72,886	180,364
T6	123,359	62,596	185,955
T7	127,994	36,833	164,827
T8	121,523	23,563	145,087
T9	108,348	16,636	124,985
T10	91,885	15,627	107,512
T11	78,153	10,639	88,792

It is generally accepted that effective forest fire protection began in the 1950s. Prior to that fire was the main source of forest disturbance. This may offer at least a partial explanation as to why there is such a concentration of area within a few age-classes. The current age-class distribution of the forest necessarily drives many long-term management strategies in the FMP.

1.4.3 Silvicultural Systems

Due to the diversity of species found in this transition zone between the temperate and the boreal forest, a wide variety of silvicultural systems and strategies have been adopted. These vary by the forest unit and the species present in each of these. All four major reproductive systems, clearcut, seed tree, shelterwood and selection are utilized on the forest. In addition many of the forest units are managed with an objective of reductions or increases in area based on the data showing the historical composition.

Selection cutting is used for the majority of Sudbury Forest shade-tolerant hardwood forests. The intent of selection cut is to improve the growth rate and quality of the remaining trees, while maintaining and enhancing wildlife habitat and other natural features. The selection cuts occur on a 20- to 30-year rotation with a harvest of mature and declining (diseased or unhealthy) trees. Additionally, selection cutting allows young trees of the shade-tolerant species to become established in the mostly-shaded understory. Selection cutting emulates small gap natural disturbances (e.g., windthrow and disease), and perpetuates an *all-aged* tolerant hardwood forest.

The Shelterwood system, used with *mid-tolerant* hardwood and conifer species, involves the removal of a stand in a series of cuts, while a new stand develops in the partially shaded and protected *understory*. Shelterwood mimics major, natural disturbances such as wind, fire, and

large insect outbreaks, which leave large gaps in the forest canopy where mid-tolerant species can thrive. It is used to produce an even-aged stand of trees *except for targeted wildlife trees and supercanopy trees*.

The Clearcut system is used for stands of shade-intolerant trees. In clearcutting, most of the trees are removed in one cut. The Natural Disturbance Pattern Emulation Guidelines (NDPEG) are applied to clearcut operations. The NDPEG is intended to “naturalize” clearcuts by ensuring green trees are retained in the cut blocks as individuals and in insular and peninsular groups. This variable retention along with the size, shape and pattern of the cuts on the overall landscape are varied to emulate the effects of natural disturbances such as fire. The cut areas may be replanted, seeded, or left to naturally regenerate with shade-intolerant species. Although the individual stands of trees are even aged, all ages are usually represented on the landscape at any one time.

While not an official provincial silvicultural system, **the Seedtree system**, used mainly for restoration of conifer species, involves the removal of most of the stand in a single cut while retaining trees for seed production purposes in the cut area. This system is most frequently applied where residual conifer trees are scattered in a stand that has grown back to other species due to past practices and the site is targeted for restoration to conifer species. It is used to produce an even-aged stand of trees *except for targeted wildlife trees and seed trees*.

The application of the silvicultural systems is best understood by looking at the various forest units (FUs) and the objective for each of them.

White Birch Hardwood Mix Forest Unit (dominant species Bw): Decrease the area in white birch FU as a significant increase in this forest type occurred due to past practices. Proportionately increase the area in the white pine uniform shelterwood (PWUS) and red pine (PR) FUs. Many white birch stands are the result of natural regeneration after past harvest practices where most or all of the pre-harvest red and white pine were removed followed by little or no reforestation effort. These sites will be identified and targeted for white pine and red pine rehabilitation.

Mixedwood Dry Forest Unit (dominant species Bw/Po with Pj/Pw/Pr conifer component): This FU is represented by the white birch and poplar (PO) working groups and is targeted to decrease similar to the area within the BW, PO and white pine seed tree (PWST) as part of the overall PWUS rehabilitation strategy.

Mixedwood Rich (Moist) Forest Unit (dominant species Bw/Po with Bf/Sw/Sb conifer component): The MW2 FU and mixedwoods in general offer a broad range of wildlife habitat niches. While MW1 has been forecast to decrease, a target to maintain the current area within MW2 over the planning horizon has been set by the planning team in recognition of its habitat contribution. Maintaining a relatively stable area within this FU was recognized as being important for acceptable selected species, habitat projections.

Jack Pine Forest Unit (dominant species Pj): Maintain the amount of area in this FU. The Sudbury Forest is within the transition zone of the Great Lakes-St. Lawrence forest (GLSL)

and the Boreal forest regions. The jack pine FU is a classic example of a Boreal forest type mixed within GLSL forest types. Maintenance of this FU is important to conserve the unique transition type forest that exists within the management unit. The jack pine species is also of high commercial importance and an important source of relatively fast-growing conifer fibre suitable for both pulp and sawlog.

Jack Pine Upland Black Spruce Mix Forest Unit (dominant species Pj/Sb): Permit the gradual decrease of area in this FU and proportionately increase the area in the PJ FU. A mixed forest consisting of jack pine and black spruce is commonly a result of natural succession. A relatively pure jack pine stand will frequently show an increased black spruce component over time as the latter species regenerates in the understory and becomes prevalent in the overstory. In a more natural disturbance regime, fire would burn the mixed stands and jack pine would regenerate the site restarting the cycle. Harvesting the PJSB FU utilizing clearcuts is expected to result in a similar outcome. During the silvicultural treatment of these stands some area is expected to develop into stands characteristic of the PJ FU thereby reducing the area in PJSB over time. Increasing the PJ FU in the short term (i.e. over the next 50 years) by reducing the area within PJSB FU is key to maintaining area within the PJ FU over the long term (i.e. 50-100+ years).

For this reason the PJSB FU will be permitted to gradually decline to a maximum of –30% of the current amount within a 100-year horizon.

Poplar Forest Unit (dominant species Po): Historical records indicate an increase in this forest type. Many poplar stands are the result of natural regeneration after past harvest practices where most or all of the pre-harvest red and white pine were removed followed by little or no reforestation effort. These sites will be identified and targeted for white pine and red pine rehabilitation.

Poplar is however, an important commercial species. In recognition of this, rehabilitation efforts will be focused on low quality stands of poplar more suitable to white and red pine. It is also noteworthy that post-renewal succession in several FUs realistically forecasts some “failures” to the PO FU. For example: Extensive treatments in the PJSB FU are expected to produce a future forest condition consistent with the PO forest unit on approximately 20% of the area harvested under this intensity. This will contribute to the area within the PO FU. The withdrawals from this FU as part of rehabilitation to PWUS will be more than offset by the area contributing to this FU *via* post renewal succession resulting in a stable supply of poplar fibre to the market.

White Pine Seed Tree Forest Unit (dominant species Pw/Po): Decrease the area in the PWST FU and proportionately increase the area within the PWUS and PR FUs. Stands within the PWST FU have a low-stocked component of white and/or red pine but are often dominated by intolerant hardwood species as a result of past harvest practices. This is indicative of stands where white and red pine naturally exist in more abundance but has likely been decreased by past harvesting similar to the circumstances regarding the increased area in white birch and poplar forest types.

Forest stands classified as PWST FU are not always a consequence of past harvest practice and commonly occur as a result of natural disturbances, regeneration and succession. The objective is not to rehabilitate all PWST stands on the forest. Rehabilitation efforts will focus on stands where evidence of past harvest practice has resulted in the decrease of white and red pine. It is also noteworthy that that post-renewal-succession in white and red pine rehabilitation treatments in PO, MW1 and BW realistically predict that the treatments will not always result in a PWUS forest and “fall short” of the target pine stocking resulting in a PWST FU. These “failures” will continue to contribute to the PWST FU and maintain its important presence on the forest.

Black Spruce Lowland Conifer Forest Unit (dominant species: Sb/Ce/La): Maintain the current area within this FU. This is a typical Boreal forest condition within the GLSL-Boreal transition zone of the Sudbury Forest. The target recognizes the importance of maintaining the southern range of this feature.

Spruce/fir (dominant species: Sb/Bf/Sw): Maintain area to within -15% of current area over the entire planning horizon. This FU is important for wildlife habitat such as moose, deer and elk during deep snow conditions and marten throughout all seasons. Maintaining a relatively stable area within this forest unit was recognized as being critical to maintain an acceptable level of selected species, wildlife habitat.

White Pine Uniform Shelterwood Forest Unit and Red Pine Forest Unit (dominant species Pw/Pr and Pr respectively): Increase the amount of area in these FUs as the proportions of white and red pine forest types have decreased. This will be accomplished by first maintaining the current area in these FUs through sound silviculture practice. Secondly, selected area within the BW, PO, MW1 and PWST FUs will be rehabilitated to contribute to the PWUS and PR FUs.

Cedar Forest Unit (dominant species Ce): Maintain the amount of area in this FU to within a 5% decrease over the entire planning horizon. The change analysis of current to historical area within this forest type is inconclusive. This target was set in concert with the strategy and target established to maintain the area within the HE forest unit. Given the significant wildlife value of the HE FU and its recent decline it was assumed that the CE FU, with equal wildlife value, would become increasingly relied upon as habitat.

Tolerant Hardwood Selection and Tolerant Hardwood Uniform Shelterwood Forest Units(dominant species Mh/Upland hardwoods): Maintain sugar maple and other mid-tolerant hardwoods such as red oak and yellow birch of acceptable quality within 10% of their current level. Maintenance of these FUs is important to conserve the unique GLSL-Boreal transition type forest that exists within the management unit.

Planning models show an increase in the maple forest type. It can be noted that red maple dominated stands fall into the BW forest unit and are therefore part of the rehabilitation strategy. Sugar maple and other tolerant hardwoods that constitute the HDUS and HDSEL FUs are not abundant in the Sudbury Forest and therefore not explicitly targeted for strategic-level rehabilitation. In some instances, past white and red pine exploitation is noted in poor-

quality, tolerant hardwood stands. Silviculture treatments to increase the composition of white and red pine within these stands or rehabilitation of these stands to PWUS may be undertaken on a case-by-case basis.

Hemlock Forest Unit (dominant species He): Maintain the amount of area in this FU to within a 5% decrease over the entire planning horizon (150 years). The target established is in response to the relatively uncertain status of the FU because of the recent hemlock mortality due to the hemlock looper infestation on the southern portion of the forest.

Lowland Mixedwood Forest Unit (dominant species: black ash and other lowland hardwoods with conifer including Sb/Ce/La): Maintain current area within the FU. The FU makes up 0.4% of the total productive crown forest on the management unit and is relatively unique. The target has been set to conserve its presence on the forest.

Conservation of White Pine, Red Pine, Hemlock and Locally Rare/Unique Tree Species within all Forest Units: When tree species unique to a FU stand are encountered (e.g. white/red pine in a BW FU stand) maintain these unique tree species as part of the residual tree requirement in clearcut forest units. Maintain a representative proportion of the unique trees in the post-harvest species composition within shelterwood or selection harvest areas. For example, there are 20,719 ha in the SF forest unit that have a 10% component of white or red pine.

Some anomalies seem apparent, for example, 571 ha of PWUS has only 10% white or red pine when the criteria for this FU indicates that it must have a minimum of 30%. FUs were assigned to stands using one of three means. Using the FU algorithmic criteria is one of the three however, depletion records indicate that this area was harvested using the pine shelterwood silviculture system. One of the FU determination methods is to classify stands that have been treated in the past with an appropriate FU based on the applied silviculture system regardless of its inventory stand attributes. The stand attributes will be updated in the inventory during the course of the FMP term.

In addition, strategies were developed to maintain a number of tree species that are relatively unique in the Sudbury Forest; these species include white elm, black cherry and ironwood. Tolerant hardwoods north of Highway 17, such as yellow birch, red and bur oak are also to be considered.

1.4.4 Management Systems

The SF forest is divided into 11 operational blocks, one for each shareholder. Each block has an area forester who is responsible for the daily activities on those lands. These blocks were determined from the historical use patterns of the shareholders.

- H & R Chartrand Lumber Co. Ltd. – Townships of operations include: Appleby, Cherriman, Cosby, Hawley, Hendrie, Jennings, and Mason.

- Domtar Inc. - Townships of operations include: Beaumont, Beresford, Creelman, Frechete, Hutton, Lampman, Leask, McNamara, Roberts, and Sweeny.
- R. Fryer Forest Products Ltd. - Townships of operations include: Casimir, Cherriman, Cosby, Falconar, Haddo, Hendrie, Hoskin, Jennings, and Martland.
- Gervais Forest Products Ltd. - Townships of operations include: Aylmar, Creelman, Demorest, Ellis, Fraleck, Grigg, Haenstschel, Howey, Hutton, Marconi, McLeod, Parkin, Rathbun, Sobie, and Telfer.
- Goulard Lumber (1971) Ltd. - Townships of operations include: Clary, Demorest, Mackelcan, McConnell, Rathbun, Seagram, Sheppard, and Turner.
- Lahaie Lumber Ltd. - Townships of operations include: Allen, Bigwood, Burwash, Cox, Cleland, Delamera, Dieppa, Dill, Hendrie, Hoskin, Laura, Lorne, Louise, Mason, Secord, Servos, Struthers, and Waldie.
- Mainville Lumber Company Ltd. - Townships of operations include: Cascaden, Dowling, Fairbank, Levack, and Morgan.
- Nadon Lumber Ltd. - Townships of operations include: Appleby, Cleland, Hawley, and Hendrie.
- Isidore Roy Ltd. - Townships of operations include: Appleby, Awrey, Bowell, Burwash, Cleland, Davis, Dill, Dryden, Dunnet, Hagar, Hanmer, Kelly, Loughrin, Lumsden, Mackelcan, McCarthy, Norman, Rathbun, Ratter, Scadding, Street, and Wisner.
- G. W. Sutherland Contracting Company Ltd. - Townships of operations include: Cascaden, Drury, Hyman, and Trill.
- N'Skwakamok Forestry Corporation - Townships of operations include: Allen, Attlee, Bevin, Caen, Carlyle, Eden, Halifax, Killpatrick, Laura, Sale, Secord, Struthers, Tilton, and Waldie.

Most harvesting operations are performed by outside contractors working for the shareholders. VFM does hire silvicultural contractors directly to perform operations such as tree marking, tree planting, thinning, and herbicide spray contracts. Field consultants are retained as needed for operations.

The management system is overseen by the senior forestry personnel, including:

- General Manager: Peter Street, Registered Professional Forester, oversees all forest management activities; reports to the shareholders.
- Planning Forester: Norm Cottam, Registered Professional Forester, responsible for drafting FMP and coordinating GIS.
- Field Forester: Ron Luopa, Registered Professional Forester, responsible for compliance – FOIP, prescriptions – FOPs, operations notifications, roads classification, health and safety, and lead forester on Lahie, Nadon, Sutherland, Roy, Goulard, Tupnikang operator areas.
- Field Forester: Doug Maki, Registered Professional Forester, FMP amendments, AWS, SAP needs, map filing and archiving, harvest and silviculture annual reporting, spray plans, and lead forester on Lakeland operator area.
- Forest Technician: Chuck Huisman, Annual cutting approvals, haul authorizations, cut boundary marking, fire plans, crossing standards and sediment control, FMP block selection, tree marking contracts, depletion mapping, and lead on Gervais, Domtar, N'Skwakamok, Mainville, Chartrand, Fryer, Rastall, D. Herbert operator areas.

- Forest Technician: Patrick Bazinet, responsible for assigned harvest blocks for any operator area during the fall and winter seasons.

1.4.5 Monitoring System

Monitoring and assessment are conducted on all activities undertaken in the management of the Sudbury Forest. These activities include:

- Forest harvesting using the three provincial silvicultural systems (clearcut, shelterwood and selection);
- Primary, secondary and tertiary road construction and maintenance activities;
- Forest renewal activities such as site-preparation, tree planting and manual tending; and
- Forest protection activities such as the use of pesticides to control insect infestations.

The results of monitoring and assessment guide and direct activities as they are conducted and are used to improve future activities. Monitoring and assessment is essential to VFM's continuous improvement approach to managing the Sudbury Forest.

To ensure the sustainability of the Sudbury Forest and to ensure that operations are carried out in accordance with provincial regulations, policies, guidelines and this forest management plan, a compliance strategy has been developed for the five-year term of this plan.

The Compliance Strategy and Plan for the Sudbury Forest identifies:

- The type of SFL arrangement;
- Unique situations present within the forest;
- Past, present and anticipated compliance problems and issues;
- Compliance goals;
- Compliance objectives, strategies and expected results;
- Inspection techniques that will be used to monitor planned operations;
- Requirements for follow-up on remedial actions; and
- Roles and responsibilities for VFM and the Overlapping Licensees.

The seven goals identified in the Compliance Strategy and Plan address:

- How the forest resource will be protected;
- Ways to encourage and ensure adherence to the rules and requirements which contribute to the sustainable management of the Sudbury Forest;
- Ways to improve markets and increase utilization;
- How required training will be identified and how it will be provided to staff and Overlapping Licensees;
- Improvements required to set up an efficient silvicultural monitoring program; and

- f) How VFM will demonstrate to the public and other stakeholders that the forest is being managed in a responsible and sustainable manner.

There are also a number of additional ways operations are monitored and assessed during the five-year term of this plan, including:

- a) Ongoing MNR compliance monitoring and audits;
- b) Regular Local Citizen Committee Meetings;
- c) Public and other stakeholder comments and input;
- d) Annual Reports
- e) Five year independent forest audits;
- f) Annual Ontario Forest Industry Association (OFIA) self assessment audits; and
- g) Annual Forest Stewardship Council (FSC) certification audits (if VFM is successful in obtaining FSC certification in 2005-2006).

Annually, the MNR Sudbury District prepares a district-wide compliance plan. These annual plans are a key factor in ensuring that the forest overall is being managed sustainably. They identify amongst other things, how forest management activities will be monitored during the year by MNR staff. The MNR also has the authority to issue “Stop Work Orders”, “Repair Orders” and in significant or repetitive instances of non-compliance to lay charges against VFM and any of the Overlapping Licensees. District MNR staff also assist VFM in assessing the success of its compliance program.

Compliance issues and concerns are regularly discussed at LCC meetings. LCC representatives bring forward concerns from the groups they represent. VFM and the MNR Sudbury District both provide information to the LCC about ongoing compliance issues. The Sudbury Forest is actively used by the general public and numerous stakeholders. Activities conducted on the Sudbury Forest are closely monitored by these groups and both VFM and the MNR receive numerous inquiries and comments throughout the year. Complaints made by the general public and other stakeholders are promptly investigated and addressed. Efforts are also made by VFM and MNR to explain to the public and other stakeholders the reasons why activities are conducted in a certain manner.

As a condition of the Sustainable Forest License granted to VFM, an “Independent Forest Audit” (IFA) is conducted every five years by a team of independent professionals with a range of expertise in specific disciplines. The purpose of this audit is to report to the Minister of Natural Resources and the Ontario Legislature how well the Sudbury Forest is being managed. If the Sudbury Forest is found to be sustainably managed, then the IFA recommends to the Minister that the SFL be extended for another five years. The last IFA recommended the extension of the SFL and made a number of recommendations on how the management of the forest could be improved. Both the MNR and VFM are actively working on meeting these recommendations as required. The next IFA on the Sudbury Forest is scheduled for 2006.

To retain membership in the Ontario Forest Industry Association (OFIA), each year VFM undergoes a self-assessment audit to ensure compliance with the OFIA’s Code of Practice.

Over the last three years VFM has improved its operations from a bronze level to a gold level. While the assessment is completed by VFM Staff, the assessment is subject at any time to an audit by the OFIA.

To maintain FSC certification there will be a rigorous assessment of how VFM manages the Sudbury Forest. Similar to the IFA, the FSC certification will identify areas requiring improvement. VFM will then be annually assessed to ensure that FSC standards are being maintained and that specified corrective actions and recommendations to improve the management of the Sudbury Forest are being taken.

The High Conservation Value Plan for the Sudbury Forest includes additional monitoring for all identified HCV's. These are specific to each of the values and designed to determine the success of the HCV Plan in protecting and enhancing the HCV. The monitoring is designed with shared responsibility for monitoring taken into consideration and to determine compliance, effect and effectiveness of the HCV Plan. Specific Monitoring requirements and plans for each HCV are included in Table 13 of the **“High Conservation Values in the Sudbury Forest: Assessment, management and monitoring of forest conservation in the Sudbury Forest from a global, regional and local perspective based on the Forest Stewardship Council’s Principle 9.”**

1.4.6 Estimate of Maximum Sustainable Yield

The *Crown Forest Sustainability Act* (CFSA) requires that sustainability be determined at the management unit level. Under the CFSA, sustainability means long term Crown forest health. The Act defines forest health as “the condition of a forest ecosystem that sustains the ecosystem’s complexity while providing for the needs of the people of Ontario.”

The CFSA requires a determination of forest sustainability at the management unit level. Six criteria are used to determine forest sustainability, the first five of which are relevant at the management unit level:

- a) Biodiversity
- b) Multiple Benefits to Society;
- c) Forest Condition and Ecosystem Productivity
- d) Soil and Water Quality
- e) Accepting Society’s Responsibility for Sustainable Development; and
- f) Global Ecological Cycles

The criterion called “global ecological cycles” is not used at the management unit level. According to the FMPM, it is used at higher levels to help determine sustainability at the provincial level. The other five criteria are used at the management unit level. Two of the criteria, biodiversity and multiple benefits to society are used in predictive models during plan development to estimate the effects of each management alternative on these sustainability indicators. All five criteria are assessed at the end of the plan term in the report of past forest operations to detect trends.

The Strategic Forest Management Model (SFMM) was developed by MNR as a decision support system to provide a flexible framework that represents large forest areas at a strategic level. It explores forest management strategies and tradeoffs to help understand how a forest develops through time. This model is supported by MNR. SFMM, version 2.1 Build 112, was used for the VFMP.

Information requirements for the use of the model are categorized in three parts, as explained in the Forest Management Planning Manual (FMPM). Those categories and the specific information items for each category are:

(a) Land Base Definition:

- i. Forest unit descriptions;
- ii. Listing of areas available and unavailable for timber production, by age class or, where applicable, stage of management; and
- iii. Non-forested land type descriptions.

(b) Forest Dynamics Information:

- i. Rates of natural succession of one forest type to another;
- ii. Rates of natural succession of non-forested land types to forest;
- iii. Natural disturbance cycles and succession
- iv. Forest development information (in the form of yield curves) for natural forest development, and for different silvicultural treatments; and
- v. Descriptions of wildlife habitat types, and potential suitability of various habitat types to provide habitat for selected wildlife species

(c) Silvicultural Options:

- i. Harvest operability ranges;
- ii. Shelterwood harvest options;
- iii. Stumpage values;
- iv. Allowances for reserve prescriptions in forest management planning;
- v. Conversion of harvested areas to non-forested land (e.g., roads and landings);
- vi. Forest renewal options, including costs and seedling requirements;
- vii. Post-renewal forest succession rates;
- viii. Commercial thinning and tending treatment options, including costs and expected results; and
- ix. Active non-forest rehabilitation treatment options, including costs and expected results.

SFMM produces reports for each alternative and scenario which describe:

- a) Forest composition by forest unit and age class for the available and unavailable forest;
- b) Harvest, regeneration, tending and rehabilitation schedules;
- c) Sustainable volumes harvested; and
- d) Costs and revenues of silvicultural activities.

The summary of the preferred management alternative is summarized in the VFMP in Table

FMP-15. The sustainability analysis shows an annual available harvest area of 6,687 ha/year. This is 825 ha/yr more than the last FMP. The volume associated with the AHA is 615,107 m³/yr, which converts to 92 m³/ha/yr. Average yields for the three years to date of the 2000 FMP have been 108 m³/ha/yr. Estimated yields in the last FMP were quite low - 395,078 m³/yr, for an average of 67 m³/ha/yr.

The analysis of the data in Table FMP-15 shows the total harvest volume decreases gradually until Term 6 (each term is for 10 years), when it starts to rise until it surpasses current levels in Terms 10 and 11. A SFMM scenario was run to see the effect of having a non-declining yield. That scenario clearly shows the gains of the selected management alternative compared to the non-declining yield scenario - 14% higher volumes over the first six terms, 9% higher volumes over the first ten terms (100 years), and 6% higher volumes when looking at the entire 160-year modeling period.

1.4.7 Estimated, Current and Projected Production

The overall allowable harvest for the 160-year modelling period was discussed in Section 1.4.6. This discussion also included an explanation of the assumptions and data input for the modelling of the production from the Sudbury Forest.

The following table shows the projected volume of the annual harvest by species.

**Table 1.4.7:
Volume Projection by Species**

Species	Volume (m3)	
Pj	162,395	26%
Po	119,952	20%
Pw	98,718	16%
Sb	68,089	11%
Bw	57,949	9%
Sw	32,757	5%
Pr	27,708	5%
Bf	23,266	4%
LH	11,648	2%
Ce	4,142	1%
Mh	2,356	0%
He	2,143	0%
UH	2,026	0%
La	1,957	0%
	615,106	100%

1.4.8 Chemical Pesticide Use

Most of the chemical usage on the Sudbury Forest is in conjunction with the restoration efforts to increase the white pine and red pine components. Silvicultural treatments are utilized for most types to achieve desired regeneration and control competing vegetation.

The Forest has not utilized any insecticides. Silviculture is utilized to protect the stands from insect attack. All herbicides have been applied to control hardwood and herbaceous competition following harvest in order to promote the establishment and growth of conifer trees. VFM has a plan to reduce the dependence on herbicides on the Sudbury Forest. Use of botanicals and other, non-toxic applications were the subject of field inspection by the SCS audit team. The FMP includes a reduction plan for the future. Continued use will remain necessary in the red and white pine types. VFM has provided the audit team with a concrete plan to reduce the overall use of herbicides on a per hectare basis.

In 2003-04 a total of 1,658 ha were treated using a total of 7,228 litres of pesticide. Aerial application of 2,891 litres of the herbicide *Vision* treated 678 ha of harvest forest primarily for stand tending purposes. A skidder mounted air blast sprayer (ABS) was used to apply 4,218 litres of the herbicide *Vision* to 840 ha of harvested forest for site preparation as well as stand tending purposes. 94 litres of *Vision* was used to tend 121 ha using the “Sprout-Less” application method which combines a herbicide application with a manual brush saw treatment. Finally, 19 ha were treated with 25 litres of the herbicide *Release* using the basal bark application methodology.

Aerial spraying is planned for use o release establishing conifer stands from competing herbaceous and woody vegetation which may prevent or delay stands from reaching free to grow status. The total treatment area identified for 2005 was 1,106.8 ha; 367.1 ha of site preparation and 739.7 ha of tending establishing plantations.

Technical names and formulations of the herbicides used for aerial spraying are:

- a. *Vision*; Active Ingredient – Glyphosate 356 grams per litre
- b. *VisionMax*; Active Ingredient - Glyphosate 540 grams per litre
- c. *Release*: Active Ingredient - triclopyr 480 g acid equivalent/L(present as butoxyethyl ester)

Rates and Method of Application:

- a. *Vision*: A total spray volume (*Vision* + water) of 25 l/ha is to be applied with a helicopter-mounted boom and nozzle system. Application rate will be 5.0 L of product per ha for site preparation and 4.0 or 5.0 L of product per ha for tending.
- b. i. *VisionMax* Low Mix Volume: A total spray volume (*VisionMax* + water) of 25 l/ha is to be applied with a helicopter-mounted boom and nozzle system. Application rate will be 3.3 L of product per ha for site preparation and 2.6 L of product per ha for tending.
- b. ii. *VisionMax* High Mix Volume: A total spray volume (*VisionMax* + water) of 50 l/ha is to be applied with a helicopter-mounted boom and nozzle system. Application rate will be 3.3 L of product per ha for site preparation and 2.6 L of product per ha for tending.

No WHO Type 1A or Type 1B agrochemicals or other chemicals prohibited by FSC have been used on the Sudbury Forest. Chemicals spraying is done only by fully trained and licensed operators and pose little environmental or health risks.

2.0 GUIDELINES/STANDARDS EMPLOYED

The SCS Draft Interim Standard for Sudbury Forest was developed by modifying the May 2004, Draft 1.0, of the FSC Standards for Well Managed Forests in the Great Lakes St. Lawrence Forests of Ontario and Quebec, to reflect management of boreal forests in the Sudbury Forest and then incorporating relevant components of the Canada National Boreal Standard Accredited National Standard. The components from the CNBS that were included were 6.3, 6.5, and 9.1. These replaced the language of the GLSL Draft Standard for those sections. More than one month prior to the start of the field evaluation, the Draft Interim Standard was sent out for comment to FSC Canada. The resulting standard is available upon request from SCS (www.scs-certified.com).

3.0 THE CERTIFICATION ASSESSMENT PROCESS

3.1 Assessment Dates

Pre-Certification Audit: June 22 - 24, 2005

Certification Audit: October 25 – 29, 2005

3.2 Assessment Team

Dr. Michael R. Keyes: Team Leader: Dr. Keyes is the Senior Forestry Auditor of Scientific Certification Systems. He is a professional forester and forest ecologist with 23 years of professional experience in both public and private forest management issues. Dr. Keyes worked in collaboration with the World Bank's environmental programs in forestry and agroforestry. He works in SCS as a Senior Forestry Auditor and experienced in auditing State-run forestry programs under the FSC guidelines. Dr. Keyes is also key member in SCS's developing sustainable agricultural and agroforestry programs. He has professional work experience in Indonesia, Malaysia, Colombia, Costa Rica, El Salvador, Guatemala, and México.

Dr. Walter R. Mark: Lead Author: Dr. Mark is a professor of forestry at California Polytechnic State University, San Luis Obispo and former Director of Swanton Pacific Ranch, the University's FSC Certified school forest. Dr. Mark's specialty is forest health. Dr. Mark is a consultant for Scientific Certification Systems and is responsible for the audit report. Dr. Mark is a registered professional forester in California (RPF No. 1250) with 35 years of forestry experience in the public and higher education sectors. He has been part of the audit team for the Nipissing Forest for the past two annual audits and was the lead for the FSC Scoping Assessment on the Sudbury Forest.

Peter Higgelke: Consulting Forester, Managing Partner of KBM Forestry Consultants Inc. (Ontario). As a principal in KBM, Mr. Higgelke specializes in forest management planning, forest inventory, wildlife habitat supply analysis modeling, business plan preparation, timber

harvesting, forest audits and forest renewal prescriptions. Peter is a registered professional forester in the province of Ontario. He has advised First Nations on forest management, forestry negotiations and economic development. In the past he lectured at Lakehead University on integrated forest resources management and GIS applications in forestry. Peter was a member of the SCS audit team that performed the original FSC certification audit in for the Nipissing Forest 2002 and has participated in the two subsequent annual audits. He was also a member of the audit team that performed the FSC Scoping Assessment for the Sudbury Forest.

Ms. Mary Anne Seabrook: Independent Consultant, Thunder Bay (Ontario). Ms Seabrook has a diverse social background having worked with various Native organizations and government for over 25 years. Most recently, she has been involved in four Independent Forest Audits as the Native Auditor for KBM Forestry Consultants Inc. Ms. Seabrook has a Business Diploma from Confederation College and is a member of the Red Rock Indian Band.

3.3 Assessment Process

3.3.1 Itinerary

3.3.1.1 FSC Scoping Assessment Itinerary

An FSC Scoping Assessment was conducted on the Sudbury Forest in June 2005. This was a three-day audit with two members of the certification audit team as the auditors. The following is an itinerary of the scoping audit.

Day One - Wednesday, June 22, 2005

Field audit sites in the Nepewassi Lake Area

- 1) Past and proposed red pine harvest area
- 2) Red pine pre-commercial thinning
- 3) Recent chemical site prepared areas
- 4) Recent tree planting in clearcut
- 5) Culvert installation and AOC sites
- 6) New road construction
- 7) NDPEG layouts in clearcuts

Day Two – Thursday, June 23, 2005

Field audit sites in the Killarny and Trout Lake Areas

- 1) Recent harvest areas by N'Skwakamok
- 2) White pine harvest area regeneration on silty soils, from 2002 harvest
- 3) White pine harvest area regeneration on silty soils, from 1996 harvest
- 4) Current harvest operations by Fryer
- 5) Trout Lake harvesting and issues
- 6) Shaw Road clearcut
- 7) Brief tours of Fryer, Chartrand and Lahaie sawmills

Day Three – Friday, June 24, 2005

Field audit sites in the Ministic Road Area

- 1) Proposed harvest with concerns at Armstrong Lake
- 2) Brush saw tending of regeneration
- 3) Jack pine regeneration in clearcut
- 4) Pine restoration area (1999 depletion)
- 5) Pine restoration area (2003 depletion)
- 6) Tolerant hardwood selection and shelterwood harvest

Exit presentation of findings by audit team to VFM staff, shareholders, consultants, and shareholders at the VFM offices in Sudbury. The general findings of the Scoping Assessment were that certification could be recommended, although a full certification audit will be necessary and expanded stakeholder consultation will be necessary to make such a determination. No major issues were determined to exist during the assessment process.

3.3.1.2 FSC Certification Audit Itinerary

An FSC Certification Audit was conducted starting on Tuesday, October 25, 2005 and concluding on Saturday, October 29, 2005. The field stops were selected by Walter Mark, Peter Higgelke, and Michael Keyes from maps and block activity descriptions provided by VFM. Some stops were selected as repeat stops to look at sites visited during active operations at the time of the Scoping Assessment in June 2005.

Day One – Tuesday, October 25, 2005

The audit started off with a helicopter flight to provide the audit team members Michael Keyes and Peter Higgelke with an overview of the land area of the Sudbury Forest. The flight moved from the Sudbury Airport to the Sturgeon River area and provided field stops in remote areas with limited access.

Table 3.3.1.2.a: Day One Itinerary

Activities	Licensee/Contractor	Comments
Winter shelterwood from 2004	Roy	<ul style="list-style-type: none"> • Access controlled to protect tourism values • Haul road concerns – Kukagami Road
Shelterwood and clearcut harvest from 2004	Roy	Access controlled by gate to protect tourism values
Shelterwood and clearcut harvest from 2004	Goulard	
Aerial Spray tending of white pine regeneration from 2005	Gateway	Site preparation with skidders prior to planting
Spring tree plant with red pine	Brinkman	
Aerial spray site preparation for white and red pine planting in clearcut and shelterwood harvests	Gateway	Access to site controlled by gate
Aerial spray tending of Jack pine from 2005 and sproutless tending from 2004	Gateway Brinkman	Access to site controlled by gate

The helicopter departed and left the team members for lunch at Wolf Mountain, and the audit continued on the ground from this point.

Discussions about concerns raised by Sudbury Naturalists, local RSA agreements, and OLL decisions.

Visit to Wolf Lake Forest Reserve made to view resources of the type included in Forest Reserves.

Meet with Kukagami Lake Campers Association as part of the stakeholder consultation process.

Day Two – Wednesday, October 26, 2005

Travel from Sudbury to the north central portion of the Sudbury Forest.

Table 3.3.1.2.b: Day Two Itinerary

Activities	Licensee/Operator	Comments
Jack pine and spruce clearcut from 2004	Gervais	View operations in boreal forest type And observe regeneration
Winter 2004 seedtree and clearcut in white pine	Gervais	Only part of block accessible in time permitted
Pine shelterwood from 2004	Gervais	Several compliance issues with cutting of unmarked trees and damage to residual stand

Manual ground tending in jack pine regeneration	Sagamok Forest Management (FN contractor)	Alternative to spray tending, use of FN contractor
Aerial spray tending o jack and red pine regeneration from 2004	Gateway	
Jack pine planting and slash piling	M'tiwaki Services (FN) Gervais	Use of FN contractor
Manual tending of white pine regeneration with brush saws from 2005	Eshkawkogan Timber Company (FN)	<ul style="list-style-type: none"> • Use of FN contractor • Alternative to herbicide for regeneration tending

Day Three – Thursday, October 27, 2005

Travel from Sudbury to Hagar area and then on to Trout Lake. A tour of the Isidore Roy mill operations was conducted. A discussion with Tom Clark, consultant who prepared the HCV plan for Sudbury Forest took place on the drive to the first field stop.

Table 3.3.1.2.c: Day Three Itinerary

Activities	Licensee/Contractor	Comments
Summer and winter shelterwood and clearcut harvest from 2004 in white pine	Chartrand	<ul style="list-style-type: none"> • Temporary water crossing removed • Concerns by local tourist operators addressed through Resource Stewardship Agreement (RSA)
Fall and winter shelterwood and clearcut from 2004 in jack pine with airblast site preparation	Fryer Lahaie Lumber	<ul style="list-style-type: none"> • Timing restrictions to protect tourism concerns • Additional operator protections
Airblast site preparation from 2004 in white pine shelterwood	Fryer Lahaie Lumber Outland (plant)	
White pine shelterwood and cleacut with 2004 airblast site preparation	Fryer	<ul style="list-style-type: none"> • Buffer along edge hand tended by Trout Lake Camper Association to reduce proximity of herbicide to lake • Issues with operator on oil leaks, trash, and cutting of unmarked trees
White pine planting from 2005 in shelterwood	Outland	Seen during scoping audit
Back pack spray area in white pine site preparation in Trout Lake RSA	Heritage Reforestation	Adjustment to forest operations in RSA areas

Day Four – Friday, October 28th, 2005

Travel from Sudbury to the Killarney Area with some emphasis on N'Skwakamok Forestry Corporation shareholder area.

Table 3.3.1.2.d: Day Four Itinerary

Activities	Licensee/Contractor	Comments
Harvest from 2005	Fryer	This was a block in progress during the Scoping Assessment and problems observed during that audit triggered coming back to site to view final disposition, generally well finished.
Shelterwood harvest from 2005	Lahaie	Access difficult Non-compliance issued by MNR For construction of a landing in pine shelterwood
White pine clearcut and shelterwood with airblast site preparation	N'Skwakamok Forestry Corp, FN shareholder Lahaie	MNR issued compliance order for damage to regeneration
Winter shelterwood harvest of white pine in 2004	N'Skwakamok block harvested by Lahaie Lumber	Compliance order issued by MNR for not harvesting spruce marked for harvest
Winter shelterwood of white pine	Lahaie Lumber	Not accessible so information only provided. Penalty issued by MNR for road through moose aquatic habitat
Current harvest operation	N'Skwakamok Forestry Corporation	Fist day of new operation, much residual stand damage present, CAR issued regarding this stop

Day Five – Saturday, October 25, 2005

Leave Sudbury and travel to Levack Area.

Table 3.3.1.2.e: Day Five Itinerary

Activities	Licensee/Contractor	Comments
Clearcut of jack pine and birch from 2005	Mainville Lumber area harvested by Gervais Forest Products	<ul style="list-style-type: none"> • Temporary crossing removal • ATV trespass • Application of NDPEG
Winter clearcut of spruce and jack pine	Mainville	Bridge removal and compliance order issued by MNR for planting area not included in plan
Slash piling and overflow treeplant area	Outland Reforestration	Slash piling was not done

Brush saw tending of red pine regeneration	Eshkawkogan Timber Company (FN)	Old MNR plantation, work not required but done to improve growth
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The audit team returned to Sudbury to work in the office to review documentation available in the office on training, contracts, policies and other documentation required for the audit. VFM staff members Peter Street and Ron Luopa were present to provide documents and answer team questions.

3.3.2 Evaluation of Management System (not needed for single SLIMF)

See section 3.3.1.2.

3.3.3 Selection of FMU's to Evaluate (not needed for single SLIMF)

The forest management operation undergoing certification consists of a single Forest Management Unit. The operational sites visited are described in Section 3.3.1.2.

3.3.4 Sites Visited (not needed for single SLIMF)

See section 3.3.1.2.

3.3.5 Stakeholder Consultation

Pursuant to SCS protocols, consultations with key stakeholders were an integral component of the evaluation process. Consultation took place prior to, concurrent with, and following the field evaluation. The following were distinct purposes to the consultations:

- To solicit input from key stakeholders as to the applicability of the SCS interim draft standard, as modified to reflect forest management in Sudbury Forest.
- To solicit input from affected parties as to the strengths and weaknesses of VFM's management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.
- To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests.

Principal stakeholder groups of relevance to this evaluation were identified based upon results from the scoping evaluation, lists of stakeholders from the VFM, and additional stakeholder contacts from other sources.

The following types of groups and individuals were determined to be principal stakeholders:

- - VFM employees, including headquarters and field
 - contractors
 - shareholders
 - adjacent property owners

- RSA operators
- Pertinent Tribal members and or representatives
- Members of FSC Canada
- FSC International
- Local and regionally-based environmental organizations and conservationists
- Local and regionally-based social interest organizations
- Forest industry groups and organizations
- Purchasers of logs
- Local, Provincial and Federal regulatory agency personnel
- User groups, such as hikers, ATV users, and others
- Other relevant groups

Prior to, during, and following the site evaluation, a wide range of stakeholders from the regional area were consulted in regard to their relationship with the Vermilion Forest Management Company, and their views on the management of the Sudbury Forest. Stakeholders included FSC contact persons, government and non-government organizations involved in forest management, local citizens and groups, employees, contractors, and others. Stakeholders were contacted with a notification mailing soliciting comment and/or phone contact. Comments were received via meetings and personal interviews “face-to-face”, phone interviews (“Interview”), and through written responses. During the audit, meetings/presentations were set up with various groups as well, tourist operators, environmental groups and the Local Citizens Committee. Additional comments may have been received from individuals not wishing to reveal their identities.

Table 3.3.5: Stakeholders consulted

For reasons of confidentiality, auditors must receive the consent of all stakeholders before their names are recorded in this section. Additional stakeholders that did consent to being listed are maintained in SCS files.

NAME	AFFILIATION	CONTACT
Martin Lichfield	N'Swakamok Forestry Consultant	Interview
Art Jacko	N'Swakamok Forestry President	Interview
Chief Bill Restoule	Dokis FN	Interview
Chief Theresa Migwans	Whitefish FN	Interview
Viki Mather	Kukagami Lake resident and tourism operator	Interview
Bruno Roy	Shareholder	Interview
Tom Clark	Contractor/consultant	Interview
John Vining	MNR Area Forestor	Interview
Bob Nikolic	Trout Lake resident	Interview
Kevin Talevi	Trout Lake resident	Interview
Al Mather	Kukagami Lake	Interview
Terry Loney	Kukagami Lake Tourism	Interview
Mark Hall	Prospectors/Developers	Interview
Bob Boyuk	Anglers/hunters	Interview
Alan Jennings	Little Penage Lake cottager	Interview
Paul Tymchuk	Local trapper	Interview
Dean Wenborne	Local citizen, former tourist operator	Interview
Michael MacIntosh	Canoeist, LCC	Interview
Dennis Lachance	Tourist operator	Interview
Blain Oliver	Tourist operator	Interview
Michael Palmer	Tourist operator	Interview

Wanda Kacper	Tourist operator	Interview
Christine Flindall	cottager	Interview
Alice Shaw	Kukagami Lk. Campers Association	Interview
Darrell Alston	Wahnapiatae FN	Interview
Ray Kagagins	Henvey Inlet FN	Interview
Jim Gomm	LCC - Cottagers	interview
Art Petahtegoose	LCC- First Nations	Interview
Bruno Gervais	Gervais Forest Products Ltd.	Interview
Karen Lacasse	LCC Local Business	Interview
Tom Brown	LCC Canoeists	Interview
Bill Blight	Spanish LCC	Interview
Judy Bubnick	Hearst LCC	Interview
Andre Byham	Chapleau LCC	Interview
David Courtois	Mushkegowuk Environmental R.C	Interview
Sara Proceviat	Mushkegowuk Environmental R.C	Interview
Dennis Hakola	Temiskaming Environmental Action	Interview
Kathy Hakola	Temiskaming Environmental Action	Interview
Melanie Johnson	Timmins LCC	Interview
Elzbieta Latos	Kapusking LCC	Interview
John Lavoie	Manitouwadge LCC	Interview
Eugene Obeirn	Kirkland LCC	Interview
Bill Russell	Timmins LCC	Interview

Jean Simard	Kapuskasing LCC	Interview
Peter Beckett	Biology Dept Laurentian University	Interview
Kamala Rupakheti	MNR Chapleau LCC	Interview
Kys Stryland	Timmins LCC	Interview
Paul Wyatt	Espanola LCC	Interview
Lorne Flood	Mattachewan FN	Interview
Levi Southwind	Sagamok FN	Interview
Dan Sheppard	Dokis FN	Interview
Tina Eshkawkogan	Wikwemikong FN	Interview
Josh Eshkawkogan	Wikwemikong FN	Interview
Bruce Ashawasegai	Henvey Inlet FN	Interview

3.3.5.1 Summary of Stakeholder Concerns and Perspectives and Responses from the Team Where Applicable

A summary of the comments on the standard and major perspectives and concerns expressed by the stakeholders that were consulted during the course of this evaluation include:

Table 3.3.5.1.a: Economic Concerns of Stakeholders

Comment/Concern	Response
<ul style="list-style-type: none"> ▪ As processors of forest products we would like more flexibility to be able to increase our manufacturing capacity in the short-run when we have good markets, and obviously reduce our allocation when prices are not as favorable. 	MNR requires approved five-year FMP's and annual harvest plans. There is some flexibility on an annual basis.
<ul style="list-style-type: none"> ▪ We have found that VFM has bent over backwards to accommodate our recreational sector's needs; their flexibility to work with us to preserve aesthetics of the environment are very important for us and our paying visitors that we rely upon. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ We as a camping organization have nothing but praise for VFM and find that they may go so far to accommodate some stakeholders that they must be jeopardizing their bottom line. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Although VFM, like any forestry firm today is strapped by finances, it is impressive how they find a way to negotiate settlements to all social-economic issues. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ VFM has worked very well with the tourist operators, taking in their concerns by having site meeting with tourist operators, contractor, and VFM. ▪ Cuts (by contractor) were done very carefully and with buffers; only one side of the road was cut & this is very aesthetically pleasing. ▪ Sudbury Forest contractor's used back pack sprayers so as not to impact on some of the lodge businesses who depend on hunters. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ VFM goes out of their way to identify opportunities for First Nation's (FN's). 	Noted during deliberation

<ul style="list-style-type: none"> ▪ First Nations do receive opportunities and are gaining economic benefit from the forest. Many are working in harvesting and silviculture. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ On the Sudbury Forest the First Nation's involved have a meaningful allocation, adequate training, and a real chance for a sustainable forest products program. ▪ All or nearly all of these operators are from the First Nation's and many also work on First Nation lands. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ The Sudbury Forest gives first preference to First Nation members. ▪ First Nations run and work not only in harvesting and hauling, but also are best teams working in reforestation and stand tending. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ The Memorandum of Agreement between VFM and the First Nation for forestry is a good agreement for the First Nation 	Noted during deliberation
<ul style="list-style-type: none"> ▪ First Nations don't have the capacity to take on larger operations; need money for machines 	VFM works very directly with the FN operators. Economic development opportunities need to be expanded for these operators; however, the audit team does not believe VFM is responsible for this.
<ul style="list-style-type: none"> ▪ Licensees should get together to form co-op to form secondary industry as there is enough volume 	The FSC standards encourage increasing the diversity of forest products. Value added processing is one method of achieving this.
<ul style="list-style-type: none"> ▪ Have good relations with VFM, have signed RSA Will have to wait and see if the RSA works 	Noted during deliberation
<ul style="list-style-type: none"> ▪ LCC member wants to go on record that VFM is doing an exemplary job with addressing social and economic concerns 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Dealings with VFM have always been fair and equitable, where concerns as tourist operator were brought to the table ▪ They made sure the approach road to the business was aesthetically pleasing ▪ Have signed a RSA 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Very good dealings with VFM, signed RSA ▪ VFM has been tactful and helpful 	

<ul style="list-style-type: none"> ▪ Felt the sense that my concerns were listened to ▪ Feel there should be a local citizen on board of directors of VFM to ensure balance between tourist operators, recreational users and loggers. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ understand that other tourist operators in area have had good results in regards to trails, roads, and buffers on sensitive areas 	Noted during deliberation

Table 3.3.5.1.b: Social Concerns of Stakeholders

Comment/Concern	Response
<ul style="list-style-type: none"> ▪ The forest management process in Ontario does not have adequate provisions to de-license a licensee to the Sudbury Forest 	The responsibilities of the MNR on Crown Lands in this regard are clear. The SFL can participate in good operations through training and operations inspections. CAR 2005.1
<ul style="list-style-type: none"> ▪ Ontario is the best [forestry] province in Canada in forest planning. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Although a few contractors have not modernized a bad attitude brings them in conflict with all parties and they are being forced out of the forest. 	A shareholder adjustment was discussed during the audit. CAR 2005.1
<ul style="list-style-type: none"> ▪ Our camper's association has seen continual improvements. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Governance, collective licensing and accountability of the VFM does not allow for accountability under the current Provincial administration 	The structure of the SFL was approved by the MNR and a valid license was issued. This structure is being encouraged for other SFLs across the Province.
<ul style="list-style-type: none"> ▪ The integrity, honesty, and willingness of the VFM staff are impeccable and their attitudes to collaboratively work out potential and actually contentious situations with all stakeholders are exceptional. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ MNR human resources are not adequately staffed to have a meaningful presence in the field. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ First Nations values are adequately protected ▪ VFM has good communication with FNs 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Issues brought forward by camper's association do not 	Suggested to person

<p>represent the feelings of the membership. There is a division among the campers.</p> <ul style="list-style-type: none"> ▪ Some of the campers have no problem with hauling on this road as long as speed limits are adhered to and the hauling times remain the same. There is no need to move the road over as some have suggested ▪ VFM has done an excellent job with working with the campers association as well as individuals and often go well and beyond what is expected 	<p>that this issue needs to be settled within the association</p> <p>Noted during deliberation</p>
<ul style="list-style-type: none"> ▪ Some logging trucks are going too fast and there have been accidents 	<p>Follow up with contractors have indicated that they do speak with their drivers if an incident is reported.</p>
<ul style="list-style-type: none"> ▪ No problems with VFM as their staff do excellent work ▪ Very helpful helping residents learn about their areas ▪ Receive notifications prior to harvesting and sign areas to prevent accidents 	<p>Noted during deliberation</p>
<ul style="list-style-type: none"> ▪ Special designated area under the Lands for Life is a lock out for some users 	<p>The management guidelines for these areas are established consistent with extensive public consultation under provincial direction independent from VFM.</p>
<ul style="list-style-type: none"> ▪ Concern that MNR has decided to limit access to certain sections of the Sudbury Forest ▪ MNR is doing this under the guise of protecting the fish in the lake whereas they should be monitoring the fish through management 	<p>Sensitive habitat areas where continued use may cause damage is appropriately limited in operations.</p>
<ul style="list-style-type: none"> ▪ Very happy with how VFM operates, hands are sometimes tied by MNR ▪ Issues with MNR and how they operate, MNR changing road location from what was originally planned 	<p>Noted during deliberation</p> <p>These need to be addressed with the appropriate MNR staff.</p>
<ul style="list-style-type: none"> ▪ One incident of encountering a pulp truck on the road, but to be expected with the roads being as narrow as they are. 	<p>Noted and commented on above</p>
<ul style="list-style-type: none"> ▪ VFM is easy to communicate with, approachable ▪ Met with VFM about access to winter logging roads, 	<p>Noted during deliberation</p>

matter was resolved.	
<ul style="list-style-type: none"> ▪ For at least the past 10 years, the Sudbury forest has been managed very responsibly ▪ Buffer zones are always respected near the waterways ▪ The canoe routes are always taken into account during the management plan. 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Have had trouble with some truck drivers where they won't move over, forcing people off road. 	This appears to be an isolated case and was discussed during the audit.
<ul style="list-style-type: none"> ▪ FSC has taken social issues here on the Sudbury Forest to a new level and we feel we are being heard and we hold hope that our concerns are being addressed 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Loggers have yearly training and introduction to the year's work-plan 	Noted during deliberation
<ul style="list-style-type: none"> ▪ Manager is very responsive 	Noted during deliberation

Table 3.3.5.1.c: Environmental Concerns of Stakeholders

Comment/Concern	Response
<ul style="list-style-type: none"> ▪ Leakage of oils and hydraulic fluids from older machinery or established operators have not been sanctioned under the law, nor are cease or desist orders given for chronically polluting contractors. These operators should have license revoked 	<p>The specific site in question was visited during the field audit. Discussions with the manager and the parties complaining were held. VFM took appropriate actions, the action by MNR is not under their purview. CAR 2005.1, CAR 2005.4, and REC 2005.1</p>
<ul style="list-style-type: none"> ▪ Our understanding is that road standards for this forest, and all of Ontario were to be developed by now 	<p>The FMP for the SF has a chapter onroads, new crossing standards have been adopted and implemented in the Province.</p>
<ul style="list-style-type: none"> ▪ Chemical spraying does not preserve natural diversity 	<p>The spraying program of VFM is very judicious. The spray is used primarily for restoration of white and red pine sites. VFM does have a plan to reduce dependence on herbicides.</p>
<ul style="list-style-type: none"> ▪ Would like to see a slower rate of removal of trees from the forest; too many young scrub trees that are not very good looking trees. ▪ Sustainability is questionable. 	<p>The sustainability analysis for the forest indicates that the forest has not been removing enough of the volume nor cutting a large enough area. Most of the remainder of uncut area is of low quality and low volume stands.</p>
<ul style="list-style-type: none"> ▪ Regarding forest sustainability, have to rely on the experts and believe that computer modeling is accurate 	<p>The models are based on scientifically developed and reviewed data.</p>
<ul style="list-style-type: none"> ▪ Where new roads have been put in and harvesting has taken 	<p>This is an issue in the</p>

<p>place, improved access to remote areas and lakes may be dangerous to ecosystem in long-run</p> <ul style="list-style-type: none"> ▪ Despite roads being closed after operations, some ATV users manage to get through and lakes are being fished out. ▪ ATV users are damaging wetlands 	<p>FSC standard. VFM needs to work with the MNR on which roads have the potential to result in degradation and recommend restricted access. Company is not responsible to enforce the law, MNR responsibility. Anyone noting such activity should report the activity. REC 2005.5</p>
<ul style="list-style-type: none"> ▪ VFM is doing a good job managing the forest and addressing environmental issues 	<p>Noted during deliberation</p>
<ul style="list-style-type: none"> ▪ VFM is good at management and creating a sustainable forest 	<p>Noted during deliberation</p>
<ul style="list-style-type: none"> ▪ There were major incidences of non compliance in the past ie going through AOC's ▪ Need more compliance monitoring 	<p>VFM has a track record of a high level of compliance monitoring. The results of that monitoring for 2004-05 indicated 85 compliance reports with 12 non-compliance reports.</p>
<ul style="list-style-type: none"> ▪ Some areas have too many skid trails which caused damage to residual trees and advanced regeneration 	<p>This was noted during the audit. A CAR 2005.3 was issued to help correct this and other operational problems.</p>
<ul style="list-style-type: none"> ▪ A cottager mentioned an incidence where excessive flagging tape was left behind as well as garbage, believed to be from planting crew 	<p>The audit team discussed the use of biodegradable flagging near areas of high use. CAR 2005.1, CAR 2005.4, and REC 2005.1</p>
<ul style="list-style-type: none"> ▪ Don't mind the new roads, allows for more hiking and hunting access ▪ Local trapper felt the area needs to be harvested, as overgrown ▪ In favour of selective harvesting 	<p>Noted during deliberation</p>
<ul style="list-style-type: none"> ▪ There is an illegal landfill site on a lake area 	<p>The landfill was not</p>

<ul style="list-style-type: none"> ▪ Some recreational users leave debris behind 	<p>seen nor noted in any compliance reports. Trash from recreational users is problem in some locations. Litter is a Provincial issue. VFM personnel frequently clean-up trash that is found.</p>
<ul style="list-style-type: none"> ▪ Concern that once we allow logging in the remote areas, that if the roads aren't properly closed, it will allow access to motorized vehicles in to the remote areas 	<p>This is an issue that was observed in the field audit. MNR is responsible for enforcing road closures. REC 2005.5</p>
<ul style="list-style-type: none"> ▪ Occasional littering, cutting of un-marked trees occurs with some of VFM shareholders 	<p>The audit team looked closely for examples of this and found none. Compliance reports do not indicate this is a problem. CAR 2005.1 and REC 2005.1</p>
<ul style="list-style-type: none"> ▪ As environmentalists we are not concerned about VMF logging because their [VMF] silviculture is excellent 	<p>Noted during deliberation</p>
<ul style="list-style-type: none"> ▪ Good harvesting operations 	<p>Noted during deliberation</p>
<ul style="list-style-type: none"> ▪ On the southside of the river, because of the logging roads, everyone has access to the lakes and they are being fished out 	<p>This is best handled during the public meetings regarding operations. Individuals and groups need to make their needs and wishes known at that time with MNR, so that closure decisions can be made.</p>
<ul style="list-style-type: none"> ▪ Old growth age of onset is too young, making the amount of OG appear greater than what exists in reality ▪ Old growth is concentrated in parks and protected areas 	<p>VFM follows MNR guidelines for old growth age classes</p> <p>Old growth is concentrated in parks because during the park/protected areas establishment process, old growth areas were</p>

	targeted.
<ul style="list-style-type: none"> ▪ VFM’s base Forest Resource Inventory (FRI) is inaccurate/hasn’t been updated and does not take into account recently harvested stands 	<p>VFM is in the process of providing forest inventory information to Whitefish Lake and Wikwemikong First Nations so that they can prepare a forest management plan for their reserve lands. VFM is also working on an inventory project to improve our mapping of natural red pine stands - many of these stands have been incorporated/included in larger white pine stands</p>

3.4 Total Time Spent on audit

The audit team spent six person days on the scoping assessment in June along with one person day of pre-audit visit work and three person days of report preparation. The certification audit required four person days of preparation work, twenty person days of interviewing stakeholders, field audits, and office audit work, and eight person days of report preparation and deliberations. One person day on a telephone audit exit meeting. The total time spent for the evaluation was 43 person days. The team was able to complete the audit in this relatively compressed schedule of 43 person days because the VFM management systems are very similar to the Nipissing Forest, which has been audited on several occasions by two Peter Higgelke and Dr. Walter Mark. Additionally, use of information gathered during the scoping assessment improved the efficiency of the full assessment.

3.5 Process of Determining Conformance

FSC accredited forest stewardship standards consist of a three-level hierarchy, principle, then the criteria that make up that principle, then the indicators that make up each criteria. Consistent with SCS Forest Conservation Program evaluation protocols, the team collectively determines whether or not the subject forest management operation is in conformance with every applicable indicator of the relevant forest stewardship standard. Each non-conformance must be evaluated to determine whether it constitutes a major or minor non-conformance at the level of the associated criterion or sub-criterion. Not all indicators are equally important, and there is no simple numerical formula to determine whether an operation is in non-conformance. The team must use their collective judgment to assess each criterion and determine if it is in conformance. If the forest management operation is determined to be in non-conformance at the criterion level, then at least one of the indicators must be in major non-conformance.

Corrective action requests (CAR's) are issued for every instance of non-conformance. Major non-conformances trigger major CAR's and minor non-conformances trigger minor CAR's

Interpretations of Major CAR's (Preconditions), Minor CARs and Recommendations

Major CARs/Preconditions: Major non-conformances, either alone or in combination with non-conformances of other indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant FSC Criterion given the uniqueness and fragility of each forest resource. These are corrective actions that must be resolved or closed out prior to award of the certificate. If major CAR's arise after an operation is certified, the timeframe for correcting these non-conformances is typically shorter than for minor CAR's. Certification is contingent on the certified operations response to the CAR within the stipulated time frame.

Minor CARs: These are corrective action requests in response to minor non-conformances, which are typically limited in scale or can be characterized as an unusual lapse in the system. Corrective actions must be closed out within a specified time period of award of the certificate.

Recommendations: These are suggestions that the audit team concludes would help the company move even further towards exemplary status. Action on the recommendations is voluntary and does not affect the maintenance of the certificate. Recommendations can be changed to CARs if performance with respect to the criterion triggering the recommendation falls into non-conformance.

4.0 RESULTS OF THE EVALUATION

Table 4.1 below, contains the evaluation team's findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of forest stewardship. The table also presents the corrective action request (car) numbers related to each principle.

Table 4.1 Notable strengths and weaknesses of the forest management enterprise relative to the P&C

Principle/Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard	CAR/REC #s
P1: FSC Commitment and Legal Compliance	<ul style="list-style-type: none"> ▪ Regulatory compliance of VFM is very high. The number of compliance orders is very low. ▪ Monitoring for timber theft is consistent and thorough. ▪ VFM staff has an active involvement with FSC Canada. ▪ VFM has an excellent staff which is committed to good forestry. All staff members exhibit good integrity and dedication to doing a good job 	<ul style="list-style-type: none"> ▪ The public commitment to FSC certification has not been demonstrated. ▪ There are many issues with contractors for shareholders. VFM does not have direct supervision authority over shareholder contractors and these are the individuals who may cause compliance issues. ▪ Some of the VFM forestry staff is also staff on the Nipissing Forest. This results in a very large commitment. 	<ul style="list-style-type: none"> • REC 2005.1 • REC 2005.2

P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> ▪ The land is all Crown land and tenure thereto has been granted by Ontario to VFM in the SFL. Therefore, a clear right of tenure exists. SFLs have a term and extensions are linked to the IFS process. ▪ The Sudbury Forest is utilized extensively for many resource benefits by the public. These have been well protected through cottager agreements and RSA's. The forest continues to provide exceptional public use opportunities. ▪ VFM has done an extraordinary job of planning for the forest. This has included extensive opportunities for public input. 	<ul style="list-style-type: none"> ▪ No weaknesses were observed in this area. 	
P3: Indigenous Peoples' Rights	<ul style="list-style-type: none"> ▪ VFM has demonstrated substantial efforts in providing opportunities for long-term economic benefits for First Nations through their own forestry corporation. ▪ VFM is committed to including First Nations in forest management planning and operations ▪ Memorandum of Agreement between VFM and the First Nation's N'Skwakamok Forestry Corporation outlines terms pertaining to the Protection of Native Values, harvesting rights, silviculture opportunities, planning and training opportunities and payment for use of traditional knowledge. 	<ul style="list-style-type: none"> ▪ Some issues exist with some of the work standards observed on First Nation lands and with First Nation contractors. 	

<p>P4: Community Relations & Workers' Rights</p>	<ul style="list-style-type: none"> ▪ VFM has attained the Ontario Safe Work Place designation. This is very difficult to obtain and keep and goes beyond the level of the FSC standards. ▪ There are many opportunities provided to the public for input. The record of extensive public consultation in the planning and implementation of the plans is exemplary. ▪ Through timber, recreation, and habitat the Sudbury Forest is key to many local communities. VFM has worked very hard to accommodate and compromise to maintain these values for the communities. 	<ul style="list-style-type: none"> ▪ Start-up training is needed on all forest operations. The audit team saw evidence that pre-operations training could help resolve many compliance issues. ▪ VFM needs to commit to early monitoring of SOP's to reduce the potential for compliance issues to arise. VFM staff needs to monitor as early as possible in new operations, preferably during the first day of operations. 	<ul style="list-style-type: none"> • CAR 2005.1
<p>P5: Benefits from the Forest</p>	<ul style="list-style-type: none"> ▪ VFM and the various contractors utilized on the Sudbury Forest demonstrate excellent utilization. The recovery of merchantable material was observed to be good. A wide range of products are harvested over a large number of species. ▪ The residual damage from forestry operations was observed to be very low overall. ▪ The sustained yield analysis is very thorough and shows a clear commitment to sustainable forestry practices. 	<ul style="list-style-type: none"> ▪ The current pricing structure for softwoods is not advantageous to good forestry practices and sustainable economic viability. ▪ VFM needs to develop a plan for the disposal of slash from whole tree yarding operations. The current situation has resulted in some loss of productive forest area for a period of time. 	<ul style="list-style-type: none"> • REC 2005.3

P6: Environmental Impact	<ul style="list-style-type: none"> ▪ VFM has prepared an excellent FMP and sustainability analysis and is implementing the FMP on the ground. ▪ VFM has access to good data on VTE species and plans to protect their habitat. ▪ VFM has included in the FMP a good plan to increase old-growth white pine and to increase white and red pine overall on the forest. The goal is to return to a historical level of red and white pine. ▪ VFM does an excellent job of implementation of SOPs. ▪ VFM provides excellent protection of streams and water bodies in their forestry operations. 	<ul style="list-style-type: none"> ▪ The required gap analysis is incomplete; however, there is an approved plan for getting that accomplished. ▪ Written SOP's are needed for some areas of operations. ▪ A monitoring plan for implementation of SOP's needs to be developed to prevent compliance issues. ▪ VFM needs to develop old-growth analysis and protection planning for the Boreal component of the Sudbury Forest. ▪ Much of the Sudbury Forest was damaged in the smelter plume. There is a continued need for rehabilitation in the smelter plume damage zone. 	<ul style="list-style-type: none"> • CAR 2005.2 • CAR 2005.3 • CAR 2005.4 • REC 2005.4 • REC 2005.5 • REC 2005.6
P7: Management Plan	<ul style="list-style-type: none"> ▪ VFM has a full suite of planning documents. ▪ FMP process and product are first rate. ▪ The public and First Nation involvement in the FMP process and continued involvement in the annual operations planning is exemplary, e.g., N'Swakamok Agreement. 	<ul style="list-style-type: none"> ▪ Start-up training needs to be expanded for all forest operations to prevent compliance issues. ▪ VFM needs to implement SOPs for new operations, contractors, and operators to make certain that they are aware of the expectations and legal requirements for forest operations. 	CAR 2005.1 CAR 2005.3 CAR 2005.4

P8: Monitoring & Assessment	<ul style="list-style-type: none"> ▪ Various monitoring occurs through Free-to-Grow surveys, sale administration, and compliance monitoring. 	<ul style="list-style-type: none"> ▪ VFM does not monitor all of the areas outlined in standard 8.2. 	CAR 2005.1
P9: Maintenance of High Conservation Value Forest	<ul style="list-style-type: none"> ▪ VFM has an excellent HCV Report and plan. ▪ Old Growth increase planned throughout the time frame of the planning, 160 years. 	<ul style="list-style-type: none"> ▪ Review of HCV Report and opportunity for presentation of additional HCV candidates needs to take place so that the plan can be finalized for implementation. ▪ Implementation of the HCV plan is not complete. ▪ Monitoring of the HCV has not taken place at this time. 	<ul style="list-style-type: none"> • REC 2005.7 • REC 2005.8 • REC 2005.8 • CAR 2005.5 • CAR 2005.6

4.2 Preconditions

Preconditions are major corrective action requests that are placed on a forest management operation after the initial evaluation and before the operation is certified. Certification cannot be awarded if open preconditions exist.

No preconditions were placed on Vermilion Forest Management Company Ltd. during the initial evaluation.

5.0 CERTIFICATION DECISION

5.1 Certification Recommendation

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that the Vermilion Forest Management Company Ltd. be awarded FSC certification as a “Well-Managed Forest” subject to the corrective action requests stated in Section 5.2. Vermilion Forest Management Company Ltd. has demonstrated that their system of management is capable of ensuring that all of the requirements of the Modified draft Great Lakes - St. Lawrence Standard are met over the forest area covered by the scope of the evaluation. Vermilion Forest Management Company Ltd. has also demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate.

5.2 Initial Corrective Action Requests

The following is a list of all corrective action requests assigned during the evaluation.

Background/Justification: Several instances were observed in the field where better training, particularly at the startup of operations would reduce the number of compliance issues in the forest.	
CAR 2005.1	Criterion 4.5.2 VFM should implement start-up training for operators to stress the reduction of residual stand damage and increase on-site supervision and monitoring, especially when new contractors or operators are utilized
Deadline	This start-up training should be in place by the time of the first annual audit in 2006.
Reference	FSC Criterion 4.5.2 . See also Criteria 7.1.5, 7.2.1, 7.2.2, 8.1, and 8.2

Background/Justification: The Province has not completed the gap analysis and therefore the SFL cannot complete its role in this regard. An alternative was
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proposed to provide for Ontario Parks to provide the analysis. This proposal was accepted by the MNR and should be moving forward. This alternative for completion of the gap analysis was lead by VFM and NFRM.	
CAR 2005.2	VFM must continue to pursue the alternative for the gap analysis.
Deadline	Progress on this CAR will be a concern of the annual audit in 2006. As long as progress is made, the CAR will be extended and remain open.
Reference	FSC Indicator 6.4.1

Background/Justification: Overall compliance with the indicators in 6.5.1 was excellent as observed on the field audit. There are SOP's developed in writing for some of the categories covered in the extensive list of indicators; however some have been identified as lacking. As an example SOP's for whole tree yarding and dealing with the resulting slash at landings.	
CAR 2005.3	VFM needs to develop and implement written SOP's to comply with all of the criteria in 6.5.1
Deadline	These SOP's must be developed and implemented within one year to be audited at the first annual audit in 2006.
Reference	FSC Indicator 6.5.1

Background/Justification: Monitoring of SOPs especially those related to AOCs is very good. Two of the VFM staff have completed the compliance monitoring training and are certified compliance inspectors. VFM conducts more compliance audits than are required by MNR for the operations. More SOPs need to be developed and documented, with monitoring for effectiveness of existing and newly developed SOPs included.	
CAR 2005.4	Existing SOPs need to be documented and a monitoring plan for each of the SOPs needs to be developed at the same time. As new SOPs are developed, monitoring must be a standard component of the SOP.
Deadline	The monitoring plans for all SOP's, that is those existing and those to-be-developed, must be developed and implemented within one year, to be audited at the first annual audit in 2006.
Reference	FSC Indicator 6.5.3. See also CAR 2005.3 – 6.5.1

Background/Justification: A preliminary draft of HCV's has been circulated to MNR, the Sierra Club, DU Can Wildlands, Ontario Nature, and WWF. None of the reviewers had provided reviews by the time of the field audit, in spite of a considerable time lag for the review process to have occurred. The review by the	
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<p>WWF was received after the audit, and it made several suggestions to the HCV report. VFM will need to address the comments and suggestions of this review and other reviewers. Auditable records of the extent, transparency, and responses by stakeholder and scientists were not available during the field assessment phase by SCS.</p>	
<p>CAR 2005.5</p>	<p>VFM will obtain through a transparent, publicized and open consultative process, input into the proposed HCV's consistent with Indicator 9.1.3. The modified proposal for HCV's will include specific management measures and monitoring to assure the continuance and/or enhancement of the conservation attributes and locations confirmed by scientists and stakeholders.</p>
<p>Deadline</p>	<p>The modified HCV proposal must be complete within a period of one year, to be audited at the first annual audit in 2006.</p>
<p>Reference</p>	<p>FSC Indicator 9.2.1</p>

<p>Background/Justification: VFM has developed a sophisticated system for critical attribute analysis and maintenance. This development HCV process is underway and compliance monitoring SOP's consistent with the scale and intensity of the Sudbury Forest need to be developed and implemented.</p>	
<p>CAR 2005.6</p>	<p>Upon finalization of the interim HCV assessment and the implementation of conservation management measures more detailed HCVF monitoring SOPs will be developed.</p>
<p>Deadline</p>	<p>After the modified HCV proposal is completed, monitoring SOP's must be developed and implemented within a period of one year to be audited at the first annual audit in 2006 with a deadline of the annual audit in 2007.</p>
<p>Reference</p>	<p>FSC Indicator 9.4.2 See also CAR 2005.5 and FSC indicator 9.2.1.</p>

Background/Justification: There are some non-compliance issues related to the licensees and shareholder operations on the Sudbury Forest; however, these are issued to the licensees and not to Vermilion Forest Management or the Sudbury Forest. Some of these are related to the First Nations shareholder and are reflective of the exemplary efforts to provide First Nations with economic benefits from the forest as described in C3.1. Vermilion Forest Management Company Ltd. does not have supervision authority over these contractors. Some compliance issues, especially related to residual stand damage were observed during the audit.

<p>A review of the 2004-2005 Compliance Summary using the Forest Operations Inspection Program (FOIP) showed that 11.8% of compliance inspections were found to be not in compliance. MNR is required to follow up on such non-compliances to determine remedial action and penalties, when necessary.</p> <p>In Ontario, compliance inspectors are required be certified under MNR compliance training and certification. VFM states that all staff have attained certification as compliance inspectors from MNR. VFM as an SFL holder, is responsible for compliance inspections and providing notification of non-compliances to MNR for all operations performed on the Sudbury Forest.</p>	
<p>REC 2005.1</p>	<p>While VFM does not have supervision authority over contractors working for shareholders, VFM does need to be more involved at an early stage in compliance inspection, especially with new contractors or contractors with a track record of having compliance problems.</p>
<p>Reference</p>	<p>For Example: FSC indicator 1.1.2 See also Criterion 3.1</p>

<p>Background/Justification: VFM staff-members have moved towards certification of Crown land forest management on the Sudbury Forest. The SCS audit team has reviewed efforts to comply with all FSC principles on the Sudbury Forest prior the certification audit.</p>	
<p>REC 2005.2</p>	<p>VMF is advised of FSC requirements for compliance with Criteria 1.6 and should consider measures to demonstrate a long-term commitment to FSC through participation in FSC Canada activities and auditable measures of adherence, such as on company website and its company letterhead.</p>
<p>Reference</p>	<p>FSC Indicator 1.6.2 and FSC Criterion 1.6</p>

<p>Background/Justification: Some landings where whole tree skidding had occurred had a large amount of debris left on the landing and along roadsides. Better clean-up of landings would enhance nutrient recycling, future operations, and aesthetics.</p>	
<p>REC 2005.3</p>	<p>VFM should develop SOP's for whole tree yarding to prevent and properly dispose of large amounts of slash that are deposited at the landing.</p>
<p>Reference</p>	<p>FSC Indicator 5.3.2 See also CAR 2005.3and Indicator 6.5.1</p>

<p>Background/Justification: Indicator 6.2.4 only applies to GLSL Mixed Forest and does not apply to the boreal forest component of the Sudbury.</p>	
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REC 2005.4	VFM should look at the old growth component of the boreal forest and decide on a strategy to manage for old growth components in the boreal component. There was considerable public comment received about this.
Reference	FSC Indicator 6.2.4

Background/Justification: Many of the stakeholder comments were related to the problems that exist with the use of road by ATVs after the operations are complete and the road is closed to use. The audit team observed numerous cases of ATV use bypassing barricades and crossing streams where temporary crossings had been removed. There was some obvious negative impact on the resources at some of these sites. Road closures need to be evaluated to make certain they are necessary and if determined to be so, then the closure needs to be enforced. This is generally the responsibility of MNR; however, the effective closure will require close cooperation between the MNR and VFM.

REC 2005.5	VFM needs to work with MNR to assure that planned road closures are effective
Reference	FSC Indicator 6.3.9

Background/Justification: Large areas of the Sudbury Forest were damaged in the smelter plume in the past. Some of these areas have been rehabilitated. Plantings have taken place in the past and will again in the future if funds are available to rehabilitate some of the forest land that was converted in the smelter plume damage.

REC 2005.6	VFM should continue to seek funds to assist in the rehabilitation of the forest areas damaged by the smelter flume in the past.
Reference	FSC Indicator 6.10.5

Background/Justification: The levels of credible outside review of the draft HCV's could not be assessed by the SCS audit team during the field audit. One review from WWF was received since the field audit. This review was extensive and will require VFM to address the reviewers comments and suggestions.

REC 2005.7	VFM should undertake transparent outside feedback to the location and conservation attributes of proposed HCV's as well as areas not proposed for HCV status. The results of the reviews will be addressed and the HCV plan modified as appropriate.
Reference	FSC Indicator 9.1.3 See also CAR 2005.5 - 9.2.1

Background/Justification: The management plan shall include and implement specific measures that ensure the maintenance and/or enhancement of the applicable conservation attributes of the HCVF. Since the HCV plan has not been

fully reviewed or implemented, this could not be determined in the audit.	
REC 2005.8	Annual Work Schedules should include pre-operations orientation and post-operations monitoring provisions for blocks with HCV
Reference	FSC Indicator 9.3.1

Background/Justification: When monitoring results indicate increasing risk to a specific conservation attribute, the applicant re-evaluates the measures taken to maintain or enhance that attribute, and adjusts the management measures to reverse the trend. Since the HCV plan is not fully reviewed or implemented and no monitoring results re available yet, this could not be observed during the certification audit.	
REC 2005.9	VFM is advised that during the course of the 2006 annual inspection FSC Criterion 9.4.3 will be the reviewed by the audit team to determine how the monitoring data from 9.4.2 has been utilized to adjust the management measures.
Reference	FSC Indicator 9.4.2

6.0 SURVEILLANCE EVALUATIONS

If certification is awarded, surveillance evaluations will take place at least annually to monitor the status of any open corrective action requests and review the continued conformance of Vermilion Forest Management Company Ltd. to the Modified GLSL Draft Standard. Public summaries of surveillance evaluations will be posted separately on the SCS website (www.scs-certified.com).

6.1 2006 Annual Audit

6.1.1 Assessment Dates

On September 20-22, an SCS audit team (Higgelke and Mark) conducted the annual audit of the Sudbury Forest under the Sustainable Forest Licence of Vermilion Forest Management Company Ltd, including on-site inspections of field operations as well as extensive interviews with VFM management, field personnel, and consultants.

6.1.2 Assessment Personnel

For this annual audit, the team included Peter Higgelke and Dr. Walter R. Mark. The audit was lead by Peter Higgelke.

Peter Higgelke: Consulting Forester, Managing Partner of KBM Forestry Consultants Inc. (Ontario). As a principal in KBM, Mr. Higgelke specializes in forest auditing, forest

management planning, forest inventory, wildlife habitat supply analysis modelling, business plan preparation, timber harvesting, and forest renewal prescriptions. Peter is a registered professional forester in the province of Ontario. He has advised First Nations on forest management, forestry negotiations and economic development. In the past he lectured at Lakehead University on integrated forest resources management and GIS applications in forestry. Peter was a member of the SCS team that performed the original FSC certification audit in 2005.

Dr. Walter R. Mark: Dr. Mark is a professor of forestry at California Polytechnic State University, San Luis Obispo and former Director of Swanton Pacific Ranch, the University's school forest. Dr. Mark's specialty is forest health. Dr. Mark is a consultant for Scientific Certification Systems. Dr. Mark is a registered professional forester in California (RPF No. 1250) with 35 years of forestry experience in the public and higher education sectors. He acted as lead for the 2005 Sudbury annual audit. He acted as lead for the 2004 and 2005 Nipissing Forest Annual Audits. He has served as audit team leader for several certification, recertification and annual audits over the past three years.

6.1.3 Assessment Process

The SCS annual audit field evaluation commenced in the afternoon of September 20 with a meeting at the VFM office to review the field itinerary and briefly discuss each field stop. The field audit concluded in the afternoon of September 22, 2006 with a meeting at the VFM office with Peter Street, Ron Luopa, Doug Maki, and Peter Higgelke and Walter Mark. Activities associated with the evaluation were as follows:

September 20 —The annual audit began at the office of Vermilion Forest Management Company Inc. with a brief discussion about the direction of this year's audit with respect to required corrective actions and recommendations, and then an overview of the field stops. VFM staff included in the meeting was Peter Street, Ron Luopa, Doug Maki and Chuck Huisman.

September 21

Stop #1 was located at Block 58 of the 2005-2010 FMP. The block was part of Domtar's allocation and was harvested by Piquette, a contractor Domtar brought in within the last year. Domtar had been purchasing some of the small licences and had needed contractors. The block was a cut and skid salvage harvest after the blowdown events of July (having previously been harvested as a uniform shelterwood in 2004). Road construction was contracted to another party by Piquette. The block was planted with white pine and red pine in 2004 but the plants were behind schedule. Presently, the block appears to be regenerating to a mixture of white pine with a substantial component of red pine and balsam fir. A question is how will the red pine be captured in the new forest. In addition balsam fir regeneration was evident. VFM will consider spraying and planting to red pine. Roads are already built.

Stop #2 was not visited as blown down trees remained across the road preventing access. The block was an example of a slash burn on areas harvested primarily for Domtar by Gervais. There

are approximately 1,100 piles to burn in 2006. Approximately 70% of the piles scheduled for 2005 were actually ignited and these were located primarily in the northern parts of the SFL area.

Stop #3 was at Block 67, an area cut by Fryer as salvage. This block demonstrated a combination of White Pine Seed Tree and Universal shelterwood silvicultural techniques with approximately 10% removal mainly in patches considered to have been damaged permanently. MNR wanted all leaning trees to be marked by the SFL holder so a compliance inspector could assess. The block was to be planted but the stock shipped had small brown buds. The trees were not planted and have been over wintered pending lab testing in the spring. If they are viable they will be outplanted in the spring with scheduled 2007 trees planted in the fall (or the following year). The block was effectively treated with an airblast sprayer. No skidding damage was evident.

Stop #4 was at Block 64 which was a continuation of an older block 64 but with a new entrance off Killarney Highway. The exit off the highway into the block was built as a dog leg in order to mask the view of the harvest area from the public. This is a good practice and was well executed in this instance. The contractor on the block was Buddy Lowery.

Oil leaks were observed from the slasher/loader. Workers were also observed working without proper PPE (lacking high visibility-vis vests). White pine was seen in wood going to be utilized as pulp. The block had been opened up in the anticipation of natural regeneration. The rockiness of the site limits artificial regeneration possibilities.

The block was still being harvested at the time of the site visit. Forest units were clear cut with the licensee responsible for the marking of boundary lines. VFM audits the boundary marking. Site damage was much improved from the previous years harvest activities.

A discussion with Mr. Lowery concerning the current economic climate in the forest led him to compare the present to that of 20 years previously. Mr. Lowery pointedly argued that high costs and low returns were causing many operators to abandon the forestry sector in search of better opportunities.

Stop #5 was a visit to some Hemlock Looper damage found within the Killarney Provincial Park expansion area. Since Hemlock sites are HCV's within the adjacent Sudbury Forest area, some concern over the sustainability of hemlock sites was discussed. VFM needs to institute a monitoring program on the SFL.

Stop #6 was located at Block 68 part of Grant's licence area. This block was an example of commercial thinning. Some questions remain related to this block since the twinning of Highway 69 might result in it being incorporated into the new highway corridor.

The area was heavily stocked and was thinned by 26-40 m²/ha. The current thinning was the second thinning of the plantation (the first being a row thinning). The plantation was initially planted by prisoners from the now closed Burwash Prison. Careful logging was performed by Fryer using a combination of feller buncher and grapple skidder and cut and skid. Little damage was evident to the residual standing trees.

A number of AOCs existed in the block including a broad-winged hawk nest, a snowmobile trail and a riparian area. All were treated properly as was evidenced by compliance reports

September 22 The first part of the morning was spent selecting a site for examination for the remainder of the morning. Once the site was selected, the field group spent the remainder of the morning in the field viewing the site that was of recent harvesting activities. The field group for the day consisted of the Peter Street and Ron Luopa of VFM, Jesse Leverre, Senior Forestry Technician of the Sudbury District MNR, and the audit team, Peter Higgelke and Walter Mark;

Stop #7 a visit to Block 28 which was part of Domtar's licence. Parts of this block had been harvested by a number of contractors but Domtar is now using only George Piquette as a contractor. The area was interspersed with a number of pieces of private land. Ron Luopa had sent out letters to the private landowners to engage consultation. Some were contacted and others were non-responsive. Of the individuals that had been contacted, most were agreeable to VFM's plans.

Field examination of the block revealed a number of problems including the following:

- a) Water crossing installation contravened Ontario's guidelines for such installations in the following ways: no stable angle of repose was developed on the road banks at the water crossing; rip-rap material was not used on the banks; the length of culvert was too short for the required road width; grubbing had occurred within the riparian AOC; and, no drainages were creating to divert run-off from the road into the forest.
- b) Immediately beyond the aforementioned water crossing, road construction did not immediately exit the AOC. Road construction remained inside the AOC for some distance rather than exit and remain outside of the AOC as required. AOC markings were highly visible where they had not been removed with the timber harvest showing that the AOC had been well marked.
- c) Within the harvest block, the NDPEG mandated leave trees were not evenly distributed as required. While the operator left the required 25 trees per hectare, they were left in a clump.
- d) The road passed through the harvest area and again crossed through a clearly marked licence block boundary
- e) The second water crossing was located within a floodplain area. Here an excavator traversed the floodplain to access the stream for water crossing installation. Within the floodplain, excavation occurred to provide material for the eventual roadbed. Further, the stream channel was excavated to provide for culvert installation. The stream should have been crossed using a bridge rather than an in-stream installation.

In the opinion of the auditors, the problems witnessed at this field stop are related to insufficient on-site supervision.

The scope of the 2006 surveillance audit included: document review, field auditors spending time in the field reviewing site-specific results of planning and forestry activities, interviewing management and operations personnel and, as appropriate, interacting with outside stakeholders.

6.1.4 Status of Corrective Action Requests and Recommendations

The conditions and recommendations issued at the time the 2005 certification audit are listed below, along with the auditor team's assessment of VFM's response thereto, and the disposition of these conditions and recommendations as a result of the certificate holder's responses. Note, award of certification and delivery of final report did not occur until May 2006. Thus, there was limited time allowed to meet those CARs due at the 2006 surveillance audit. Never the less, VFM made substantial progress completing the majority of the work on outstanding CARs. In all circumstances, extensions to the CAR timeframes was warranted because of the short time between delivery of the final report and the 1st audit, and because of the substantial progress made by VFM.

CAR 2005.1:
<i>Criterion 4.5.2 VFM should implement start-up training for operators to stress the reduction of residual stand damage and increase on-site supervision and monitoring, especially when new contractors or operators are utilized.</i>
Deadline: This start-up training should be in place by the time of the first annual audit in 2006.
Company Action/Auditor Observation:
Domtar's new contractors all attended a spring compliance training session. Chuck Huisman and Ron Luopa have also met with all the contractors. (Evidence Binder 1.1.a & 1.1.b)
Status at September 22, 2006:
This condition is closed since VFM has completed its obligations. Since evidence of field problems were found during the field inspections in this audit a new condition is provided (see 2006.1).

CAR 2005.2:
VFM must continue to pursue the alternative for the gap analysis.
Deadline: Progress on this CAR will be a concern of the annual audit in 2006. As long as progress is made, the CAR will be extended and remain open.
Company Action/Auditor Observation:
VFM has continued to pursue completion of the gap analysis by the province. Evidence included correspondence from province indicating commitment to complete the gap analysis. As well, VFM met with the FSC Committee and provided information on concerns with draft standards. New draft Great Lakes St. Lawrence standards have incorporated concerns of various parties including certificate holders which included VFM (Evidence Binder 6.2.c).
Status at September 22, 2006:
This condition is continued

CAR 2005.3:
<p><i>VFM needs to develop written SOP's to comply with all of the criteria in 6.5.1.</i></p> <p><i>Deadline: These SOP's must be developed and implemented within one year to be audited at the first annual audit in 2006.</i></p>
Company Action/Auditor Observation:
<p>An extensive suite of SOPs has been developed and documented as part of VFMs' "Manual of Operating Instructions for Forestry Undertakings in the Great Lakes, St. Lawrence Forest Region". At the time of this annual audit, the MNR was developing a new set of standards that might require changes to VFM's operating procedures. A new site guide is being developed by the MNR with assistance from forest industry personnel. Though slash management has not yet been addressed in VFM's operating procedures, the 2005-2006 AWS included "Prescribed Burn Plan for Slash Pile Burning" and a monitoring plan was included in the 2005-2010 FMP Monitoring and Assessment chapter. The criteria described in 6.5.1 have all been addressed in VFM's manual.</p>
Status at September 22, 2006:
<p>This condition remains open since VFM's operating procedures contain no reference to a slash management procedure and this should be completed. It is recognized that slash management is included in the 2005-2006 AWS. Future audits should also ensure that VFM operating procedures reflect both the criteria of the applicable FSC Standard as well as MNR's new site guide. Because significant progress was made on SOPs, a one year extension is warranted for this CAR. CAR now due at the time of the 2007 surveillance audit.</p>
CAR 2005.4:
<p><i>Existing SOPs need to be documented and a monitoring plan for each of the SOPs needs to be developed at the same time. As new SOPs are developed, monitoring must be a standard component of the SOP.</i></p> <p><i>Deadline: The monitoring plans for all SOP's, that is those existing and those to-be-developed, must be developed and implemented within one year, to be audited at the first annual audit in 2006.</i></p>
Company Action/Auditor Observation:
<p>This was identified at the Spring Compliance Meeting. The meeting also covered compliance issues. A copy of Ron's presentation from the SCM was received [Evidence Binder Annual Compliance Plan 1.1.b (SCM)]. Further, the 2005-2006 AWS included "Prescribed Burn Plan for Slash Pile Burning". A monitoring plan was included in the 2005-2010 FMP Monitoring and Assessment chapter. Monitoring and assessment is also reported in the Annual</p>

Reports. Ontario's compliance monitoring program includes comprehensive monitoring for relevant issues.
Status at September 22, 2006:
This condition is closed but a recommendation is provided in this report to deal with the inclusion of a specific monitoring component for relevant operating procedures.

CAR 2005.5:
<i>VFM will obtain through a transparent, publicized and open consultative process input into the proposed HCV's consistent with Indicator 9.1.3. The modified proposal for HCV's will include specific management measures and monitoring to assure the continuance and/or enhancement of the conservation attributes and locations confirmed by scientists and stakeholders.</i>
<i>Deadline: The modified HCV proposal must be complete within a period of one year, to be audited at the first annual audit in 2006.</i>
Company Action/Auditor Observation:
The final draft of the " <i>High Conservation Values in the Sudbury Forest</i> " was provided to the auditors on Monday, September 25 in North Bay. Various groups were invited to comment on the report and, according to the report, "...new HCVs and new management approaches will be considered at any time." Evidence of consultation and feedback was also provided.
Status at September 22, 2006:
This condition remains open as the report " <i>High Conservation Values in the Sudbury Forest</i> " has not yet been finalized. Significant effort has been completed but monitoring conditions remain outstanding. A one year extension is warranted. CAR is due at the 2007 surveillance audit.

Condition CAR.2005.6:
<i>Upon finalization of the interim HCV assessment and the implementation of conservation management measures more detailed HCVF monitoring SOPs will be developed.</i>
<i>Deadline: After the modified HCV proposal is completed, monitoring SOP's must be developed and implemented within a period of one year to be audited at the first annual audit in 2006 with a deadline of the annual audit in 2007.</i>
Company Action/Auditor Observation:
Not yet needed as draft HCV report only received at the time of the 2006 Annual Audit.
Status at September 22, 2006:
This condition remains open. Due at 2007 surveillance audit

The recommendations issued at the time the 2005 certification audit are listed below, along with the audit team's assessment of VFM's response thereto, and the disposition of the recommendations as a result of the certificate holder's responses.

Recommendation 2005.1
<i>While VFM does not have supervision authority over contractors working for shareholders, VFM does need to be more involved at an early stage in compliance inspection, especially with new contractors or contractors with a track record of having compliance problems.</i>
Company Action/Auditor Observation:
Stop #7 illustrated that the concern brought forth with this recommendation had not yet been addressed. A number of compliance breaches were witnessed as discussed in the Stop #7 description.
Status at September 22, 2006:
This recommendation is replaced with CAR 2006.2 written to address concerns related to VFM involvement new contractors and contractors with a track record of having compliance problems.
Recommendation 2005.2
<i>VMF is advised of FSC requirements for compliance with Criteria 1.6 and should consider measures to demonstrate a long-term commitment to FSC through participation in FSC Canada activities and auditable measures of adherence, such as on company website and its company letterhead.</i>
Company Action/Auditor Observation:
VFM is actively participating in FSC Canada and has indicated so on its website
Status at September 22, 2006
This recommendation has been addressed.
Recommendation 2005.3
<i>VFM needs to develop SOP's for whole tree yarding to prevent and properly dispose of large amounts of slash that are deposited at the landing.</i>
Company Action/Auditor Observation:
2005-2006 AWS included " <i>Prescribed Burn Plan for Slash Pile Burning</i> " which specifically discusses slash management on areas that have been harvested using the full tree system..
Status at September 22, 2006
This recommendation remains to develop an SOP from the " <i>Prescribed Burn Plan for Slash Pile Burning</i> ".
Recommendation 2005.4
<i>VFM should look at the old growth component of the boreal forest and decide on a strategy to manage for old growth components in the boreal component. There was considerable public comment received about this.</i>

Company Action/Auditor Observation:
The 2005-2010 FMP includes Appendix VIII “Old Growth Strategy for the Sudbury Forest”. This strategy includes boreal forest old growth components. A new Landscape Guide is in the final stages of development and will include boreal old growth as one of many components. Kandyd Szuba of Domtar (a shareholder in VFM) is participating in the development of the Landscape Guide. Further, VFM has agreed to use the Sudbury Forest as a test case for the Landscape Guide.
Status at September 22, 2006
This recommendation has been addressed.

Recommendation 2005.5
VFM needs to work with MNR to assure that planned road closures are effective.
Company Action/Auditor Observation:
MNR is in the process of amending the Crown Land Use Atlas to permit road closures before roads are actually constructed. The strategy is to amend the 2005-2010 FMP once that amendment has been approved. During the planning process for the current FMP, road closures were presented at three open houses. During that time, it was brought up that the current Land Use Plan did not permit road closures of this kind. The new strategy should alleviate road closure problems once the Crown Land Use Atlas is amended.
Status at September 22, 2006
This recommendation remains until a ruling on the Crown Land Use Atlas is achieved. Should the amendment not be approved, the recommendation will require attention.

Recommendation 2005.6
<i>VFM should continue to seek funds to assist in the rehabilitation of the forest areas damaged by the smelter flume in the past.</i>
Company Action/Auditor Observation:
Evidence was provided to show that VFM had followed through on this recommendation.
Status at September 22, 2006
This recommendation remains as substantial area remains appropriate for rehabilitation.

Recommendation 2005.7
<i>VFM should undertake transparent outside feedback to the location and conservation attributes of proposed HCV’s as well as areas not proposed for HCV status. The results of the reviews will be addressed and the HCV plan modified as appropriate.</i>

Company Action/Auditor Observation:
The process to develop HCVs for the Sudbury Forest included submissions of draft HCV reports to various agencies for comment. For the Sudbury Forest, only the World Wildlife Fund provided feedback. Evidence demonstrating transparent feedback was provided.
Status at September 22, 2006
This recommendation has been addressed.

Recommendation 2005.8
<i>Annual Work Schedules should include pre-operations orientation and post-operations monitoring provisions for blocks with HCV</i>
Company Action/Auditor Observation:
In many cases, HCVs were identified that had coincidentally been treated in the FMP as “values” (i.e. moose aquatic feeding areas) and afforded protection treatments (area of concern) related to maintaining the ecological integrity of the value. AOCs are shown on maps for pre-operations orientation and are included in post-operations monitoring.
Status at September 22, 2006
Problems were witnessed during the field portion of this audit, with AOC incursions. This recommendation has been elevated to a CAR to reflect the serious nature of the problem. See CAR 2006.3

Recommendation 2005.9
<i>VFM is advised that during the course of the 2006 annual inspection FSC Criterion 9.4.3 will be reviewed by the audit team to determine how the monitoring data from 9.4.2 has been utilized to adjust the management measures.</i>
Company Action/Auditor Observation:
At the time of the 2006 Annual Surveillance Audit the HCV Report for the Sudbury Forest had just been completed. Therefore, this recommendation will require a further year for VFM to perform the required work.

6.1.5 Additional Observations, CARs and Recommendations

The Trend Analysis Report for the Sudbury Forest indicated overall utilization of harvest volumes on the Forest continue to be low. However, actual harvest levels of coniferous species are near planned levels leaving hardwood utilization levels exceedingly low. Unless new markets for these species are found, utilization levels of low grade hardwoods will not change.

The high utilization levels of white and red pine are cause for concern in light of the blowdown events of the summer of 2006. Salvage operations on the Sudbury Forest were engaged swiftly to capture as much of this volume as possible. The blowdown event in combination with the high utilization of these species in the past are cause for concern, particularly since the forest

resource inventory is almost 30 years old (1989). Until the extent of the blowdown is known and volumes for white and red pine stands are certain, concerns about sustainable harvest levels of these species will remain.

A number of mills in the area have reduced their production levels or shut down completely. The economic contribution of forestry has diminished over the past few years, leaving questions about the economic contribution of the Sudbury Forest to the region.

VFM has undergone a staffing change since the last annual audit where Mark Lockhart, R.P.F. was hired as the Planning Forester.

VFM is owned by a group of shareholders, the composition of which has changed significantly in recent months. At the time of the initial certification audit in 2005, there were 11 shareholders of VFM. This has been reduced to six shareholders. The reduction in the number of shareholders is a direct result of the poor economic conditions that are affecting the forest industry across the Province and for that matter across the country. Those shareholders that left, elected to voluntarily sell their harvesting rights to Domtar and Grant Forest Products (in the case of Fryer Forest Products Ltd.)

Additional CARS

Based upon this audit, the SCS team concludes that the issuance of three new Corrective Action Request (CAR) is warranted.

<p>Background/Justification: The SCS Team noted that the age of the forest resource inventory (FRI) was almost 30 years old. Although the FRI has regularly been undated with depletions, its capability of accurately reflecting changes in the forest since the time of inventory (1989) are suspect. The audit team witnessed fatal damage to hemlock stands in neighbouring Killarney Provincial Park. Discussions at that site clearly indicated that similar damage is likely to extend into the Sudbury Forest. Also, the blowdown event of July 2006, will require accurate reflection in the planning inventory for the 2010 FMP to enable accurate allowable harvest levels to be calculated, particularly for white pine.</p>	
<p>CAR: 2006.1</p>	<p>VFM should develop a strategy to ensure that the planning inventory for the 2010-2020 FMP accurately reflects changes to the forest from natural disturbances, both in area and volume.</p>
<p>Reference</p>	<p>FSC Criterion 5.6 as well as 6.1.2 and 6.1.3.</p>
<p>Deadline</p>	<p>Annual audit of 2007.</p>

<p>Background/Justification: The SCS Team noted a suite of operational problems at one of the field stops (see notes for stop #7) from improperly installed water crossings to a riparian</p>	
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AOC infraction. The area was being harvested by a contractor for Domtar and was relatively new to the Sudbury Forest.	
CAR: 2006.2	VFM should prepare and implement a plan for its staff to perform on-site training of operators that are new to the Sudbury Forest or operators that have a poor compliance record and ensure that compliance monitoring of these operators is completed within two weeks of starting to operate in a new block. The plan should include training of supervisors and equipment operators. The plan should include VFM documenting these training and compliance visits.
Reference	FSC Criterion 6.5.
Deadline	Annual audit of 2007.

<p>Background/Justification: In many cases, HCVs were identified that had coincidentally been treated in the FMP as “values” (i.e. moose aquatic feeding areas) and afforded protection treatments (area of concern) related to maintaining the ecological integrity of the value. AOCs are shown on maps for pre-operations orientation and are included in post-operations monitoring. Problems were witnessed during the field portion of this audit, with AOC incursions. Action on this issue had previously been suggested under Recommendation 2005.8. Following the 2006 audit, this recommendation has been elevated to a CAR.</p>	
CAR: 2006.3	Annual Work Schedules must include pre-operations orientation and post-operations monitoring provisions for blocks with HCV
Reference	FSC Criterion 9.3
Deadline	Annual audit of 2007.

6.1.6 General Conclusion of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that VFM’s management of the Crown land forests on the Sudbury Forest continues to be in overall compliance with the FSC Principles and Criteria. Although aspects of VFM’s management program remain deficient relative to the standard of certification, the SCS audit team has concluded from this annual audit that VFM’s management is in general compliance with FSC Principles 1 through 9.

As such, continuation of the forest management certificate is warranted, subject to ongoing progress in closing out the conditions and CARs, and subject to subsequent annual audits.

6.2 2007 Annual Audit

6.2.1 Assessment Dates

On September 03, 04 and 05, an SCS audit team (Higgelke and Mark) conducted the annual audit of the Sudbury Forest under the Sustainable Forest Licence of Vermilion Forest Management Company Ltd, including on-site inspections of field operations as well as extensive interviews with VFM management, field personnel, and consultants. Mr. Higgelke completed three full days of the audit while Dr. Mark participated for the first two days.

6.2.2 Assessment Personnel

For this annual audit, the team included Peter Higgelke and Dr. Walter R. Mark. The audit was lead by Peter Higgelke.

Peter Higgelke: Consulting Forester, Managing Partner of KBM Forestry Consultants Inc. (Ontario). As a principal in KBM, Mr. Higgelke specializes in forest auditing, forest management planning, forest inventory, wildlife habitat supply analysis modelling, business plan preparation, timber harvesting, and forest renewal prescriptions. Peter is a registered professional forester in the province of Ontario. He participates regularly in Independent Forest Audits in Ontario and has advised First Nations on forest management, forestry negotiations and economic development. In the past he lectured at Lakehead University on integrated forest resources management and GIS applications in forestry. Peter was a member of the SCS team that performed the original FSC certification audit in 2005.

Dr. Walter R. Mark: Dr. Mark is a professor of forestry at California Polytechnic State University, San Luis Obispo and former Director of Swanton Pacific Ranch, the University's school forest. Dr. Mark's speciality is forest health. Dr. Mark is a consultant for Scientific Certification Systems. Dr. Mark is a registered professional forester in California (RPF No. 1250) with 35 years of forestry experience in the public and higher education sectors. He acted as lead for the 2005 Sudbury certification audit. He acted as lead for the 2004 and 2005 Nipissing Forest Annual Audits. He has served as audit team leader for several certification, recertification and annual audits over the past five years.

6.2.3 Assessment Process

The SCS annual audit field evaluation commenced in the morning of September 03, with a meeting at the VFM office to review the field itinerary, briefly discuss each field stop, review evidence binders provided by VFM and review progress on CARs and recommendations from the 2006 Annual surveillance audit. The field audit concluded in the afternoon of September 05. A number of the Stops involved a number of excursions into the field to permit a full assessment of the variety of activities completed thereon. Activities associated with the evaluation were as follows:

September 03 (morning): The annual audit began at the office of Vermilion Forest Management Company Inc. with a brief discussion about the direction of this year's audit with respect to required corrective actions and recommendations, and then an overview of the field stops. Peter Street attended the meeting on behalf of VFM.

September 03 (afternoon): The afternoon was spent in the field examining the first two sites selected for the annual audit. The field group for the day consisted of the Peter Street and Ron Luopa, Doug Maki, Chuck Huisman, and Patrick Bazinet of VFM, and the audit team, Peter Higgelke and Walter Mark.

Stop #4 in the tabbed field books was located at Domtar Block 50 of the 2005-2010 FMP. The block was part of Domtar's allocation and was harvested by Gervais Forest Products Ltd. during the winter of 2006-07. Harvesting was accomplished with both cut and skid and mechanized harvesting operations in a white pine shelterwood situation. All felled trees had been marked prior to removal. In both operational cases, skidder access to the block was limited to main trails without exception. In the mechanized operation, feller buncher access to the block was limited primarily to main trails plus entering off-trail areas to cut trees which would then be returned to and laid on the main trails for the grapple skidders.

Although there was little evidence of logging damage to residual trees, there was more damage on the cut and skid site. In both cases, it was clear that the operations had been completed with a high degree of care.

Stop #5 in the tabbed field books was located at Domtar Block 28 of the 2005-2010 FMP. The block was part of Domtar's allocation and was harvested by Piquette Logging. The block had also been visited as part of the 2006 Annual surveillance audit at which time a number of issues had been discovered. The re-visit for the 2007 audit was performed to examine how VFM had dealt with those issues that could be resolved and how the contractor had completed the harvesting of the remainder of the block.

One issue for the 2006 audit had been an improper water crossing installation. The water crossing of concern had been removed and replaced with a new crossing after a consultant had verified that the stream was not a cold water fishery. The new installation was completed proper regard to requirements for slope, rip rap, and drainages on roadway approaches to the crossing. Another issue was related to the distribution of leave trees as required under NDPEG. During the 2006 field visit, leave trees were found to be left in clumps rather than distributed across the cutover. The contractor was found to have completed the remainder of the harvest leaving residual trees more evenly distributed across the cutover.

The second water crossing in block was another issue in the 2006 audit where excavation within a floodplain area had occurred. Examination of this site showed that reparations had occurred and site rehabilitation efforts were sufficient to overcome problems.

Another crossing problem was encountered on the site during the audit. A crossing had been utilized for skidding logs with a metal span in place and brow logs to retain debris from entering the stream. Proper installation was not evident and it was clear that operations during wet weather had resulted in deposition of sediment into the stream. A compliance report was filed after the site had been reviewed by VFM and MNR staff and had been cleaned up by the operator at the time of the audit. Further logging using that crossing will occur during winter operations.

The onsite supervision of the logging operations had not been sufficient to prevent the sediment deposition. CAR 2006.2 Continued

Stop # 6, the final stop of the day was at a 50 year old stand of red pine plantation that had recently been thinned using a processor with a forwarder. The stand had been pre-commercially thinned at 15 years. The operation was very clean and the stand appeared very productive.

September 04: The second day of the audit consisted of examining a number of sites in the field. The field group for the day consisted of the Peter Street, Ron Luopa, Doug Maki and Chuck Huisman of VFM; Tim Lehman, Area Forester with the Sudbury District MNR; Jim Gomes of the Local Citizens Committee; and the audit team, Peter Higgelke and Walter Mark.

Stop #1 in the tabbed field books was located at Domtar Block 01 of the 2005-2010 FMP and was harvested by Gervais Forest Products Ltd. The harvest block is situated in the Boreal Forest Region part of the Sudbury Forest and was operated primarily as a clearcut harvest with some seed tree harvest where white pine had been found to comprise part of the forest. Also, a hardwood area of approximately 30ha was operated as hardwood shelterwood with the removal of low quality stems for stand improvement. Operations began in the summer of 2006 but had been suspended until the reopening of the Domtar Nairn sawmill. There was an active trapper in the area and VFM met with him prior to operations to identify trap lines and trails to protect his interests.

The field stops demonstrated silviculture treatments on the block including jack pine planted in the spring of 2007, an area that had been chemically site prepared with an aerial application of herbicide in July and a jack pine tree plant of August, 2007.

In a number of instances in this block, road construction had been performed with insufficient regard for drainage, particularly in lowland areas where no obvious water course was visible. Road construction had involved building up the road base with material and, where lowland drainages were present, caused an impediment to natural water flows and flooding on the upslope side of the road. The natural hydrologic function of the site had definitely been impaired by the logging operations and road construction. In the opinion of the auditors these situations require remedying and that measures are developed to ensure their avoidance in the future. CAR 2007.1 and CAR 2007.2.

Stop #2 in the tabbed field books was road upgrading and new road construction of the Spanish Arm Primary Road System. The entire length of the new construction was examined including water crossing installations. The road was constructed in difficult terrain with few places for aggregate retrieval. The MNR had issued compliance orders to repair water crossings.

Examination of these crossings found them to have been repaired properly.

During the planning phase for this road, a concern was raised for the protection of a remote tourism value. To ensure protection of this value while permitting road development, access restriction was required. The field visit including review of the access restriction in the form of a gate with signage that indicated restricted access under the Public Lands Act.

Stop #23 in the tabbed field books was tree planted in 2005 with post-plant aerial chemical treatments applied in 2006 and 2007. Further tree planting had been carried out in 2007 as well.

Planting success appeared sporadic. Further, many of the target species in some areas exhibited damage from the spray. This area will require further monitoring and fill planting to ensure achievement of silviculture objectives.

This stop was the second area in which chemical site preparation had been performed to reduce competition for the renewal of boreal tree species. Since VFM also uses chemical competition control treatments to support re-establishment of white and red pine forest types on the Sudbury Forest, a system is needed to track the volume of chemical used annually in each type of treatment on the Forest. CAR 2007.3 and CAR 2007.4.

Stop #35 in the tabbed field books was an area that had been harvested in 1995, site prepared in 1995, planted in 1996, spaced in 1999 and thinned in 2007 by M'Ti-Waki Services.

September 05: The third day of the audit consisted of examining a number of sites in the field. The field group for the day consisted of the Doug Maki, Chuck Huisman and Patrick Bazinet of VFM; and Peter Higgelke of the audit team.

Stop #10 in the tabbed field books was upgrading efforts for the Halifax Road in the south western part of the Sudbury Forest. The Halifax Road had been constructed some decades ago for use by tandem trucks transporting logs from the forest. Logging trucks presently in use are considerably longer and carry heavier loads. As a result, upgrades to the Halifax Road were necessary, in particular removal and straightening of excessive curves, upgrading of water crossings and lengthening of drainages.

Stop #9 in the tabbed field books was located at N'Swakamok Block 64 of the 2005-2010 FMP and was harvested by Buddy Lowery. The site was also visited during the 2006 surveillance audit where damage to residual trees was a problem. Considerable improvement was evident in this regard on this visit.

An intermittent stream had been found during operations and a steel skid bridge was installed. This bridge was solid and permitted treelength logs to be skidded across the stream without sedimentation into the stream. All soft maple had been removed to favour better silviculture treatments representing a change in practices since this species was not always removed.

Stop #15 in the tabbed field books was maintenance and upgrading of the Waldie-Struthers Road performed by Lahaie Lumber. Responsibility for the road has been assigned to MNR. Upgrading to the road was well done with good ditching, road crowning and widening. A number of water crossings were not properly installed – road bank slopes too steep; rip rap lacking; culvert lengths inadequate. CAR 2007.5.

Stop #7 in the tabbed field books was a winter salvage harvest for the 2006 blowdown event. The site was located on Eighteen Mile Island and was harvested by Lachance. The area was tree planted to white pine the week prior to the audit.

Because of the blowdown, spacing of residuals was influenced primarily their presence. In some cases, no trees were left standing after the storm resulting in sites less conducive to white pine renewal. Very little damage to residual trees from harvesting operations was observed. Utilization was good, particularly considering the amount of severe breakage caused by the wind storm.

The scope of the 2007 surveillance audit included: document review, field auditors spending time in the field reviewing site-specific results of planning and forestry activities, interviewing management and operations personnel and, as appropriate, interacting with outside stakeholders.

6.2.4 STATUS OF CORRECTIVE ACTION REQUESTS AND RECOMMENDATIONS

This results section is divided in two sections: 6.2.5 details the status of conditions that were issued at the time of award of certifications; and, 6.2.6 details new observations, CARS, and recommendations.

A brief summary of the 2006 annual evaluation is as follows:

- 1) Seven CARs were included in the 2006 certification audit.
- 2) Five Recommendations were issued in the 2006 certification audit.

6.2.5 Status of Corrective Action Requests and Recommendations

The conditions and recommendations issued or continued at the time the 2006 certification audit are listed below, along with the auditor team’s assessment of VFM’s response thereto, and the disposition of these conditions and recommendations as a result of the certificate holder’s responses.

CAR 2005.2:
<i>VFM must continue to pursue the alternative for the gap analysis. Deadline: Progress on this CAR will be a concern of the annual audit in 2006. As long as progress is made, the CAR will be extended and remain open.</i>
Company Action/Auditor Observation:
VFM has continued to pursue completion of the gap analysis by the province. An initial gap analysis completed by the province was not approved as it captured many plantations. VFM produced evidence demonstrating its ongoing commitment to completing this exercise but requires continued cooperation from provincial authorities including Ontario Parks. This CAR will be reviewed during the 2008 annual audit.
Status at September 05, 2007:
This condition is continued.

CAR 2005.3:
<i>VFM needs to develop written SOP's to comply with all of the criteria in 6.5.1. Deadline: These SOP's must be developed and implemented within one year to be audited at the first annual audit in 2006.</i>
Company Action/Auditor Observation:
An extensive suite of SOPs has been developed and documented as part of VFMs' <i>"Manual of Operating Instructions for Forestry Undertakings in the Great Lakes, St. Lawrence Forest Region"</i> . The only outstanding concern in the 2006 audit focused on slash management. For this CAR, VFM provided a complete analysis of the criteria described in 6.5.1 including the targeted concern of slash management. In its analysis, VFM points to its Policy #12 Slash Management which was approved in October 2005 and "...identifies the need to manage slash to minimize the loss of productive forest land – i.e. slash needs to be piled and burned or spread back into the cutover."
Status at September 05, 2007:
This condition is closed.

CAR 2005.5:
<i>VFM will obtain through a transparent, publicized and open consultative process input into the proposed HCV's consistent with Indicator 9.1.3. The modified proposal for HCV's will include specific management measures and monitoring to assure the continuance and/or enhancement of the conservation attributes and locations confirmed by scientists and stakeholders. Deadline: The modified HCV proposal must be complete within a period of one year, to be audited at the first annual audit in 2006.</i>
Company Action/Auditor Observation:
Version 2.1 of <i>"High Conservation Values in the Sudbury Forest"</i> was provided to the auditors. According to the report, "The assessment of HCV on the Sudbury Forest is guided by the "High Conservation Value Forest National Framework", which is Appendix 5 of the FSC Canadian National Boreal Standard." Consultation for the HCVF incorporated four components, as described in the report: 1. Broad review based on the FMP process; 2. consultation with technical experts; 3. focused review by stakeholders; and, 4. open door policy for improvement. Evidence of consultation and feedback was also provided.
Status at September 05, 2007:
This condition is closed.

Condition CAR.2005.6:
<i>Upon finalization of the interim HCV assessment and the implementation of conservation management measures more detailed HCVF monitoring SOPs will be developed. Deadline: After the modified HCV proposal is completed, monitoring SOP's</i>

<i>must be developed and implemented within a period of one year to be audited at the first annual audit in 2006 with a deadline of the annual audit in 2007.</i>
Company Action/Auditor Observation:
VFM provided its “Protocol for Updating Values and Approving AOC Changes on the Sudbury Forest”. The protocol describes a procedure by which values on the Sudbury Forest are updated, including previously unknown values. All HCVs are included in the suite of values described in the Sudbury Forest FMP.
Status at September 05, 2007:
This condition is closed.

Condition CAR.2006.1:
VFM should develop a strategy to ensure that the planning inventory for the 2010-2020 FMP accurately reflects changes to the forest from natural disturbances, both in area and volume.
Company Action/Auditor Observation:
VFM performed a variety of work to address this matter. Field work, both ground and aerial survey work, was performed to update areas damaged by spruce budworm and the 2006 blowdown event. Areas where hemlock looper had damaged stands were delineated using satellite imagery and verified with ground surveillance.
Status at September 05, 2007:
This condition is closed.

Condition CAR.2006.2:
VFM should prepare and implement a plan for its staff to perform on-site training of operators that are new to the Sudbury Forest or operators that have a poor compliance record and ensure that compliance monitoring of these operators is completed within two weeks of starting to operate in a new block. The plan should include training of supervisors and equipment operators. The plan should include VFM documenting these training and compliance visits.
Company Action/Auditor Observation:
VFM has developed a policy that was approved by its Board of Directors – Policy #016 “Training for New Operators or Operators with Compliance Problems”. The policy includes a number of implementation procedures which are intended to rectify problems found in previous and the current audits. The results of implementing this policy still need to be audited and were not available at the time of this audit. The 2008 annual audit will focus on policy implementation.
Status at September 05, 2007:
This condition is continued.

Condition CAR.2006.3:
Annual Work Schedules must include pre-operations orientation and post-operations monitoring provisions for blocks with HCV.
Company Action/Auditor Observation:
2007-2008 AWS preparation was completed before this CAR was made

available to VFM. Therefore this CAR will need to be continued and will be a focus of the 2008 annual audit
Status at September 05, 2007:
This condition is continued.

The recommendations issued at the time the 2005 certification audit are listed below, along with the audit team's assessment of VFM's response thereto, and the disposition of the recommendations as a result of the certificate holder's responses.

Recommendation 2005.3
<i>VFM needs to develop SOP's for whole tree yarding to prevent and properly dispose of large amounts of slash that are deposited at the landing.</i>
Company Action/Auditor Observation:
VFM provided evidence to show that slash piling has been considered, although not in the form of an SOP. Evidence included Policy # 0012 dated October 2005 entitled "Logging Slash Management" as well as Forest Operations Inspection Report (FOIP) for inspection number 250777. The FOIP report described the results of a compliance inspection that had been completed on March 29, 2007 and included notes on slash piling, "...including areas harvested ...in the previous years." The above evidence was further supported by field assessments which demonstrated that an effective slash management program had been implemented on the Forest, albeit without an SOP.
Status at September 22, 2006
This recommendation has been addressed.

Recommendation 2005.5
VFM needs to work with MNR to assure that planned road closures are effective.
Company Action/Auditor Observation:
MNR is in the process of amending the Crown Land Use Atlas to permit road closures before roads are actually constructed. The strategy is to amend the 2005-2010 FMP once that amendment has been approved. During the planning process for the current FMP, road closures were presented at three open houses. During that time, it was brought up that the current Land Use Plan did not permit road closures of this kind. The new strategy should alleviate road closure problems once the Crown Land Use Atlas is amended. Evaluation of the status of the amendment will be reviewed during the 2008 annual audit.
Status at September 05, 2007
This recommendation remains open until a ruling on the Crown Land Use Atlas is achieved. Should the amendment not be approved, the recommendation will require attention.

Recommendation 2005.6
<i>VFM should continue to seek funds to assist in the rehabilitation of the forest areas damaged by the smelter flume in the past.</i>
Company Action/Auditor Observation:
Evidence was provided to show that VFM had followed through on this recommendation. Application by VFM for funding from the Forestry Futures Trust was not awarded. Ongoing efforts in obtaining funding for rehabilitation need to be continued by VFM. This will be reviewed during the 2008 annual audit.
Status at September 05, 2007
This recommendation remains open as substantial area remains appropriate for rehabilitation.

Recommendation 2005.9
<i>VFM is advised that during the course of the 2006 annual inspection FSC Criterion 9.4.3 will be reviewed by the audit team to determine how the monitoring data from 9.4.2 has been utilized to adjust the management measures.</i>
Company Action/Auditor Observation:
At the time of the 2005 Annual Surveillance Audit the HCV Report for the Sudbury Forest had just been completed. Therefore, this recommendation will require a further year for VFM to perform the required work.
Status at September 05, 2007
This recommendation remains open

6.2.6 Additional Observations, CARs and Recommendations

The blowdown event of 2006 quickly lead to an over supply situation of white pine in the area. Prices were quick to fall leaving producers with poor returns for their white pine logs. This coupled with recognized poor markets for low grade hardwood species has left their utilization continuously low.

The 2005-2006 Annual Report for the Sudbury Forest (April 1, 2005 to March 31, 2006) shows that only 35% of the annual depletion had been achieved. Of the 6,672 ha planned to be depleted, only 2,383 ha actually had been depleted. In the period of the five-year term of the Forest Management Plan, 76% of the even-aged clearcut area had been harvested while 23% of the area managed under even-aged shelterwood system had been depleted and only 1% of uneven-aged selection area was harvested.

Additional CARS

Based upon this audit, the SCS team concludes that the issuances of four new Corrective Action Requests (CARs) are warranted.

Company Action/Auditor Observation:
At Domtar Block 01 of the 2005-2010 FMP, a number of instances were reviewed of road construction that had been performed with insufficient regard for drainage, particularly in lowland areas where no obvious water course was visible. Road construction had involved building up the road base with material and, where lowland drainages were present, caused an impediment to natural water flows and flooding on the upslope side of the road. In the opinion of the auditors these situations require remedying.
CAR 2007.1:
By the time of the 2008 annual audit, VFM must ensure that drainages impediments caused by road development in Domtar Block 01 of the 2005-2010 FMP have been remedied to permit water to flow without encumbrances caused by road development.
Reference: FSC 6.3.7 and 6.5.1
Status at September 05, 2007:
This is a new minor CAR and will be reviewed in the 2008 recertification audit.

Company Action/Auditor Observation:
Using the examples described in CAR 2007.1, the audit team believes that measures are required to be put in place that ensure that water flow is not impeded by road development. This example targets water flow in lowland areas where there are often difficulties in determining water presence. VFM needs to develop procedures to proactively ensure that water is permitted to flow freely without encumbrances caused by road development.
CAR 2007.2:
By the time of the 2008 annual audit, VFM must provide documented evidence that it has developed implementable procedures to ensure that water flow is not impeded by road development.
Reference: FSC 6.3.7 and 6.5.1
Status at September 05, 2007:
This is a new minor CAR and will be reviewed in the 2008 recertification audit.

Company Action/Auditor Observation:
During the course of the field audit, results of chemical use for silvicultural operations were viewed on several stops. Objectives of its applications ranged from promotion of white pine as the target species to reducing competition for boreal species in clearcuts. While FSC standards do allow for use for restoration efforts of certain species, they are also clear on the reduction of dependence on chemicals for other uses. The data regarding chemical use is provided in the annual report but does not

provide information on the trends of the use of herbicides, nor does it specify the target species for the chemical applications.
CAR 2007.3:
At the time of the 2008 audit, VFM must provide annual herbicide use data for the past five years that is disaggregated into two categories plus categories for each application method: <ul style="list-style-type: none"> • Applications intended to enhance or maintain white pine, red pine, and red oak regeneration • Applications associated with competition control in all other circumstances Data must be further disaggregated by application method.
Reference: FSC 6.6.2, 6.2.3, 6.6, 6.6.2, 6.6.3,
Status at September 05, 2007:
This is a new minor CAR and will be reviewed at the 2008 audit.

Company Action/Auditor Observation:
During the annual audit in the office and the field, the issue of the use of herbicides in silviculture was reviewed. Discussion and documentation showed that the use was extensive in white pine and red pine restoration and retention efforts. There did not seem to be any alternatives that had been shown to be effective in meeting the mandate to increase the white pine in the forest as per provincial direction. This condition seems to put the forest managers in a position where conflicts in Provincial policy conflict with FSC standards and where within the FSC standards likely conflicts exist. There seems to be potential for conflict between FSC 6.2.2 and 6.6.2 and FSC 6.2.3 and between FSC 6.2.2 and 6.6.2 and FSC 6.6.3. The FMP for the forest also includes a section on the mandate to increase the presence of white pine on the forest.
CAR 2007.4:
VFM must initiate dialogue with FSC-Canada, aimed at resolving the conflict between Provincial directives to increase white pine within Sudbury Forest and the FSC indicator 6.6.3 which requires “continuous reduction in herbicide use...”
Reference: FSC 1.4, 6.2.2, 6.2.3, 6.6.2, 6.6.3
Status at September 05, 2007:
This is a new minor CAR and will be reviewed in the 2008 recertification audit.

Additional Recommendations

Based upon this audit, the SCS team concludes that the issuance of one new Recommendation is warranted.

Company Action/Auditor Observation:
During the field audit, maintenance and upgrading of the Waldie-Struthers

Road performed by Lahaie Lumber was reviewed. Responsibility for the road has been assigned to MNR. Although upgrading to the road was well done with good ditching, road crowning and widening, a number of water crossings were not properly installed – road bank slopes too steep; rip rap lacking; culvert lengths inadequate. In some cases, long term road stability might be questionable. VFM needs to work with MNR to remedy these situations.
Recommendation 2007.1:
By the time of the 2008 annual audit, VFM should provide evidence to show that it has attempted to work with the MNR to remedy inadequate water crossing installations on the recently upgraded portion of the Waldie-Struthers Road.
Reference: FSC
Status at September 05, 2007:
This is a new Recommendation and will be reviewed in the 2008 recertification audit.

6.2.7 General Conclusion of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that VFM's management of the Crown land forests on the Sudbury Forest continues to be in overall compliance with the FSC Principles and Criteria. Although aspects of VFM's management program remain deficient relative to the standard of certification, the SCS audit team has concluded from this annual audit that VFM's management is in general compliance with FSC Principles 1 through 9.

As such, continuation of the forest management certificate is warranted, subject to ongoing progress in closing out the conditions and CARs, and subject to subsequent annual audits.

6.2.8 Guidelines/Standards Employed

For this annual audit, the SCS auditor team evaluated the extent of conformance with the FSC Standards for Well-Managed Forests in the GLSL Forests of Ontario and Quebec, May 2004, Draft 1.0. The 2004 draft standard remains under review and is available in the revised form as a September 2006 Consultation Draft on the FSC Canada website <http://www.fsccanada.org/SiteCM/U/D/B352FF46506DC00B.pdf>

As the consultation draft was not yet adopted at the time of this annual audit, the 2004 draft standard remained valid.

6.3 2008 Annual Audit

6.3.1 Assessment Dates

On June 23, 24 & 25, an SCS audit team (Higgelke and Mark) conducted the annual audit of the Sudbury Forest under the Sustainable Forest Licence of Vermilion Forest Management Company Ltd., including on-site inspections of field operations as well as extensive interviews with VFM management and field personnel.

6.3.2 Assessment Personnel

For this annual audit, the team included Peter Higgelke and Dr. Walter R. Mark. The audit was lead by Peter Higgelke.

Peter Higgelke: Consulting Forester, Managing Partner of KBM Forestry Consultants Inc. (Ontario). As a principal in KBM, Mr. Higgelke specializes in forest auditing, forest management planning, forest inventory, wildlife habitat supply analysis modelling, business plan preparation, timber harvesting, and forest renewal prescriptions. Peter is a registered professional forester in the province of Ontario. He participates regularly in Independent Forest Audits in Ontario and has advised First Nations on forest management, forestry negotiations and economic development. In the past he lectured at Lakehead University on integrated forest resources management and GIS applications in forestry. Peter was a member of the SCS team that performed the original FSC certification audit in 2005.

Dr. Walter R. Mark: Dr. Mark is a professor of forestry at California Polytechnic State University, San Luis Obispo and former Director of Swanton Pacific Ranch, the University's FSC Certified school forest. Dr. Mark specializes in forest health and silviculture. Dr. Mark is a consultant for Scientific Certification Systems and is responsible for the audit. Dr. Mark is a registered professional forester in California (RPF No. 1250) with over 35 years of forestry experience in public and private forestry and higher education sectors. He acted as lead for the 2004 through 2006 Nipissing Forest Annual Audits. He has served as audit team member and leader for several certification, recertification and annual audits over the past several years..

6.3.3 Assessment Process

The SCS annual audit field evaluation commenced in the morning of June 23, with a meeting at the VFM office to review the field itinerary, briefly discuss each field stop, review evidence binders provided by VFM and review progress on CARs and recommendations from the 2007 annual surveillance audit. The field audit concluded in the afternoon of June 23. A number of the Stops involved a number of excursions into the field to permit a full assessment of the variety of activities completed thereon. Activities associated with the evaluation were as follows:

June 23: The first day of the audit consisted of examining a number of sites in the field. The field group for the day consisted of the Peter Street, Doug Maki, Chuck Huisman and Patrick Bazinet (at first stop only) of VFM; John Cowlings of Domtar; and Tim Lehman, Area Forester

with the Sudbury District MNR; John Sommerset of the Local Citizens Committee; and the audit team, Peter Higgelke and Walter Mark.

Stop #4 in the tabbed field books was a commercial thinning operation started in the fall of 2007 in a red pine stand. The operation was being conducted under a Gervais licence by Armond Gagne and son, Curtis, as a first thinning of every fifth row in a 43-year old red pine plantation with additional removal occurring by selection in the leave strips between thinned rows. Sawlogs were earmarked for the Gervais sawmill while pulp material was being delivered to the Domtar mill in Espanola.

At the request of the municipality, a modified 30 m AOC was left as a visual buffer along the municipal road with piling and loading occurring away from the road.. The modified buffer allowed sawlog removal as long as the basal area remained at 24 m/ha or greater. Examination of the stumps showed that the thinning was occurring 15-20 years later than optimal. The operation was being performed with a single grip harvester with a processing head and a feller forwarder to move logs to landings. Scheduling of log intake at the mill had caused some impacts in the operation. The operator was forced to stockpile logs in the mill to await scheduled days for receipt of logs at the mill. This caused landings to be enlarged, which will affect future productivity of the stand negatively. REC 2008.1

Stop #12 in the tabbed field books was located at Gervais Block 05-10 of the 2005-2010 FMP. Harvesting operations in this block began in March 2008 with road construction having been completed the previous fall.

The block consisted of a variety of stand types and conditions, resulting in a assortment of prescriptions for the area from clearcut to shelterwood to pockets of seed tree. An unmapped moose aquatic feeding area was discovered by field personnel and appropriate protection applied. The main road also served as a trail for the Ontario Federation of Snowmobile Clubs. The road was therefore kept clear for this use and not used by the harvesting operation on weekends, the primary time for use by snowmobilers. An unmapped wetland was also discovered with appropriate protective measures applied.

Evidence of logging damage to residual trees was minimal. Some deficiencies were noted with the piling of slash primarily since this was performed in the winter season.

Stop #11 in the tabbed field books was located at Domtar Block 05-02 of the 2005-2010 FMP. The block was part of Domtar's allocation and was harvested by Gervais. The portion of the block adjacent to the Vermilion River had a 120m canoe route AOC to protect the integrity of the value. As well, wetlands were located in the block with appropriate protection having been applied.

The block consisted of a large component of hardwood. As the Espanola mill had been accepting hardwood for pulp, timing for this block worked well with improved hardwood market conditions at that time. The jack pine and spruce were purchased by Gervais with much of these species earmarked for delivery to Quebec. Although delivery to Quebec is not favoured, market conditions of the time again warranted this action.

Effective slash piling had occurred throughout the block as a precursor to VFM's slash burning program. Retention of residual trees in clearcut areas was appropriate.

Evidence of impeding water flow through inadequate use of cross drainages in road construction was found on two locations past the camp location in the block. There was also evidence of rutting on the roads due to road use while wet. Waterflow had been channelled down the ruts. Although the timing of the audit occurred after a lengthy period of higher than normal levels of precipitation, water must be permitted to flow without impediments under such circumstances. CAR 2008.1.

Unscheduled stop at a Category 9 gravel pit along Portelance Road. The pit was inactive at the time of the audit, but overly steep walls were observed.

The Spanish Arm Road was visited. The closure of the road was under some dispute unless the Land Use Plan was modified. The Director of the MNR made the decision to close the road until the 2010 FMP is approved. An area where the fill base was too narrow, which was noted on the 2007 annual audit, was reviewed and the road base had been fixed nicely.

Stop #8 in the tabbed field books was located in Block 05-02 of the 2005-2010 FMP. A check of the Bill of Laden was observed by the audit team as part of the chain of custody audit process. The driver, Sid Bouchet, working for J. Bell was interviewed. The BOL included the block, final destination, App # 211003, and species. The truck driver had the expected three copies in his possession. Required safety equipment was present on the truck. The unit was a clearcut with NDPEG in mixed wood for pulp. The unit included AOC's for cold water fisheries and a trapper.

Stop #9 in the tabbed field books was located at Block 05-02 of the 2005-2010 FMP. This unit was harvested in early 2005. The unit was visited during the certification audit on the forest in 2006. In 2007 an aerial herbicide application with glyphosate to control poplar and birch competition was done for site preparation. Due to scheduling problems with the flight service, the application was done in late September and the results were poor. The spray date was too late for an effective kill.

June 24: The second day of the audit again consisted of examining several sites in the field. The field group for the day consisted of Ron Luopa and Pat Bazinet (for the first stop) of VFM; Mike Bulova, Forest Management Technician with the Sudbury District MNR; Viki Mather of the Sudbury LCC; Marcel Veillette of Domtar; Claude Goulard of Goulard Lumber; Kevin Rochefort; and the audit team, Peter Higgelke and Walter Mark.

Stop #23 in the tabbed field books was located at Block 05-23 of the 2005-2010 FMP. Harvesting operations had changed hands several times. The focus of this site examination was silviculture treatments that had occurred in past year.

The most recently harvested portions of this block had been planted to jack with portions having been site prepared and/or chemically treated to reduce vegetative competition for the planted stock. Areas where site preparation had taken place were to be planted in the fall of 2008.

Sprayed areas demonstrated some striping with effective control of competition other than ferns. Planted stock was demonstrating good survival and growth. Areas on which spray treatment had not been performed also had good survival and growth of planted stock. Since the planted trees remained at risk to potential over-competition from ferns, monitoring of these sites is still warranted. REC 2008.2

A wooden culvert had been installed as a water crossing. Although the initial installation had been examined several years prior during an annual surveillance audit, it was now showing signs of failure. CAR 2008.2.

Stop #22 in the tabbed field books was located at Block 05-24 of the 2005-2010 FMP This stop was a clearcut with a few patches of white pine seed tree cut started in the fall of 2007 and completed in the winter. The harvest was performed by Piquette as a contractor to Domtar. There was good utilization and little to no residual damage. Wet areas in the unit had been avoided and there was minimal rutting. The area was scheduled for slash piling by Gervais pending availability of equipment, with site preparation planned as aerial spray or chaining. The unit contained some good pine restoration sties. The boundary of the unit was with private lands and was gps'd.

Stop #21 in the tabbed field books was Blocks 05-22 and 05-28. The auditors made several stops to examine a skid trail bridge removal where water flow was left unimpeded; brush matting on a skid trail to reduce skidding damage to soil; and, an area where slash piling had not yet occurred and access conditions might cause problems for equipment access. Tree retention was good in all areas. In one area, passive site preparation likely would have been achieved had an effort been made to distribute skid trails more evenly across the site. No silviculture treatment had yet occurred at the time of the audit.

After the conclusion of the examination of Stop #21, we were joined by Viki Mather of the Sudbury Forest LCC and Claude Goulard of Goulard Lumber.

Stop #28 in the tabbed field books was located at Block 05-21 of the 2005-2010 FMP and involved two examination stops. The first was in an area with clearcut with NDPEG, white pine shelterwood and white pine seed tree cuts. Slash had been piled although at times seemingly close to residual white and red pines. The area was harvested with a two-pass method where a feller buncher was used to harvest smaller stems, leaving the white and red pines for a cut and skid harvest. There was very little damage to residual stands.

The second field stop on this site was in an aggregate pit where a high potential cultural heritage value was located along a river, although on the far side of a rail line which runs parallel to the river. Aggregate excavation had begun in error due what was termed miscommunication. VFM personnel had not performed its pre-harvest checklist prior to the commencement of operations in the block. Discussions with MNR led to permission being granted to use the aggregate material that had already been disturbed. A not in compliance was issued by the MNR but without penalty or warning. VFM has changed mapping symbols on harvest maps to more clearly show these values. CAR 2008.3.

An unscheduled stop was made at the Carafel Creek rehabilitated water crossing to examine a site which has caused concern for some time. A portable bridge was installed and removed a number of times to impede motorized access on the Davis Road. Additional access impediments have been used including aggressive berming, ditching and road signage. Still, ATV access to points beyond the bridge removal continues.

Stop #25 in the tabbed field books was located at Block 05-52 of the 2005-2010 FMP. This was a Chartrand block and consisted of a ground herbicide application (4-5 litres per ha) in August 2007 using an air blast sprayer. The block was planted to either white or red pine in May 2008. Examination showed that the spray was effective and the tree plant was well done and successful.

The block was on an isolated piece of Crown land surrounded by private property. Access was across private land through an agreement with the land owner who also benefitted from the road construction.

A bridge was found with crib logs laid in the stream channel and no curbing provided on the deck. Further, a gap in the bridge decking was present, permitting sediment to wash directly into the stream channel.

An aggregate pit has been developed on the private land portion of the road to serve road construction requirements. Being on private land, the pit was not subject to aggregate pit standards for Crown lands in Ontario. Inactive working faces were not sloped and excavation had occurred below the water table. Working standards in situations where private lands are used to access harvest blocks on Crown land should be consistent with Crown land standards. REC 2008.3.

June 25: The Third day of the audit again consisted of examining several sites in the field. The field group for the day consisted of Peter Street, Chuck Huisman and Patrick Bazinet of VFM; Jessie Lefevre of the Sudbury District MNR; Jim Gomme of the LCC; and Peter Higgelke and Walter Mark of the audit team.

Stop #38 in the tabbed field books was an area with a combination of treatments. One part had been treated with an aerial application of herbicide in the fall of 2007 and planted in 2008. The spray efficacy was limited and appeared have been applied too late. Another section was treated with an air blast sprayer where a previous plant had failed. Another involved spraying in a shelterwood where the treatment proved effective.

The stop included examination of an aggregate pit that had been closed and rehabilitated and re-opened. The pit had working faces that were too high and steep. A compliance order had been issued by the MNR for pit rehabilitation to be properly completed by July 31, 2008.

Stop #37 in the tabbed field books was located at N'Swakamok Block 05-64 of the 2005-2010 FMP and was harvested by Fryer Forest Products. The block consisted primary of clearcut with standards and pockets of white pine shelterwood. Operations began in the fall of 2007 and completed in February 2008 with full tree with a feller buncher and treelength with cut and skid.

Utilization was good with pulp having been delivered to Domtar's Espanola mill, white birch and white pine logs allocated to the Fryar mill and veneer delivered to Rutherglen. Damage to residuals was minimal.

Two issues surfaced at this site and were dealt with by MNR. One involved an aggregate pit and the other involved the right-of-way width, which was too wide. Part of this was due to piling slash at landings.

There was a heron rookery adjacent to the unit and this is part of the HCV monitoring.

Stop #36 in the tabbed field books was Grant block 05-73 and was harvested by Fryer Forest Products in the fall of 2007. The area was primarily a white pine shelterwood harvest performed with cut and skid operators. Red oak and hemlock were retained as residuals whenever encountered. This was a second harvest in this block since the first removal was considered too little. Several AOCs were present to protect both cool and warm water lakes. Landings were small due to the cut and skid operation utilization of smaller skidders to reduce residual damage. This area is identified as an HCV for red oak and is included in the HCV Monitoring Plan.

Stop 31 in the tabbed field book was Lahie Block 05-31 of the 2005-2010 FMP. This unit was harvested by Buddy Lowery. The area examined was harvested in the winter of 2007-2008 as a continued block. A temporary skid bridge removal was examined along with the operating area. The skid bridge removal was well done. The harvest had been performed primarily with cut and skid with some hardwoods having been harvested by a feller buncher. Skidding had created considerable mineral soil exposure with substantial natural germination occurring at the time of the site examination.

Stop #40 in the tabbed field books was a bridge installation at Lahaie Block 05-62. the installation was well done although road approaches displayed problems. Sloped approaches to the bridge occurred on both sides and, although some cross-road berming has been carried out, the fine textured soil of the road bed as well as the slopes presented problems. Erosion of the road was occurring and sedimentation into the waterway was evident. Additional work was needed to properly address the sedimentation concern as well as prevent more substantial impacts from happening. CAR 2008.4.

Audit team member Walter Mark attended the Sudbury LCC meeting at the MNR Offices in Sudbury on Wednesday evening, June 25, 2008. Doug Maki from VFM was present along with MNR staff, 11 LCC members, and guest speaker Doug Pitt of the Canadian Forest Research Center. Doug Pitt made a presentation on Vegetation Management. The business portion of the meeting included discussions on field trip possibilities for a future LCC meeting, modified AOC prescriptions for successional considerations and creation of beaver habitat, AWS revisions, disentanglement progress, and an update on the FMP progress.

The scope of the 2008 surveillance audit included: document review, field auditors spending time in the field reviewing site-specific results of planning and forestry activities, interviewing management and operations personnel and, as appropriate, attending an LCC Meeting, and interacting with outside stakeholders.

6.3.4 Guidelines/Standards Employed

This annual surveillance audit was based on the Great Lakes/Saint Lawrence (GLSL) Interim Standard Version 2.0 June 2008 by Scientific Certification Systems. The scope of this standard includes both natural and plantation forests. This standard fully incorporates the indicators of the FSC Canada GLSL Field-Tested Draft Standard (April 2007). Once the FSC Canada GLSL Standard has been officially accredited by the FSC for use in the GLSL region, all further evaluations will be done against said standard. The 2008 standard is currently under review and is available in the revised form as a Field-Tested Draft, April, 2007 on the FSC Canada website (www.fscCanada.org).

6.3.5 STATUS OF CORRECTIVE ACTION REQUESTS AND RECOMMENDATIONS

This results section is divided in two sections: 6.3.6 details the status of conditions outstanding from past audits; and 6.3.7 details new observations, CARS, and recommendations.

A brief summary of the 2007 certification annual is as follows:

- 3) Seven CARs were included in the 2007 certification audit.
- 4) Five Recommendations were issued in the 2007 certification audit.

6.3.6 Status of Corrective Action Requests and Recommendations

The conditions and recommendations issued or continued at the time the 2007 certification audit are listed below, along with the auditor team's assessment of VFM's response thereto, and the disposition of these conditions and recommendations as a result of the certificate holder's responses.

CAR 2005.2:
<i>VFM must continue to pursue the alternative for the gap analysis.</i>
<i>Deadline: Progress on this CAR will be a concern of the annual audit in 2006. As long as progress is made, the CAR will be extended and remain open.</i>
Company Action/Auditor Observation:
VFM has continued to pursue completion of the gap analysis by the province. An initial gap analysis completed by the province was not approved as it captured many plantations. VFM produced evidence demonstrating its ongoing commitment to completing this exercise but requires continued cooperation from provincial authorities including MNR, Ministry of Northern Development and Mines and Ontario Parks. Further complicating the disentanglement process are areas that were previously designated for protection having been returned to general lands where development might occur. VFM has a demonstrated track record of and commitment to completing this process. This issue will be reviewed during the 2009 annual audit. However, the CAR is closed.
Status at September 05, 2007:
This condition is closed.

Condition CAR.2006.2:
VFM should prepare and implement a plan for its staff to perform on-site training of operators that are new to the Sudbury Forest or operators that have a poor compliance record and ensure that compliance monitoring of these operators is completed within two weeks of starting to operate in a new block. The plan should include training of supervisors and equipment operators. The plan should include VFM documenting these training and compliance visits.
Company Action/Auditor Observation:
VFM has developed a policy that was approved by its Board of Directors – Policy #016 “Training for New Operators or Operators with Compliance Problems”. The policy includes a number of implementation procedures which are intended to rectify problems found in previous and the current audits. Evidence was provided to demonstrate that VFM was carrying out its commitment with respect to this policy. Evidence in the field showed that improvements had occurred with respect to the operations of the parties in question.
Status at September 05, 2007:
This condition is closed.

Condition CAR.2006.3:
Annual Work Schedules must include pre-operations orientation and post-operations monitoring provisions for blocks with HCV.
Company Action/Auditor Observation:
The AWS includes an Annual Compliance Plan wherein the monitoring of HCVs is discussed, including reference to the reporting of HCV monitoring as a part of compliance monitoring. VFM provided evidence of a FOIP report which described monitoring of a HVC.
Status at September 05, 2007:
This condition is closed.

CAR 2007.1:
By the time of the 2008 annual audit, VFM must ensure that drainages impediments caused by road development in Domtar Block 01 of the 2005-2010 FMP have been remedied to permit water to flow without encumbrances caused by road development.
Company Action/Auditor Observation:
VFM provided photographic evidence showing that corrective actions had been completed on Domtar Block 01 of the 2005-2010 FMP. Drainages had been opened and cross drains installed. Photographs of work sites were reviewed with photographic evidence from the 2007 annual surveillance audit to confirm locations.
Status at June 25, 2008:
This condition is closed.

CAR 2007.2:
By the time of the 2008 annual audit, VFM must provide documented evidence that it has developed implementable procedures to ensure that water flow is not impeded by road development.
Company Action/Auditor Observation:
VFM prepared water ponding and cross drainage direction as part of its 2008 Spring compliance meeting in association with a presentation that included a discussion of the benefits and needs of

its FSC certification. As well, the 2008/2009 Annual Work Schedule “Appendix 7: Conditions Of The Sudbury Forest 2008/2009 Annual Work Schedule” included conditions for water crossings and drainages in Schedules “B” and “D”.

Status at June 25, 2008:

This condition is closed.

CAR 2007.3:

At the time of the 2008 audit, VFM must provide annual herbicide use data for the past five years that is disaggregated into two categories plus categories for each application method:

- Applications intended to enhance or maintain white pine, red pine, and red oak regeneration
- Applications associated with competition control in all other circumstances

Data must be further disaggregated by application method.

Company Action/Auditor Observation:

VFM provided documentation providing annual herbicide use data for 2003 through 2007 by intent (enhance or maintain white pine or red pine; non-white pine or red pine), by treatment (glyphosate; release; myco-tech) and by method (aerial; air blast; backpack; sprout-less; basal bark; paste).

Status at June 25, 2008:

This condition is closed.

CAR 2007.4:

VFM must initiate dialogue with FSC-Canada, aimed at resolving the conflict between Provincial directives to increase white pine within Sudbury Forest and the FSC indicator 6.6.3 which requires “continuous reduction in herbicide use...”

Company Action/Auditor Observation:

VFM provided evidence of dialogue with FSC-Canada to resolve this condition. A conference call/meeting was held on February 6th, 2008 in Toronto with FSC Canada (Martin von Mirback), Tembec (Chris McDonnell via phone), Domtar (Keith Ley), SCS (Dave Wager via phone) and VFM (Peter Street) concerning the use of herbicides in the restoration of red & white pine and the general use of herbicides to meet MNR standards. Three scientific studies showing the need for herbicides in managing white pine were provided to FSC Canada (Wharcliff White Pine Study by F. Wayne Bell, the McConnell Lakes White Pine Study by Doug Pitt and Site Prep in White Pine Shelterwood by Andree Mornnault). It was also pointed out that the 2006 Nipissing IFA Audit called for better vegetation control. Keith Ley also pointed out that their IFA’s had shown the need for herbicides to control raspberry competition. The new GLSL Standard wording on the use of herbicides was discussed. Martin said that herbicide use was not contentious except for continuous routine use - people wanted to ensure alternatives were being looked at.

Status at June 25, 2008:

This condition is closed.

The recommendations issued at the time the 2005 certification audit are listed below, along with the audit team's assessment of VFM's response thereto, and the disposition of the recommendations as a result of the certificate holder's responses.

Recommendation 2005.5
VFM needs to work with MNR to assure that planned road closures are effective.
Company Action/Auditor Observation:
In opposition to the District Manager's decision regarding the Spanish Arm Road, VFM requested issue resolution with the Regional Director to engage more restrictive access controls to better protect the remoteness of the immediate area. The Regional Director's decision included "...an examination of the land use designations for the area in question." This examination has been completed and the Crown Land Use Atlas has been changed, following the direction of the Regional Director. Road closures in this area have thus been invoked.
Status at June 25, 2008:
This recommendation is closed.

Recommendation 2005.6
<i>VFM should continue to seek funds to assist in the rehabilitation of the forest areas damaged by the smelter flume in the past.</i>
Company Action/Auditor Observation:
The source of funds for this project has been the Forestry Futures Trust, administered by the Forestry Futures Trust Committee, through funding proposals submitted by VFM. No calls for proposals was issued by the Committee this past year. VFM will submit proposals for this project when calls for proposals are issued since this Trust is in place for the rehabilitation of damaged forests, among other things. Ongoing efforts in obtaining funding for rehabilitation need to be continued by VFM.
Status at June 25, 2008:
This recommendation remains open as substantial area remains appropriate for rehabilitation.

Recommendation 2005.9
<i>VFM is advised that during the course of the 2006 annual inspection FSC Criterion 9.4.3 will be reviewed by the audit team to determine how the monitoring data from 9.4.2 has been utilized to adjust the management measures.</i>
Company Action/Auditor Observation:
FOIP reporting showed that monitoring of HCVs has occurred. No adjustment of management measures was required. Therefore, this recommendation will require additional time.
Status at June 25, 2008:
This recommendation remains open.

Recommendation 2007.1:
By the time of the 2008 annual audit, VFM should provide evidence to show that it has attempted to work with the MNR to remedy inadequate water crossing installations on the

recently upgraded portion of the Waldie-Struthers Road.
Company Action/Auditor Observation:
VFM provided pictorial evidence to show water crossing installations had been repaired.
Status at June 25, 2008:
This recommendation is closed.

6.3.7 Additional Observations, CARs and Recommendations

The blowdown event of 2006 quickly lead to an over supply situation of white pine in the area. Prices were quick to fall leaving producers with poor returns for their white pine logs. This coupled with recognized poor markets for low grade hardwood species has left their utilization continuously low through to the time of this audit.

Higher prices for hardwood pulp has led to the utilization of low grade hardwoods on the Sudbury Forest during the year in review for this audit. Increased utilization of hardwoods has been beneficial on a number of the sites visited. Further, some blocks were operated that had a higher concentration of low quality hardwoods, enabling VFM to implement silviculture treatments on these sites improve the future forest.

Additional CARS

Based upon this audit, the SCS team concludes that the issuances of five new Corrective Action Requests (CARs) are warranted.

Company Action/Auditor Observation:
During the field audit, Domtar Block 2 of the 2005-2010 FMP was examined. Two instances of impeding water flow through inadequate use of cross drainages in road construction were found past the camp location in the block. Although the timing of the audit occurred after a lengthy period of higher than normal levels of precipitation, water must be permitted to flow without impediments under such circumstances.
CAR 2008.1:
By the time of the 2009 annual audit, VFM shall provide evidence to show that cross drainages have been installed on the road in this block in a manner that permits unimpeded flow of water.
Reference: FSC 6.3.7 and 6.5.1
Status at June 25, 2008:
This is a new minor CAR and will be reviewed in the 2009 audit.

Company Action/Auditor Observation:
The field audit included examination of Block 05-23 of the 2005-2010 FMP. A wooden culvert had been installed as a water crossing several years prior. Although the initial installation had been examined several years prior during an annual surveillance audit, it was now showing signs of failure.

CAR 2008.2: FSC 5.5.1, 6.3.5, 6.3.7 and 6.3.10
By the time of the 2009 annual audit, VFM shall provide evidence to show that the wooden culvert in Block 05-23 has been repaired or removed.
Reference: FSC 6.3.7 and 6.5.1
Status at June 25, 2008:
This is a new minor CAR and will be reviewed in the 2009 audit.

Company Action/Auditor Observation:
The field portion of this audit included a stop where VFM personnel had not performed its pre-harvest checklist prior to the commencement of operations in a block and excavation of an aggregate pit had begun where a high potential cultural heritage value was located.
CAR 2008.3:
By the time of the 2009 annual audit, VFM shall provide evidence to show that operations cannot proceed prior to VFM personnel performing its pre-harvest checklist with the operations personnel.
Reference: FSC 4.5.1, 5.5.1 and 6.3.5
Status at June 25, 2008:
This is a new minor CAR and will be reviewed at the 2009 audit.

Company Action/Auditor Observation:
A bridge installation at Lahaie Block 05-62 was examined as part of the field audit. the installation was well done although road approaches displayed problems. Sloped approaches to the bridge occurred on both sides and, although some cross-road berming has been carried out, the fine textured soil of the road bed as well as the slopes presented problems. Erosion of the road was occurring and sedimentation into the waterway was evident. Additional work was needed to properly address the sedimentation concern as well as prevent more substantial impacts from happening.
CAR 2008.4:
By the time of the 2009 annual audit, VFM shall provide evidence to show that work has been performed at the bridge installation on Lahaie Block 05-62 to properly address sedimentation concerns.
Reference: FSC 1.4, 6.2.2, 6.2.3, 6.6.2, 6.6.3
Status at June 25, 2008:
This is a new minor CAR and will be reviewed in the 2009 audit.

Company Action/Auditor Observation:
Field examination showed evidence of road construction activities that had resulted in impediments to water flow. This resulted in back flooding of lowland areas. The message needs to be addressed with road construction operators both as part of the annual spring compliance meeting and the checklist that is reviewed with field personnel prior to the commencement of road construction activities.
CAR 2008.5:
By the time of the 2008 annual audit, VFM should provide evidence to show that focus

on ensuring that water flow is not impeded by road construction work has been included as part of the annual spring compliance meeting and the checklist that is reviewed with field personnel prior to the commencement of road construction activities.
Reference: FSC 1.4, 6.2.2, 6.2.3, 6.6.2, 6.6.3
Status at June 25, 2008:
This is a new minor CAR and will be reviewed in the 2009 audit.

Additional Recommendations

Based upon this audit, the SCS team concludes that the issuance of one new Recommendation is warranted.

Company Action/Auditor Observation:
At the first field stop during the field portion of the audit, a problem with landing size was observed. The landing sizes were larger than normal due to scheduling problems for log receipt at the mill. The mill was restricting log deliveries to certain times and days, requiring operators to stock pile material in the woods on landings awaiting times when logs could be shipped to the mill.
REC 2008.1:
VFM should work with mills and operators to provide for improved scheduling of logging, shipping and mill yard receipt of logs to minimize the need to expand landings in the forest.
Reference: FSC 5.1.1 and 6.3.10
Status at June 25, 2008:
This is a new Recommendation and will be reviewed in the 2009 audit.

Company Action/Auditor Observation:
During the field audit, a Chartrand block located in an isolated piece of Crown land surrounded by private property was examined. Access was secured across private land through an agreement with the land owner who also benefitted from the road construction. A bridge was found with crib logs laid in the stream channel and no curbing provided on the deck. Further, a gap in the bridge decking was present, permitting sediment to wash directly into the stream channel. An aggregate has been developed on the private land portion of the road to serve road construction requirements. Being on private land, the pit was no subject to aggregate pit standards for Crown lands in Ontario. Inactive working faces were not sloped and excavation had occurred below the water table. Working standards in situations where private lands are used to access harvest blocks on Crown land should be consistent with Crown land standards.
REC 2008.2:
VFM should develop working standards to ensure that its shareholders practice best practices for road, water crossing and aggregate pit development on private land when these developments provide access onto Crown lands.
Reference: FSC 6.3.5, 6.3.7, and 6.3.10

Status at June 25, 2008:
This is a new Recommendation and will be reviewed in the 2009 audit.

Company Action/Auditor Observation:
At several of the stops on the field audit examples of late summer or early fall herbicide application was observed. These were largely late September applications and the efficacy of the applications was very poor and the sites will require additional tending for the pine regeneration to succeed and attain free-to-grow status. The lack of adequate planning and availability of contractors to perform the applications in a timely manner is resulting in reduced efficacy and an increase in the need for additional herbicide treatments.
REC 2008.3:
VFM should develop better prescriptions for herbicide application to attain consistent efficacy and work with contractors to assure that applications occur in a timely manner within the prescription window.
Reference: FSC 6.6.3
Status at June 25, 2008:
This is a new REC and will be reviewed in the 2009 audit.

6.3.8 General Conclusion of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that VFM's management of the Crown land forests on the Sudbury Forest continues to be in overall compliance with the FSC Principles and Criteria. Although aspects of VFM's management program remain deficient relative to the standard of certification, the SCS audit team has concluded from this annual audit that VFM's management is in general compliance with FSC Principles 1 through 9.

As such, continuation of the forest management certificate is warranted, subject to ongoing progress in closing out the conditions and CARs, and subject to subsequent annual audits.

6.3 2009 Annual Audit

Pursuant to FSC and SCS guidelines, annual/surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or corrective action requests;
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior audit; and,
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

In this case, there were five CARs and three recommendations issued as part of the annual surveillance audit of 2008. All of these CARs and Recommendations were investigated as part of this annual audit. VFM provided supporting documentation to address the CARs and Recommendations.

6.3.1 Assessment Personnel

For this annual audit, the team included Peter Higgelke and Dr. Walter R. Mark. The audit was lead by Peter Higgelke.

Peter Higgelke: Consulting Forester, Managing Partner of KBM Forestry Consultants Inc. (Ontario). As a principal in KBM, Mr. Higgelke specializes in forest auditing, forest management planning, forest inventory, wildlife habitat supply analysis modelling, business plan preparation, timber harvesting, and forest renewal prescriptions. Peter is a registered professional forester in the province of Ontario. He participates regularly in Independent Forest Audits in Ontario and has advised First Nations on forest management, forestry negotiations and economic development. In the past he lectured at Lakehead University on integrated forest resources management and GIS applications in forestry. Peter was a member of the SCS team that performed the original FSC certification audit in 2005.

Dr. Walter R. Mark: Dr. Mark is a professor of forestry at California Polytechnic State University, San Luis Obispo and former Director of Swanton Pacific Ranch, the University's FSC Certified school forest. Dr. Mark specializes in forest health and silviculture. Dr. Mark is a consultant for Scientific Certification Systems. Dr. Mark is a registered professional forester in California (RPF No. 1250) with over 35 years of forestry experience in public and private forestry and higher education sectors. He has served as audit team member and leader for several certification, recertification and annual audits over the past several years. He was a member of the SCS team that performed the original FSC certification audit in 2005.

6.3.2 Assessment Dates

On August 24, 25 and 26, an SCS audit team (Higgelke and Mark) conducted the annual audit of the Sudbury Forest under the Sustainable Forest Licence of Vermilion Forest Management Company Ltd., including on-site inspections of field operations as well as interviews with VFM management and field personnel.

6.3.3 Assessment Process

The SCS annual audit field evaluation commenced in the morning of August 24, with a meeting at the VFM office to review the field itinerary, briefly discuss each field stop, review evidence binders provided by VFM and review progress on CARs and recommendations from the 2007 annual surveillance audit. The field audit concluded in the afternoon of August 26. A number of the Stops involved a number of excursions into the field to permit a full assessment of the variety of activities completed thereon. Activities associated with the evaluation were as follows:

August 24: The first day of the audit consisted of examining a number of sites in the field. The field group for the day consisted of the Peter Street, Doug Maki, Patrick Bazinet and Mark Lockhart and the audit team, Peter Higgelke and Walter Mark. Viki Mather joined the group for the first stop only.

Stop 1 (#5 in the tabbed field books) was realignment of the MacKelcan Road. The work was a cooperative effort supported by the roads funding program. As well, MNR paid for one of the water crossings. Road work was completed by Gervais Forest Products. Cottagers in the area supported the project.

The realignment took place in rough terrain around bedrock outcroppings that limited road location and realignment opportunities and improved safety.

Stop 2 (#6 in the tabbed field book) was located at Domtar Block 05-20. Timber harvesting had occurred on the site a number of times over the years without silvicultural follow-up, resulting in a degraded present forest condition. The harvest prescription was clearcut in an intolerant hardwood forest unit with plans for similar future forest types to succeed. Piquette Logging, a contractor for Domtar, had begun the work three weeks prior to the audit. The work on the site had been modified due to finding smaller size timber than was indicated from the inventory data. This has been an ongoing problem with data from the dated FRI. A discussion of restoration on sites like this was discussed. Due to tougher economic conditions, restoration efforts are being concentrated on areas where there is a better chance for success. Talks with the slasher operator indicated he had not had any discussions with VFM personnel. Further follow-up with Pat Basinet indicated a pre-start-up meeting to go over the checklist for operations had taken place between himself and George Piquette.

Stop 3 (#7 in the tabbed field book) was a commercial thinning of a planted red pine site in Block 05-20 of Gervais Forest Products contracted to Armand Gagnon. The thinning was completed in the fall of 2008 as a row thinning for harvester and forwarder travel corridors. Between row thinning was accomplished by reaching into the leave areas with the felling head and felling trees with regard for selected residuals.

Site examination illustrated operator care in harvesting selected trees with minimal damage to residuals including basal bark and crown structure. The layout was also good as no apparent rows were evident in the trees making row selection more difficult.

The area was located next to Jackson Lake and included a marked AOC with 0-25m from the water as no harvest and 25-50m as modified.

Stop 4 (#8 in the tabbed field book) was located in Domtar Block 05-23 with operations completed by Goulard Lumber. Operations were conducted both with cut and skid and feller bunchers in a mixture of many forest units. This operation was to be conducted during the winter and the temporary crossings pulled upon completion. Due to delays the crossings were still in place and there were some issues with sediment discharge from the approaches to the stream.

An on-site discussion focussing on renewal of the SPF forest unit was held. Chemical site preparation has been used on these sites to control competition and promote target species with mixed success. Instances of low stocking require reconsideration of silviculture treatments including adding more mechanical site preparation in the future.

Stop 5 (#24 in the tabbed field book) was scarification performed by Gervais Forest Products in Davis Township. The treatment was a two-pass scarification with anchors and chains to prepare a seedbed

under white pine. Site coverage and mineral soil exposure were both very good. The current year seed crop did not look good on the site. This uncertainty continues to be a problem with this type of site preparation activity.

Stop 6 (#25 in the tabbed field book) was a ground air blast chemical site preparation treatment completed in 2008 for a tree plant in 2009. Chemical site preparation treatment was found to be effective. Red pine had been planted this spring at 2m x 2m spacing with instructions to “plant off green” – space off existing coniferous regeneration.

Stop 7 (#26 in the tabbed field book) was an aerial tending treatment located in Loughin Township. Vantage had been sprayed in the fall of 2008 to a site that had been PjSb forest unit at harvest. Evidence of banding was witnessed where spray efficacy was questionable. Considerable discussion took place on the efficacy of the aerial spray program and the likelihood of future tending requirements.

August 25: The second day of the audit again consisted of examining several sites in the field. The field group for the day consisted of Peter Street, Chuck Huisman and Doug Maki of VFM; Tim Lehmen with the Sudbury District MNR; Bob Boyuk of the Sudbury LCC; and the audit team, Peter Higgenke and Walter Mark.

An unscheduled stop was made to look at the Lovering Lake Road access. The MTO was in the process of a highway twinning project on Highway 69 that cut off the existing forest access and the access to Lovering Lake cottagers. The MTO was in the process of opening a new access connection to the area.

Stop 8 (#15 in the tabbed field book) was an active harvest area located in N'Swakamok Block 05-63, operated by Buddy Lowery, a contractor for N'Swakamok. Documentation of the start-up meeting between Buddy Lowery and Chuck Huisman was included in the packet. The area included a hardwood shelterwood cut with retention trees marked with blue paint. Although weather conditions had been very wet, rutting was minimal. A future roadway had been used as the primary skidway to concentrate skidding and reduce rutting in other parts of the block. Damage to residual trees was also minimal. The harvest served as a preparatory and stand improvement cut, removing unacceptable growing stock with the objective retaining as much hard maple acceptable growing stock as possible. Present market conditions had provided a good opportunity to complete this harvest with the improved market for low quality hardwood pulp.

The block include a 30m AOC along the Bell Lake Road, an access route to Killarney Provincial Park. The operations were conducted during a very wet season and some road surface damage had occurred. This site should be visited in the 2010 audit to evaluate the road repairs. There were some low spots on the road that needed cross drains to allow for unimpeded surface flow. Those are planned and should be reviewed in the 2010 audit as well.

A fuel tank was seen in the back of a pickup truck. The fuel tank did not have the required placards to indicate the contents of the tank. CAR 2009.1.

Stop 9 (#13 in the tabbed field book) was a continuation of the re-alignment of the Halifax Road. The work was being performed by Fryer Forest Products and included straightening sections of the road and replacing water crossings where required. Where road realignment had occurred, rehabilitation of the old roadbed had taken place including levelling ditches.

The examination included an aggregate pit that had numerous contraventions to the appropriate standards in the Aggregate Resources Act. A compliance order was in place for this pit. CAR 2009.2

Stop 10 (#14 in the tabbed field book) was located in N'Swakamok Block 05-64 contracted to Fryer Forest Products. Harvest occurred during the winter of 2008-2009 in a variety of forest units including mixedwood, white pine shelterwood and seed tree.

At the time of operations, harvesting operations progressed far in advance of the haul and with the spring thaw, substantial volumes of wood remained stranded in the forest along winter roads. VFM staff explained their efforts to stop harvesting operations to permit the harvested volumes to be transported from the forest. MNR and VFM are concerned with inadequate influence on some operations on the Forest. CAR 2009.3

The area had been planned for winter operations and the road system designed with this in mind. Since the haul could not maintain pace with the harvest, additional time and effort was put into completing the haul, although it remained incomplete at the time of the audit. The extra time extended the haul into the thaw period. Hauling on the unfrozen road system caused considerable damage to the road and water crossing. Where winter operations are planned and infrastructure is developed accordingly, further monitoring must be applied if operations extend beyond the planned period. CAR 2009.4

The audit team split up at this point with Peter Higgelke making the following two stops.

Stop 11 (#35 in the tabbed field book) was an aerial chemical site preparation treatment completed in 2008 with an active white pine plant performed by Brinkman & Associates. The chemical site preparation application was found to be effective in establishing suitable planting conditions for the tree plant. Seedlings were found to be properly planted and spacing well controlled.

Stop 12 (#36 in the tabbed field book) was an aerial chemical tending treatment performed in the fall of 2008. The treatment had severely damaged the advanced white pine regeneration that was present in the area. Considerable effort has been made to determine the reason for damage without conclusive results. The other portion of the audit team with Walter Mark made one stop.

Stop 11a (#42 in the tabbed field book) was in the Lahaie Block 05-43. This operation was the seeding cut off a uniform shelterwood harvest in white pine. The cut was made with a feller buncher and yarding was done with a grapple skidder. The operation appeared to have been well done and there was almost no residual stand damage. No issues were observed at this stop. Burt Gauthier, and MNR technician was met at this site.

August 26: The third day of the audit again consisted of examining several sites in the field. The field group for the day consisted of Peter Street and Chuck Huisman of VFM; Jessie Lefevre, Senior Area Technician of the MNR; and Peter Higgelke and Walter Mark of the audit team. The audit team split up for the day to enable the team to visit more field sites.

Peter Higgelke made the following stop.

Stop 13 (#12a in the tabbed field book) was a winter harvest block operated by Lachance Logging located on 18-Mile Island. A hardwood selection area was examined in a highly diverse stand with elm, ash, hard and soft maple, basswood and ironwood present. Cut and skid operations were used to complete the harvest.

The sites examined as part of the audit showed that operators had demonstrated care in the harvest.

The other portion of the audit team made the following stops.

Stop 14 (#11 in the tabbed field book) was in the Lahaie Block 05-95. This stop was a harvest of white pine using the uniform shelterwood method. This site was next to a landfill site and a 60 m buffer had been established adjacent to the landfill site. There had been some concerns expressed over the road use and haul routes. Those were worked out prior to the start of operations. There was some residual stand damage observed along feller buncher trails in the harvest area. There was also some damage evident to advance regeneration in the unit.

Stop 15 was not scheduled in the tabbed field book. This stop was at the Lahaie lumber mill and Mike Lahaie was interviewed at the mill site. The mill operation has been reviewed and a site visit conducted for a COC certificate with FSC. The draft report was favourable for the COC certification. This is important to the mill operations due to the market they have for FSC certified wood for log home construction. The retention of FSC certification by the Sudbury Forest is critical to the mill, since the market would not be there without FSC certified wood.

The scope of the 2009 surveillance audit included: document review, field auditors spending time in the field reviewing site-specific results of planning and forestry activities, interviewing management and operations personnel and MNR staff, and interacting with outside stakeholders.

6.3.4 Guidelines/Standards Employed

This annual surveillance audit was based on the Great Lakes/Saint Lawrence (GLSL) Interim Standard Version 2.0 June 2008 by Scientific Certification Systems. The scope of this standard includes both natural and plantation forests. This standard fully incorporates the indicators of the FSC Canada GLSL Field-Tested Draft Standard (April 2007). Once the FSC Canada GLSL Standard has been officially accredited by the FSC for use in the GLSL region, all further evaluations will be done against said standard. The 2008 standard is currently under review and is available in the revised form as a Field-Tested Draft, April, 2007 on the FSC Canada website (www.fsccanada.org).

6.3.5 Status Of Corrective Action Requests And Recommendations

A brief summary of the 2008 certification annual is as follows:

- 5) Five CARs were issued in the 2008 certification audit.
- 6) Three Recommendations were issued in the 2008 certification audit.

The conditions issued or continued at the time the 2008 certification audit are listed below, along with the auditor team's assessment of VFM's response thereto, and the disposition of these conditions and recommendations as a result of the certificate holder's responses.

CAR 2008.1:
<i>By the time of the 2009 annual audit, VFM shall provide evidence to show that cross drainages have been installed on the road in this block (Domtar Block 2 of the 2005-2010 FMP) in a manner that permits unimpeded flow of water.</i>
Company Action/Auditor Observation:
VFM provided photographic evidence taken in Domtar Block 05-2 on August 12, 2009 illustrating that cross drainages had been installed to permit unimpeded flow of water.

Status at August 26, 2009:
This condition is closed.

CAR 2008.2:
<i>By the time of the 2009 annual audit, VFM shall provide evidence to show that the wooden culvert in Block 05-23 has been repaired or removed.</i>
Company Action/Auditor Observation:
VFM decided that this water crossing was no longer required and submitted a revision proposal to the 2009-2010 AWS for its removal VFM Revision / Amendment Proposal: 2009/2010 – 9.
Status at August 26, 2009:
This condition is closed.

CAR 2008.3:
<i>By the time of the 2009 annual audit, VFM shall provide evidence to show that operations cannot proceed prior to VFM personnel performing its pre-harvest checklist with the operations personnel.</i>
Company Action/Auditor Observation:
VFM provided evidence of pre-harvest checklists having been completed as required. The checklists contained a range of topics that required discussion or were deemed not applicable to the situation. As well, Company Name, Block # and Date were included as well as signature lines for a representative of the company and the VFM representative performing the checklist.
Status at August 26, 2009:
This condition is closed.

CAR 2008.4:
<i>By the time of the 2009 annual audit, VFM shall provide evidence to show that work has been performed at the bridge installation on Lahaie Block 05-62 to properly address sedimentation concerns.</i>
Company Action/Auditor Observation:
VFM provided a FOIP dated March 31, 2009 (Inspection # 337879 inspected on March 30, 2009) showing that work had been completed on the bridge installation as required. The FOIP included several photographs depicting the work completed at the site. A requirement for further follow-up inspections was described in the FOIP.
A second FOIP for an update of Task Issue #160481 was included in the evidence package. This update showed that subsequent examinations of the site had occurred on April 14, June 06 and August 06. Photographs taken at the time of the August 06 inspection provided evidence to support VFM’s decision to declare the matter resolved.
Status at August 26, 2009:
This condition is closed.

CAR 2008.5:
<i>By the time of the 2009 annual audit, VFM should provide evidence to show that focus on ensuring that water flow is not impeded by road construction work has been included as part of the annual spring compliance meeting and the checklist that is reviewed with field personnel</i>

<i>prior to the commencement of road construction activities.</i>
Company Action/Auditor Observation:
The annual spring compliance meeting was not held in 2009. As a result, the condition was not met.
Status at August 26, 2009:
This condition has not been met and has been moved to Major CAR 2009.5.

The recommendations issued at the time the 2008 annual audit are listed below, along with the audit team's assessment of VFM's response thereto, and the disposition of the recommendations as a result of the certificate holder's responses.

Recommendation 2005.6
<i>VFM should continue to seek funds to assist in the rehabilitation of the forest areas damaged by the smelter flume in the past.</i>
Company Action/Auditor Observation:
The source of funds for this project has been the Forestry Futures Trust, administered by the Forestry Futures Trust Committee, through funding proposals submitted by VFM. VFM submitted a proposal for reforestation of Crown land within the boundaries of the City of Sudbury. The Committee did not approve this proposal as " <i>Priority was given to those projects that significantly contributed to the wood supply.</i> " Ongoing efforts in obtaining funding for rehabilitation need to be continued by VFM.
Status at August 26, 2009:
This recommendation remains open as substantial area remains appropriate for rehabilitation.

Recommendation 2005.9
<i>VFM is advised that during the course of the 2006 annual inspection FSC Criterion 9.4.3 will be reviewed by the audit team to determine how the monitoring data from 9.4.2 has been utilized to adjust the management measures.</i>
Company Action/Auditor Observation:
FOIP reporting showed that monitoring of HCVs has occurred. No adjustment of management measures was required. Therefore, this recommendation will require additional time.
Status at August 26, 2009:
This recommendation remains open.

Recommendation 2008.1
<i>VFM should work with mills and operators to provide for improved scheduling of logging,</i>

<i>shipping and mill yard receipt of logs to minimize the need to expand landings in the forest.</i>
Company Action/Auditor Observation:
Landings viewed during the field portion of this audit were small in size.
Status at August 26, 2009:
This recommendation is closed.

Recommendation 2008.2
<i>VFM should develop working standards to ensure that its shareholders practice best practices for road, water crossing and aggregate pit development on private land when these developments provide access onto Crown lands.</i>
Company Action/Auditor Observation:
No instances occurred of crossing private land to gain access to Crown land. Therefore, this recommendation will require additional time.
Status at August 26, 2009:
This recommendation remains open.

Recommendation 2008.3
<i>VFM should develop better prescriptions for herbicide application to attain consistent efficacy and work with contractors to assure that applications occur in a timely manner within the prescription window.</i>
Company Action/Auditor Observation:
Selected sample sites for field observations included several examples of herbicide applications. Two of the sites, Stops 7 and 12 (#26 and #36 respectively in the tabbed field book) illustrated continued problems with herbicide treatments specifically aerial applications.
Status at August 26, 2009:
This recommendation has not been met and has been moved to CAR 2009.6.

6.3.6 Additional Observations, CARs and Recommendations

The improved markets for hardwood pulp continued this year with the corresponding increase in the utilization of low grade hardwoods on the Sudbury Forest. The increased utilization of hardwoods has been beneficial on a number of the sites visited. Further, some blocks were operated that had a higher concentration of low quality hardwoods, enabling VFM to implement silviculture treatments on these sites aimed to improve the forest in the future. Removing low quality hardwood stems in the form of unacceptable growing stock supports stand improvement treatments for the future forest.

Additional CARS

Based upon this audit, the SCS team concludes that the issuances of five new Corrective Action Requests (CARs) are warranted.

Non Conformance:
During the field audit, a fuel tank that did not meet legal requirements was viewed in the box of a pickup truck. Specifically in this case, placards indicating the contacts of the tanks were not visible as required.
CAR 2009.1:
VFM must ensure that all legislated fuel handling requirements are met in all forestry operations on the Sudbury Forest. This action must be further supported with the development of a protocol for inspections by VFM staff and reporting to its shareholders of incidences of non-compliance.
Reference: FSC 6.7.1
Status at August 26, 2009:
This is a new minor CAR and will be reviewed in the 2010 re-certification audit.

Non Conformance::
Some aggregate pits viewed in the field exhibited contraventions to the appropriate standards in the Aggregate Resources Act. Aggregate pits must remain in compliance with these standards at all times whether active or inactive for reasons that include public safety.
CAR 2009.2:
VFM must ensure that all aggregate pits used for forest access construction and maintenance on the Forest remain in compliance with Provincial regulations at all times.
Reference: FSC 1.1.1; FSC 4.2.1
Status at August 26, 2009:
This is a new minor CAR and will be reviewed in the 2010 re-certification audit.

Non Conformance:
At the time of operations in N'Swakamok Block 05-64, harvesting operations progressed far in advance of the haul and with spring thaw, substantial volumes of wood remained stranded in the forest along winter roads. Despite attempts by VFM staff to stop harvesting operations to permit the harvested volumes to be transported from the forest, harvesting operations continued. MNR and VFM are concerned with inadequate influence on some operations on the Forest.
CAR 2009.3:

VFM, in collaboration with its shareholders, must develop protocols that permit VFM staff to halt operations in cases where FSC principles are at risk of being contravened.

Reference: FSC 5.3.1; FSC 6.3.10

Status at August 26, 2009:

This is a new minor CAR and will be reviewed in the 2010 re-certification audit.

Non Conformance:

Several water crossing installations were observed to have been improperly performed including road approaches that permitted erosion of the road surface into the stream and inadequate rip rap material used on the fill slope. These water crossings and associated road systems had been developed for winter operations but had been used during periods of thaw as well. As a result, roads were rutted and water flow had become channelled into ruts rather than off the road surface. Erosion of the roads had caused sedimentation into streams at water crossings.

CAR 2009.4:

VFM must ensure that water crossings and associated road systems developed for winter operations are re-evaluated if use is planned during periods where the road system is not frozen and necessary upgrades are performed to allow that use.

Reference: FSC 6.3.7; FSC 6.3.10; FSC 6.3.12

Status at August 26, 2009:

This is a new minor CAR and will be reviewed in the 2010 re-certification audit.

Non Conformance:

During the original certification audit in 2005 and in every annual surveillance audit since then, field examination has revealed occurrences of operational concerns. The following presents a summary of those operational concerns:

2005: CAR 2005.1: Start-up training and monitoring requirements to reduce damage to residual trees.

REC 2005.1: More VFM involvement to reduce compliance problems.

2006: CAR 2006.2: Additional compliance monitoring and training requirements for operators who are new to the Sudbury Forest or have a poor compliance record.

CAR 2006.3: The CAR required that Annual Work Schedules include pre-operations orientation and post-operations monitoring provisions for blocks with HCV. The CAR was closed since the AWS included an Annual Compliance Plan wherein the monitoring of HCVs is discussed,

2007: CAR 2007.1: Drainage impediments caused by road construction.

CAR 2007.2: Requirement for VFM to develop procedures to ensure that water flow is not impeded by road construction activities.

2008: CAR 2008.1: Two instances of impeding water flow through inadequate use

of cross drainages in road construction.

CAR 2008.2: Signs of failure of a wooden culvert that had been installed as a water crossing several years prior.

CAR 2008.3: Operations starting before completion of pre-harvest checklist and excavation of an aggregate pit had begun where a high potential cultural heritage value was located.

CAR 2008.4: Erosion and sedimentation concerns at new bridge site.

REC 2008.2: Improvements for road, water crossing and aggregate pit development on private land when these developments provide access onto Crown lands

These problems were normally presented and addressed at the annual Spring Compliance meeting, attended by all parties associated with forest management or forestry operations on the Sudbury Forest. The 2009 spring compliance meeting was cancelled. Therefore findings from the 2008 annual audit were not presented to the group collectively.

The Spring Compliance meetings have provided the only opportunity for VFM to present findings of the FSC annual audits and develop approaches to deal with findings.

CAR 2009.5:

Within 90 days of receipt of the 2009 final audit report, VFM must provide evidence to SCS showing that the 2008 audit findings have now been communicated to all relevant parties. Additionally, VFM must provide SCS with its strategy for ensuring the implementation of both the 2008 and 2009 audit findings.

Reference: FSC 1.1.1; FSC 1.6.1

Due Date: April 5, 2010

Company Action/Auditor Observation:

On March 17, 2010 Peter Street sent a signed resolution by the VFM shareholders requiring a commitment to review all FSC audit findings at the VFM spring compliance meeting. The resolution also commits to developing an action plan to deal with the findings, and to ensure that the spring compliance meeting is held annually. Finally, the resolution did communicate the 2008 and 2009 audit findings to the shareholders.

Sufficient action has been taken to address this CAR. At the 2010 audit SCS will review the implementation and effectiveness of VFM's strategy to communicate and correct non-conformances.

Status: Closed

Non Conformance:

During the 2008 annual audit, field observations of ineffective or inconsistent herbicide applications lead to a recommendation for VFM to develop better prescriptions for herbicide application to attain consistent efficacy and work with contractors to assure that applications occur in a timely manner within the prescription window.

During this audit, problems were again observed with the efficacy of aerially applied

herbicide treatments. Two of the selected field stop sites, Stops 7 and 12 (#26 and #36 respectively in the tabbed field book) illustrated continued problems with herbicide treatments, specifically aerial applications.
CAR 2009.6:
VFM must ensure that herbicide applications achieve consistent efficacy.
Reference: FSC 6.3.15; FSC 6.6.3
Status at August 26, 2009:
This is a new minor CAR and will be reviewed in the 2010 re-certification audit.

Additional Recommendations

Based upon this audit, the SCS team concludes that no new Recommendations are warranted.

6.3.7 General Conclusion of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that VFM's management of the Crown land forests on the Sudbury Forest continues to be in overall compliance with the FSC Principles and Criteria, with the exception of FSC 1.1.1 and FSC 1.6.1 where a new major CAR was issued.

As such, continuation of the forest management certificate is warranted for 90 days during which time VFM must correct the compliance issues stated in CAR 2009.5. If this CAR is not complied with during the 90 day time frame, then the certification should be withdrawn. If compliance is achieved, then the Sudbury Forest should retain FSC Certification, subject to ongoing progress in closing out the conditions and CARs, and subject to subsequent annual audits.

7.0 SUMMARY OF SCS COMPLAINT INVESTIGATION PROCEDURE

The following is a summary of the SCS Complaint Investigation Procedure, the full version of the procedure is available from SCS upon request. The SCS Complaint Investigation Procedure is designed for and available to any individual or organization that perceives a stake in the affairs of the SCS Forest Conservation Program and that/who has reason to question either the actions of SCS itself or the actions of a SCS certificate holder.

The SCS Complaint Investigation Procedure is a first-stage forum and mechanism for hopefully resolving issues, thereby avoiding the need to involve the FSC. A complaint may come from either clients (e.g., forestland owner, mill owners, manufacturer or retailer, brokers) or from other parties such as interested stakeholders. To have standing under this Procedure, complaints must be in writing, accompanied by supporting evidence, and submitted within 30 days of the date in which the action triggering the complaint occurred.

The written complaint must:

- Identify and provide contact information for the complainant
- Clearly identify the aggrieved action (date, place, nature of action) and which parties or individuals are associated with the action
- Explain how the action is alleged to violate a FSC requirement, being as specific as possible with respect to the applicable FSC requirement
- In the case of complaints against the actions of a certificate holder, rather than SCS itself, the complainant must also describe efforts taken to resolve the matter directly with the certificate holder
- Propose what actions would, in the opinion of the complainant, rectify the matter.

Written complaints should be submitted to:

Dr. Robert J. Hrubes
Senior Vice-President
Scientific Certification Systems
2000 Powell Street, Suite 1350
Emeryville, California, USA94608
Email: rhrubes@scscertified.com

As detailed in the *SCS-FCP Certification Manual*, investigation of the complaint will be confidentially conducted in a timely manner. As appropriate, corrective and preventive action and resolution of any deficiencies found in products or services shall be taken and documented.