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FOREST MANAGEMENT AND STUMP-TO-FOREST GATE CHAIN-OF-CUSTODY SURVEILLANCE EVALUATION REPORT

**VERMILION FOREST MANAGEMENT COMPANY LTD.
SCS-FM/COC-00094N**

311 Harrison Drive
Sudbury, Ontario P3E 5E1
Peter Street; General Manager
Website: <http://sudburyforest.com>

CERTIFIED	EXPIRATION
09/05/2011	09/05/2016

DATE OF FIELD AUDIT
10/22/12
DATE OF LAST UPDATE
11/28/12

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 FSC Certificate Database (<http://info.fsc.org/>) no less than 30 days after issue of the certificate. Section B contains more detailed results and information for the use of by the FME.

FOREWORD

Cycle in annual surveillance audits			
<input type="checkbox"/> 1 st annual audit	<input checked="" type="checkbox"/> 2 nd annual audit	<input type="checkbox"/> 3 rd annual audit	<input type="checkbox"/> 4 th annual audit
Name of Forest Management Enterprise and abbreviation used in this report:			
VERMILION FOREST MANAGEMENT COMPANY LTD. (VFM)			

All certificates issued by SCS under the aegis of the Forest Stewardship Council (FSC) require annual audits to ascertain ongoing compliance with the requirements and standards of certification. A public summary of the initial evaluation is available on the SCS website www.scs-certified.com.

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 (CARs; see discussion in section 4.0 for those CARs and their disposition as a result of this annual audit);
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior to the 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.

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SECTION A – PUBLIC SUMMARY

1.0 GENERAL INFORMATION

1.1 Annual Audit Team

Auditor Name:	Dave Wager	Auditor role:	Lead auditor
Qualifications: As previous FM Director for SCS, Dave spent ten years managing and/or leading Forest Stewardship Council (FSC) endorsed certification assessments on more than 100 forest management operations covering over 25 million acres of forestland across 16 countries. As a certification practitioner, Dave Wager has led FSC forest management and chain-of-custody assessments on a range of private and public operations across North America, Asia, and Latin America. In other natural resources work, Dave played a key role in the development of Starbucks CAFE Practices- a program to ensure procurement of sustainably grown and processed coffee. Dave has 17 years' experience working in forestry and the environmental field. He has expertise in forest ecology and business (B.S. business, Skidmore College; M.S. Forest Resources, Utah State University). While studying forest ecology at Utah State University, Dave was awarded a NASA Graduate Student Research Fellowship to develop dendrochronological techniques to assess Douglas-fir growth in Utah's Central Wasatch Mountains.			
Auditor Name:	Peter Higgelke	Auditor role:	Forester
Qualifications: 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.			

1.2 Total Time Spent on Evaluation

A. Number of days spent on-site assessing the applicant:	2.5
B. Number of auditors participating in on-site evaluation:	2
C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up:	1
D. Total number of person days used in evaluation:	7
(Line D = (Total number of days in Line A x Total number of auditors from Line B) + additional days from Line C.	

1.3 Standards Employed

1.3.1. Applicable FSC-Accredited Standards

None

1.3.2. SCS Interim FSC Standards

Title	Version	Date of Finalization
SCS Interim Standard for GLSL	2.0	2012

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 2010). 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. This standard complies with all applicable FSC International policies, standards, and advice notes. A copy of the standard is available at www.scs-certified.com/forestry or upon request from SCS.

2.0 ANNUAL AUDIT DATES AND ACTIVITIES

2.1 Annual Audit Itinerary and Activities

<p>Date: September 19, 2012</p> <p>Attendees: VFM Peter Street, Ron Luopa, Doug Maki, Vince Strack MNR Area Forester Auditors Dave Wager, Peter Higgelke</p>	
FMU/Location/ sites visited*	Activities/ notes
<p>Domtar Block 2010-018 Harvested by Gervais</p>	<p>Reviewed road construction into this previously un-entered block. The harvest was a clear cut with residuals. This block is characterized by difficult logging and road building terrain. Slash piles scheduled for burning, utilization could have been improved or more slash dispersed back in the stand. Minor rutting observed on site, but not exceeding MNR standard but could affect future productivity in this already slow growing forest type. Residual wildlife trees met the standard across harvest, but two local areas within the stand were deficient. Operational issues had been identified by VFM and corrected by contractor:</p> <ul style="list-style-type: none"> - Poor water crossings - Cross flow - Gravel pit sloping (which was still operational and needed further correction before closing out).
<p>Block 21; joined by staff of EACOM Timber</p>	<p>2012 disc trenching site preparation for natural regeneration. The area was a Jack Pine stand and was harvested with a combination of full tree (feller bunched and grapple skidder) and log length (stump side processor/forwarder) systems with significant cone crop left onsite. Site preparation was prescribed to provide adequate mineral soil exposure for Jack Pine germination from cone supply.</p> <p>Site preparation was performed with a trencher but in most of the area the down pressure was found to be inadequate; slash had not been aligned; and little to no mineral soil exposure was attained when a moderate amount of slash was present. Where mineral soil had been exposed, Pj germinates had become established. Greater attention to mineral soil exposure would provide greater assurance of treatment</p>

	success.
EACOM Timber Corp Block 2010-021; near Windy Lake Janveaux (contractor)	Clearcut of spruce, jack pine, poplar (cut winter 2012). Residual tree retention and site disturbance was to standard. VFM had not identified any operational issues during compliance monitoring.
Sutherland Contracting, Block 2010-028; West Cameron Lake	Hardwood clearcut with standards – leave Red Oak. Excessive residual stand damage from felling and full tree skidding despite the prescription requiring limbing and topping in the field. Excessive damage to advanced regeneration from skid trails and tops. Already identified in FOIP by VFM and under investigation by the MNR, thus no CAR issued.
<p>Date: September 20</p> <p>Attendees:</p> <p>VFM Peter Street, Ron Luopa, Pat Bazinet, Vince Strack</p> <p>MNR MNR Forestry Technician</p> <p>LCC Member</p> <p>Auditors Dave Wager, Peter Higgelke</p>	
FMU/Location/ sites visited*	Activities/ notes
Goulard Lumber Block 2010-015; Bassfin Lake Joined by an LCC member for this and the next stop.	Jack pine/spruce clearcut with timing restriction to after Thanksgiving to minimize disruption to cabin owners was properly implemented. Stakeholder concern expressed about cutting such small diameter trees and requested to delay the harvest until more volume is available. Some deep rutting throughout harvest but due to extensive bedrock throughout stand, ruts were not long enough to exceed standards.
EACOM Timber Corp Block 2010-033 Street Township	Jack pine/spruce/poplar clearcut – summer area that was started in late June. Areas of extensive rutting in one part of the block, but VFM Forester explained that it was within the MNR standard. Area of gravel exploration on hillside resulted in excessive site disturbance that had not yet been corrected (OBS 2012). Cold Water Fishery Area of Concern (AOC) checked and found to be in conformance. Some slash had been piled while the remainder is scheduled once equipment is back in the area.
Goulard Lumber / Piquette Logging (contractor) Block 2010-046; Hawley Road Joined by a local trapper and LCC member, and a contractor for the harvest on	Fall/winter 2011 clearcut and White Pine seed-tree cut. Concerns over degree of site disturbance. Operator was not sure whether there was too much rutting (Piquette Logging on the Hawley Road). VFM and the MNR met with the Contractor immediately to review the conditions on site and to measure the rutting that had occurred (to make sure it was in compliance with the standards in the FMP and the Stand & Site Guide). It was determined that the rutting was still in compliance – but

<p>this block.</p>	<p>very close to the limit – afterwards the Contractor did move his equipment to higher ground within the block.</p> <p>George Piquette stated the intent to complete slash piling on this block and fill in a trench along the main road into the block.</p>
<p>Stop 218; Davis Road / north of Hagar; A&M Reforestation</p>	<p>Site was site prepared with spiked anchor chains three years prior. The treatment did not expose enough mineral soil and was considered a failure. Fall 2011 Aerial spray with Vision; 2012 August Tree Plant to a combination of Red Pine, White Pine and White Spruce. The chemical site preparation was properly done (with the exception of one small corner that needs to be backpack sprayed). Planting stock and survival looked good.</p>
<p>Domtar Inc./ Chartrand Lumber (contractor) Block 2010-074; Shaw Road</p>	<p>Current harvest, clear cut of jack pine, spruce, and poplar. Excellent use of slash material to cross black ash swale. Properly timed harvest resulted in no noticeable site damage. Good contract oversight as there were three visits to the operation in the month of August. Three visits were combined into one FOIP Report.</p> <p>Water crossing (WX 039) installation at approved removal of beaver dam. Culvert installed with insufficient rock fill. Culvert shows minor collapsing from log trucks as there is insufficient fill to disperse weight. Road approach to crossing had inadequate diversion and some sedimentation showing in stream with recent rain. FOIP report and contractor correction request addressed concern.</p>
<p>Date: September 21, 2012</p> <p>Attendees:</p> <p>VFM Peter Street, Doug Maki, Vince Strack, Mark Lockhart, Jennifer Gerow (MITIG Forestry Services)</p> <p>LCC Two LCC members</p> <p>Auditors Dave Wager, Peter Higgelke</p>	
<p>FMU/Location/ sites visited*</p>	<p>Activities/ notes</p>
<p>N'Swakamok; Jay Wilson (contractor) Block 2010-053 Joined by two members of N'Swakamok</p>	<p>Jay Wilson cutting white pine seed tree stand #642485 at km 9 Halifax Road. First removal in a white pine stand with limbing and topping at the stump. White pine seed tree harvest. Excellent protection of residual and advanced regeneration. Good skid trail layout and protection of advanced regeneration.</p>
<p>N'Swakamok / contractor Block 2010-053</p>	<p>A White Pine first removal with some areas of final removal. Harvested by Corbierre Contractors, a First Nation company from Manitoulin Island. Well-planned skid trails. Cut early March 2012.</p>

	Operator stopped operations for the spring break-up. Good protection of residual trees.
Stop 124; White Oak Road	Planted; 2011 Aerial Tend of White Pine/Red Pine regeneration; Vision; some white pine crop tree damage from aerial spray. Sprayed with Glyphosate to kill poplar and retain red maple as this area has a good moose population and red maple is a preferred browse target of moose. A good prescription indicating further consideration of stakeholder group concerns for maintaining moose habitat.
Lahaie Area; Waldie-Struthers Road (1.5 km)	Recent installation of large (10 ft diameter) multi-plate culvert. Excellent example of good culvert installation.
Stop 123;	Area was harvested in the late '90s and sprayed thereafter with Vision for chemical site preparation and then planted. Aerial tending of White Pine and Red Pine with Trichlopyr to reduce competition from maple as Poplar competition was removed during site prep spray. Treatment was found to be effective as Maple mortality was high.
Stop 226; Waldie Township	2012 August Tree Plant – Red Pine, White Pine and White Spruce. Missed optimal planting opportunity in 2012 because trees were not available. Difficult site do to competing grass from snowmobile trail and too much time between spray and planting. Some mortality and difficulty finding seedlings among competing grasses and shrubs.
A&M Reforestation; Hartley Bay Road Area	2012 Manual Tending White Pine. Chemical spray was difficult due to canopy closure so VFM decided to manually fell mid-story maple and other white pine competition. No concerns.
<i>Add more rows as necessary.</i>	

3.0 CHANGES IN MANAGEMENT PRACTICES

No significant changes in management practices.

4.0 RESULTS OF THE EVALUATION

4.1 Existing Corrective Action Requests and Observations

2011.1

Select one:

Major CAR

Minor CAR

Observation

Site CAR/OBS issued to (where more than one site)

Deadline for Corrective Action by FME

3 months from above Date of Issuance

Next audit (surveillance or re-evaluation)

Pre-condition to certification

Other deadline (specify):

Standard and Requirement Reference

SCS GLSL Interim Standard, 6.3.10

NON-CONFORMITY

Indicator 6.10 requires "Forest roads, skid trails and landings are **well planned and designed** to minimise soil erosion and loss of productive area. Forest roads, landings and skid trails are designed to:

- reduce soil and road embankment erosion, soil compaction and rutting,
- minimise water crossings and loss of productive area;
- minimize loss of site productivity; and
- ensure the protection of aquatic habitat quality during construction and use.

During the 2010 re-certification audit, the audit team observed several examples of extensive rutting causing damage to soils and diverting water flow. A procedural CAR was developed to deal with the concern; VFM addressed the CAR; however, operational non-conformances continue.

During the 2011 surveillance audit, one of these same sites (Block 041) where additional harvesting operations had continued during the last 12-month period was examined. Further examples of extensive rutting by the same contractor company were found. Since these problems were found to have occurred before the release of the final report for the 2010 audit, a minor CAR follows.

REQUESTED CORRECTIVE ACTION

VFM must ensure that site damage caused by forest operations does not occur and that measures are introduced to immediately suspend operations in instances where site damage is occurring.

TO BE COMPLETED BY SCS REPRESENTATIVE

FME response

(including any evidence submitted)

This CAR was reviewed in detail at VFM's Spring Compliance Meeting held on April 25th, 2012. Please refer to slides 18, 19, 20, 21 & 22 in the power point presentation provided in P6. Slide 21 specifically talks about prevention of rutting including the need to shut operations down. Field Stop 18 on this year's audit is a good example of where an operator was not sure whether there was too much rutting (Piquette Logging on the Hawley Road). VFM and the MNR meet with the Contractor immediately to review the conditions on site and to measure the rutting that had occurred (to make sure it was in compliance with the standards in the FMP and the Stand & Site Guide). It was determined that the rutting was still in compliance – but very close to the limit – afterwards the

	Contractor did move his equipment to higher ground within the block.
SCS review	The audit team verified that the corrective actions described above have occurred. Although the audit team did observe areas with rutting on the Sudbury Forest in 2012, this CAR has been closed because the rutting is not exceeding the MNR standard that is explicitly referenced in the FSC GLSL Standard. Rutting did not exceed provincial standards; however, potential long-term impacts were visible in the poor aspen regeneration where rutting and compaction occurred. As a result, VFM is being asked to monitor these impacts per the requirements of 8.2.5.
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

TO BE COMPLETED BY SCS REPRESENTATIVE	2011.2	
	Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
	Site CAR/OBS issued to (where more than one site)	
	Deadline for Corrective Action by FME	
	<input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):	
	Standard and Requirement Reference	SCS GLSL Interim Standard, 1.4.1
	NON-CONFORMITY	
	<p>Field observations included several examples of road construction where soil had been grubbed to bedrock to develop the roadbed; in several cases grubbing appeared excessive. Although this appears to be inconsistent with FSC 6.3.10 (minimize loss of productive area), no clear direction is provided respecting road construction and loss of productive area.</p> <p>Loss of productive area to road development, including grubbing of soil beyond the roadbed itself, should be guided by Occurrences of grubbing practices that appear unnecessary were found during the audit</p>	
OBSERVATION		
VFM should work with FSC Canada to develop clear direction respecting road construction and loss of productive area through grubbing practices to develop the roadbed.		
FME response (including any evidence submitted)	<p>At a conference call held on August 16th, 2012, with Vivian Peachey, from FSC Canada – VFM discussed the need for a standard that would clarify the loss of productive area through road construction practices and landings. VFM put forward as a potential standard the percentages identified in the Stand & Site Guide and the percentages identified in the 2010 FMP for the Sudbury Forest.</p> <p>The Stand & Site Guide does not specify any standards (legal requirements) but they do</p>	

	<p>identify that a best management practice is to keep the area lost in any block should be less than 4%. The best management practices found in Appendix 5.2.c of the Guide lists additional strategies. Generally all of these strategies are considered when & where appropriate/applicable by the Licensees.</p> <p>FMP Table 13 in the approved Forest Management Plan - Objective 26 requires that as much productive land as possible be maintained - less than a 1% loss across the entire forest over the 10 years of the plan is to be lost to access development. This table also identifies that VFM will measure compliance with this objective at year 7 & 10 in its annual reports.</p> <p>In preparing the 2010 FMP using the Strategic Forest Management Model – VFM modelled a 3% loss in productive area for each forest unit up to T6 (or 60 years). After 60 years it was estimated that the forest would be completely accessed and no further losses would occur.</p> <p>VFM will discuss these potential requirements for the loss of productive forest land at the upcoming meeting with other GLSL SFL Managers and FSC Canada in January or February 2013.</p>
<p>SCS review</p>	<p>SCS auditor participated on the conference call with FSC Canada. The above actions are acceptable to address this Observation.</p>
<p>Status of CAR:</p>	<p><input checked="" type="checkbox"/> Closed</p> <p><input type="checkbox"/> Upgraded to Major</p> <p><input type="checkbox"/> Other decision (refer to description above)</p>

		2011.3
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation		
Site CAR/OBS issued to (where more than one site)		
Deadline for Corrective Action by FME		
<input checked="" type="checkbox"/> 3 months from above Date of Issuance <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):		
Standard and Requirement Reference		SCS GLSL Interim Standard, 6.3.6
NON-CONFORMITY		
<p>Indicator 6.3.6 requires "Disturbance to seasonal watercourses (including intermittent and ephemeral streams, seeps, ponds, vernal pools) is avoided wherever possible. Temporary crossings are restored so as to avoid damage to seasonal watercourses."</p> <p>During the 2010 re-certification audit, the audit team observed situations where the normal hydrologic function of the forest was disturbed by road construction. Areas of impoundment and impeded surface flow were observed. This has been observed in past audits and CARs and observations have been issued on this same issue in past audits.</p> <p>During the 2011 surveillance audit, one of these same sites (Block 5) where additional harvesting operations had continued during the last 12-month period was examined. Further examples were found where normal hydrologic function was impeded by road construction.</p>		
REQUESTED CORRECTIVE ACTION		
<p>VFM must ensure that past measures to address this concern are understood by operators and that measures are implemented to immediately repair instances where hydrologic function has been impeded by operations. Reparations must be made by September 01, 2012 where past road construction practices have been found to impede water flow.</p> <p>VFM must ensure that disturbance to watercourses, including seasonal watercourses (intermittent and ephemeral streams, seeps, ponds, vernal pools) is avoided wherever possible.</p>		
FME response (including any evidence submitted)	VFM provided evidence to SCS that VFM had met this Major CAR in a letter to Brendan Grady dated August 16, 2012. The letter and evidence was sent in an email dated August 17th, 2012. A follow-up email showing that the last drainage problems in Marconi Township had been corrected was sent on September 18th. Please also note that it is now a standard practice for VFM Staff to document in FOIP that ponding issues are checked.	
SCS review	By reviewing photographs and interviewing staff, SCS verified that the Marconi Township drainage problems had been corrected. The audit team observed improved installations of water crossings on active operations during the 2012 audit.	

TO BE COMPLETED BY SCS REPRESENTATIVE

Status of CAR:	<input checked="" type="checkbox"/> Closed
	<input type="checkbox"/> Upgraded to Major
	<input type="checkbox"/> Other decision (refer to description above)

TO BE COMPLETED BY SCS REPRESENTATIVE	2011.4	
	Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
	Site CAR/OBS issued to (where more than one site)	
	Deadline for Corrective Action by FME <input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):	
	Standard and Requirement Reference	SCS GLSL Interim Standard, 6.3.9
	Non-Conformity (or Background/ Justification in the case of Observations): Indicator 6.3.9 requires that in clear-cuts and other final removal cuts in natural forests, harvesting maintains residual structures in sufficient quantities and distribution so as to fulfill their ecological functions. Specific ranges for the various structural components are described in the forest management plan, consistent with the requirements below, and are implemented. In harvests on Gervais Block 5 and ECOM Block (stop 48), retention trees did not meet NDPEG requirements for leaving 6 trees > 25 cm dbh per ha. In both cases stumps indicated that there were opportunities to leave more trees >25cm dbh per ha.	
	REQUESTED CORRECTIVE ACTION VFM must ensure that clear-cuts contain at least 6 trees >25cm dbh per ha when the pre-harvest stand allows for these trees to be retained.	
FME response (including any evidence submitted)	This issue was discussed at the Spring Compliance Meeting – slides 15 &16 and at Shareholders Meeting held May 3rd, 2012. There have been no further instances of not meeting this standard since that time. Field Site visits on this audit for areas harvested from the date of these meetings will also provide evidence that this requirement is being met.	
SCS review	Verified that training occurred. Observed conformance with this requirement during 2012 audit.	
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)	

4.2 New Corrective Action Requests and Observations

Finding Number: 1			
Select one:	<input type="checkbox"/> Major CAR	<input type="checkbox"/> Minor CAR	<input checked="" type="checkbox"/> Observation

FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator(s):	1.5.1
Non-Conformity (or Background/ Justification in the case of Observations): Indicator 1.5.1 requires that the manager demonstrates that measures are in place to protect the management unit from illegal/unauthorized activities. The Means of Verification includes controlling access. Although VFM is notifying MNR of breached access controls, the MNR has had difficulties re-establishing and/or enforcing access control points. VFM reported in several FOIP reports that access controls could be improved and that follow-up enforcement was required.	
Corrective Action Request (or Observation): VFM should begin working more closely with MNR to improve maintenance and enforcement of access controls and/or implement other approaches to control unauthorized activity on the FMU.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2	
Select one:	<input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/>
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator(s):	SCS GLSL Interim Standard, 6.3.11
Non-Conformity (or Background/ Justification in the case of Observations): VFM procedures do not ensure that conformance with Indicator 6.3.11 that states "In clear-cuts and other final removal cuts in natural forests, harvesting maintains residual structures in sufficient quantities and distribution so as to fulfill their ecological functions." Specifically the elements of 6.3.11 requiring: <ul style="list-style-type: none"> b. Residual retention includes all standing residual structure in a defined and mapped harvest area, including insular patches, peninsular patches, partial harvest areas and reserves established for other purposes. d. All residual retention is long term, meaning it will not be harvested until at least the subsequent rotation. VFM does not maintain uncut insular and peninsular patches in shelterwood treatments of white pine or	

<p>hardwoods. FMP and Stand and Site Guide does allow for harvesting in reserve patches when adjacent stand is 3m, thus jeopardizing the “long-term” requirement of the reserve patches. The audit did not uncover any harvests that did not conform with requirements of 6.3.11, rather this CAR is being issued on the fact that VFM procedures do not conform to 6.3.911</p>	
<p>Corrective Action Request (or Observation): VFM must implement measures to ensure conformance with 6.3.11.</p>	
<p>FME response <i>(including any evidence submitted)</i></p>	
<p>SCS review</p>	
<p>Status of CAR:</p>	<p><input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)</p>

<p>Finding Number: 2012.3</p>	
<p>Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation</p>	
<p>FMU CAR/OBS issued to (when more than one FMU):</p>	
<p>Deadline</p>	<p><input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):</p>
<p>FSC Indicator(s):</p>	<p>SCS GLSL Interim Standard, Indicator 8.1.1</p>
<p>Non-Conformity (or Background/ Justification in the case of Observations): VFM is in non-conformance with Indicator 8.1.1 that requires the management plan’s implementation to be subject to regular monitoring that documents:</p> <ul style="list-style-type: none"> a. The degree in which goals, objectives and targets were met b. Conformance to the management plan c. Unexpected effects of management activities; and Social and environmental effects of management activities <p>Specifically, monitoring of crossings/culverts across the FMU has not occurred per the FMP requirement of monitoring all water crossing every three years.</p>	
<p>Corrective Action Request (or Observation): VFM must ensure water crossings are monitored per the requirements of the FMP.</p>	
<p>FME response <i>(including any evidence submitted)</i></p>	
<p>SCS review</p>	

Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>
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Finding Number: 4	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator(s):	8.2.5
Non-Conformity (or Background/ Justification in the case of Observations): VFM is not sufficiently monitoring the environmental impacts of forest management activities assessed in accordance with Criterion 6.1. Assessments in 6.1 shall consider impacts including site specific impacts. Furthermore, 6.1 specifically requires assessment of potential impacts to moist soils and soils subject to compaction (e.g., structured clay). During the 2012 audit, Block 46 Piquette was heavily rutted and early results showed poor poplar regeneration due to compaction/root damage and possible reduced growth of next rotation. Although this site did not exceed MNR's standard for excessive rutting, there were signs that logging was causing productivity impacts to the site.	
Corrective Action Request (or Observation): Per 8.2.5, VFM must monitor the environmental impact of rutting and compaction on susceptible sites.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 5	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):

FSC Indicator(s):	FSC Indicator 7.3.1
Non-Conformity (or Background/ Justification in the case of Observations): Indicator 7.3.1 requires that Forest workers receive adequate training and supervision to ensure proper implementation of the management plan. Given the current variability in skill and experience of operators as well as variability in operators care/precaution there is room to improve the level of supervision by VFM foresters. Evidence: <ul style="list-style-type: none"> - Residual stand and advanced regeneration damage in Block 10-28 could have been stopped if identified when the operations were starting out, rather it was identified after the harvest had been completed. The area of damaged red oak could only have been stopped if VFM staff were on site during the day it was skidded. In the areas previously inspected in the block, care was being taken around residual stems. This damage occurred when the contractor (not the Licensee's regular skidder operator) took it upon himself to skid the trees. - Lack of cooperation by a shareholder in having proper supervision of his operations. 	
Corrective Action Request (or Observation): VFM should implement approaches to ensure there is adequate supervision of forest workers that results in proper implementation of the management plan.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 6	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator(s):	6.3.7
Non-Conformity (or Background/ Justification in the case of Observations): Relevant "best management practices" pertaining to the protection of soils, water quality and sensitive sites were not being implemented. In ECOM Block 33, the operator bulldozed part of hillside to search for gravel, which did not represent best management for protection of soils. The operation had finished and the exposed hillside had yet to be repaired.	
Corrective Action Request (or Observation): VFM must ensure that reparation to the damage in block ECOM 33 made and ensure BMPs for gravel exploration are followed across the FMU.	
FME response (including any	

<i>evidence submitted)</i>	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

5.0 STAKEHOLDER COMMENTS

In accordance with SCS protocols, consultation with key stakeholders is an integral component of the evaluation process. Stakeholder consultation takes place prior to, concurrent with, and following field evaluations. Distinct purposes of such consultation include:

1. To solicit input from affected parties as to the strengths and weaknesses of the FME's management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.
2. To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests (HCVFs).

Principal stakeholder groups are identified based upon results from the pre-evaluation (if one was conducted), lists of stakeholders from the FME under evaluation, and additional stakeholder contacts from other sources (e.g., chair of the regional FSC working group). The following types of groups and individuals were determined to be principal stakeholders in this evaluation:

5.1 Stakeholder Groups Consulted

First Nation Representative	VFM Employees
Logging contractors	MNR Representatives
Licensees	Environmental Group
Adjacent landowner	LCC Members

Stakeholder consultation activities are organized to give participants the opportunity to provide comments according to general categories of interest based on the three FSC chambers, as well as the SCS Interim Standard, if one was used. The table below summarizes the major comments received from stakeholders and the assessment team's response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

5.2 Summary of Stakeholder Comments and Responses from the Team, Where Applicable

FME has not received any stakeholder comments from interested parties as a result of stakeholder outreach activities during this annual audit.		<input type="checkbox"/>
Stakeholder comments	SCS Response	
Economic concerns		
VFM foresters have good	Noted as evidence of conformance	

availability when questions or concerns arise on active timber sales.	
Social concerns	
VFM has done a good job communicating with First Nation communities and ensuring meaningful roles in management planning and local citizen committee processes.	Noted as evidence of conformance
Good cooperation with MNR on a range of requirements.	Noted as evidence of conformance
Good cooperation with stakeholder group(s).	Example: Stop 124 VFM had sprayed glyphosate to eradicate aspen with targeted retention of maple after herbicide treatment. Red maple is a preferred browse species for moose, the focus of the stakeholder group concern.
Environmental concerns	
Stakeholder concern expressed about cutting such small diameter trees and request to wait until more volume is available to harvest.	As long as sustained yield is being met (see 5.6), FSC standard does not specify a minimum size requirement for harvesting. The area triggering this comment was a stand dominated by relatively slow growing jack pine and black spruce. SCS auditor did express concern about logging impacts from compaction and rutting to similar low productivity sites. See minor CAR 2012.4.
Timber harvests are resulting in new access points and additional truck and ATV traffic disturbing cottage owners.	See Observation 2012.1
VFM does an excellent job in considering and safeguarding species at risk.	Noted as evidence of conformance

6.0 CERTIFICATION DECISION

The certificate holder has demonstrated continued overall conformance to the applicable Forest Stewardship standards. The SCS annual audit team recommends that the certificate be sustained, subject to subsequent annual audits and the FME’s response to any open CARs.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments:	

7.0 CHANGES IN CERTIFICATION SCOPE

There were no changes in the scope of the certification in the previous year.

8.0 ANNUAL DATA UPDATE

8.1 Social Information

Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender):		
# of male workers: 4 FTE, 2 part time	# of female workers: 0	
Number of accidents in forest work since last audit: none	Serious:	Fatal:

8.2 Annual Summary of Pesticide and Other Chemical Use

FME does not use pesticides.

Commercial name of pesticide/ herbicide	Active ingredient	Quantity applied annually (kg or lbs)	Size of area treated annually (ha or ac)	Reason for use
Vision	glyphosate	541.3 kg	300.8 ha	Aerial Site Preparation
Vision	glyphosate	2,304.0 kg	1,280.0 ha	Aerial Tending
Release	triclopyr	373.8 kg	196.7 ha	Aerial Tending
Vantage	glyphosate	74.8 kg	51.9 ha	Ground Tending
Vantage	glyphosate	397.0 kg	139.4 ha	Ground Site Preparation

SECTION B – APPENDICES (CONFIDENTIAL)**Appendix 1 – List of FMUs Selected For Evaluation**

- FME consists of a single FMU
 FME consists of multiple FMUs or is a Group

Appendix 2 – Evaluation of Management Systems

SCS conducted the audit from September 19-21, 2012 with an audit team comprised of Dave Wager (lead auditor) and Peter Higgelke (team forester). The process included the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices. Documents describing these activities and lists of management activities were provided to the auditors in advance, and a sample of the available field sites was designated by the audit team for review. The selection of field sites for inspection was based upon the risk of environmental impact, special features, past non-conformances/observations, and other factors. During the audit, the audit team reviewed a sample of the available written documentation as objective evidence of FSC conformance. Documents that were reviewed during this audit included management plans, SOPs, timber sale inspection forms, chemical use records, among other policies, procedures and records.

The audit team used a consensus approach to determine whether or not there was conformance with each of the indicators being assessed during this audit. The audit team also selected and interviewed contract loggers, employees within the SFL, and MNR regulatory officials, to assess conformance with the FSC standards.

Appendix 3 – List of FME Stakeholders Consulted

Name	Title	Contact	Consultation method
Peter Street	General Manager		Field consultation
Mark Lockhart	Planning Forester		Field consultation
Doug Maki	Silvicultural Forester		Field consultation
Ron Luopa	Operations Forester		Field consultation
Patrick Bazinet	Forest Technologist		Field consultation
Vince Strack	Operations Forester		Field consultation
Jenny Gerow	GIS Consultant MITIG		

List of other Stakeholders Consulted

Name	Organization	Contact	Consultation method
Bob Boyuk	LCC		Field consultation
Jim Gomm	LCC		Field consultation

Theodore Flamand	N'Swakamok Operations Rep		Field consultation
Trevor Griffin, District Manager	MNR Sudbury District		meeting
Mike Bulova, Resource Tech	MNR Sudbury District		Field consultation
Tim Lehman, Area Forester	MNR Sudbury District		Field consultation
John Manitowabi	N'Swakamok – VFM Shareholder		Field consultation
Viki Mather	North Watch	705-521-6587	Phone and field consultation
Nikki Boucher, species at risk biologist	MNR Sudbury District		Phone consultation

Appendix 4 – Additional Audit Techniques Employed

The audit team did not employ any additional audit techniques for this annual surveillance audit.

Appendix 5 – Pesticide Derogations

<input checked="" type="checkbox"/> There are no active pesticide derogations for this FME.		
Name of pesticide/ herbicide (active ingredient)		Date derogation approved
Condition	Conformance (C/ NC)	Evidence of progress

Appendix 6 – Detailed Observations

Evaluation year	FSC P&C Reviewed
2011	P1, 2.3, 3.2, 4.2, 4.4, 5.6, 6.2, 6.3, 6.9, P8, and 9.4
2012	New Criteria: P.2, P. 3., 5.1-5.4; Criteria required each year: 1.5; 2.3; 3.2; 4.2; 4.4; 5.6; 6.2; 6.3; 8.2; 9.4;
2013	
2014	
2015	Full Recertification Audit

C= Conformance with Criterion or Indicator
 C*= Conformance with Indicator- but Observation Issued
 NC= Non-Conformance with Criterion or Indicator
 NA = Not Applicable
 NE = Not Evaluated

PRINCIPLE #1: COMPLIANCE WITH LAWS AND FSC PRINCIPLES		
Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.		
Criterion/ indicator	Evaluation Team Findings	C/NC
1.5 Forest management areas should be protected from illegal harvesting, settlement or other unauthorized activities.		C
<p>1.5.1 The manager demonstrates that measures are in place to protect the management unit from illegal/unauthorized activities.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Measures to prevent unauthorized activities (e.g. boundary notices, access controls) • Procedures for reporting illegal activities. • Records of illegal activities (if any). 	<p>Per VFM procedures, MNR is notified of unauthorized activities identified on the FMU. Although VFM is notifying MNR of breached access controls, the MNR has a poor track record of re-establishing and or enforcing access control points.</p> <p>Observation 2012.1</p> <p>Evidence:</p> <ul style="list-style-type: none"> - Access restrictions May 2012-09-08 - Notice to Trout Lake Campers - Policy#3 in Principle 4.2.1 – which deals with illegal activities 	C*

PRINCIPLE N°2 - TENURE AND USE RIGHTS AND RESPONSIBILITIES		
Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.		
Criterion/ indicator	Evaluation Team Findings	C/NC
2.1 Clear evidence of long-term forest use rights to the land (e.g., land title, customary rights, or lease agreements) shall be demonstrated.		C
2.1.1 The applicant is the owner of the forest under assessment or has the legal right to manage and use its forest resources.	<p>Sustainable Forest Licence is in place, which provides VFM will the legal capacity to harvest species of forest resources from the Licence Area in the Sudbury Forest, subject to the Crown Forest Sustainability Act and the regulations thereto, and the terms and conditions as listed in the Licence.</p> <p>2011 Independent Forest Audit recommended that the licence be extended</p> <p>Evidence:</p> <ul style="list-style-type: none"> - SFL# 542442 	C
2.2 Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.		C
2.2.1 Customary tenure or resource use rights held by communities are identified and documented where they occur on the management unit.	<p>The Ontario Ministry of Natural Resources is the steward of Ontario's provincial parks, forests, fisheries, wildlife, mineral aggregates and Crown lands and waters, including the Sudbury Forest.</p> <p>VFM maps show private, federal, First Nation Reserves ownership, and associated tenure rights. Area of Concern (AOC) prescriptions in the FMP</p>	C

	<p>document and contain provisions to protect identified values including tourism values, native values, canoe routes, parks, watersheds, recreation trails, etc..</p> <p>The public has had a chance to review and comment on the latest values maps.</p>	
<p>2.2.2 The free, prior and informed consent of communities holding customary tenure or resource rights has been obtained regarding all parts of the management plan that affect their rights and resources.</p> <p>NOTE: This requirement is normally addressed through the public participation requirements of Criterion 4.4.</p>	<p>Fourteen Resource Stewardship Agreements (RSAs) are in place with tourism operators who are located and/or operate on the forest.</p> <p>Locally affected landowners, businesses, communities and First Nations are continually notified of operations and planning activities through Annual Work Schedules (AWS), Local Citizens Committee and other notification processes.</p> <p>First Nations have acceptable harvest allocation levels. VFM works with local tourism operators on an as needed basis to maintain access roads.</p> <p>Additional Evidence:</p> <p>Reviewed copies of public notices for the AWS, slash pile burning and herbicide use.</p>	C
<p>2.3 Appropriate mechanisms shall be employed to resolve disputes over tenure claim and use rights. The circumstances and status of any outstanding disputes shall be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.</p>		C
<p>2.3.1 Where there is a dispute over tenure claim and use rights, the applicant is implementing a dispute resolution process that has been mutually</p>	<p>A dispute resolution processes is identified in the Forest Management Planning Manual; dispute mechanisms also form part of the overlapping license agreements and the shareholder's</p>	C

<p>agreed to.</p>	<p>agreements.</p> <p>There are no ongoing disputes over tenure claim and use rights subject to the dispute resolution process.</p>	
<p>2.3.2 The manager is not involved in outstanding disputes of substantial magnitude involving a significant number of interests in relation to tenure claims and use rights on the management unit. The magnitude and extent depend on various factors including the following:</p> <ul style="list-style-type: none"> a. Whether the dispute involves local rights holders; b. Whether the dispute involves legal or customary rights; c. The range of issues and/or interests involved; d. Whether the potential impacts on the disputant(s) are irreversible or cannot be mitigated; and/or e. Whether the dispute involves issues related to meeting the FSC GLSL Regional Standard. 	<p>VFM is not involved in any outstanding disputes of substantial magnitude involving a significant number of interests in relation to tenure claims and use rights on the management unit.</p>	<p>C</p>

<p>PRINCIPLE Nº 3 : INDIGENOUS PEOPLES' RIGHTS</p> <p>The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected.</p>		
<p>Criterion/ indicator</p>	<p>Evaluation Team Findings</p>	<p>C/NC</p>
<p>3.1 Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies.</p>		<p>C</p>
<p>3.1.1. Applies on public forests -The manager keeps abreast of and is able to demonstrate a good working</p>	<p>Five First Nations are in or adjacent to the Sudbury Forest, Henvy Inlet First Nation, Wahapitae First Nation, Whitefish Lake First</p>	<p>C</p>

<p>knowledge of the Aboriginal communities, their legal and customary rights and their interests related to forest lands within the forest management planning area.</p> <p><i>Means of verification:</i></p> <p>Documented knowledge of:</p> <ul style="list-style-type: none"> • the number and demographic profile of distinct Aboriginal communities having or claiming rights and interests within the area; • the legal and customary rights of the Aboriginal communities; • the political organization and governance structure of each respective Aboriginal community; the traditional use areas or lands within the manager’s forest management area asserted by each respective Aboriginal community; • the existence, and current status of publicly known negotiations between Government and the Aboriginal communities regarding rights and interests asserted by each respective Aboriginal community in relation to lands and resources. 	<p>Nation, Dokis First Nation and Wkwemikong Unceded Indian Reserve.</p> <p>Knowledge of each First Nation is documented in a Native Background Information Report which forms part of the Forest Management Plan.; however the FNs have requested that the reports remain confidential.</p> <p>First Nations practice Forest Management activities on reserve lands and are in control of the harvesting.</p> <p>N’Swakamok Forestry Corporation in existence since December, 2004 still represents all five First Nations and is still a shareholder of Vermilion Forest Management.</p> <p>They have complete control over these areas. N’Swakamok, under an Overlapping Licence Agreement has an allocation of the annual harvest of 14.2 %</p> <p>Interviews during the audit with N’Swakamok members showed that VFM is in strong conformance with Indicator.</p>	
<p>3.1.2 Applies on Private and Community forests - The manager has a familiarity with available information about Aboriginal communities with traditional rights within the region.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Demonstrated knowledge of: • The Aboriginal communities with reserves, claims or asserted traditional rights in the region • The traditional use areas or lands within the forest management unit 	<p>NA</p>	<p>C</p>
<p>3.1.3 On Public forests, the manager applies best efforts and achieves measurable</p>	<ul style="list-style-type: none"> • LTMD includes targets for increasing aboriginal employment • N’Swakamok is a shareholder; has an 	<p>C</p>

<p>progress towards obtaining agreement from each affected Aboriginal community verifying that their interests and concerns are clearly incorporated into the management plan. Such agreement shall include:</p> <ol style="list-style-type: none"> a. A description of the roles and responsibilities of the parties; b. The interests of the parties; c. A provision indicating that this agreement is not intended to abrogate or derogate from any Aboriginal or Treaty rights held by any party to the agreement; d. A description of appropriate decision-making authorities for all parties; e. A dispute resolution mechanism; and f. Conditions under which consent has been given and under which it might be withdrawn, if any. <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Formal agreement or memorandum of understanding. • Indication from each Aboriginal community indicates that it is satisfied that the manager has incorporated their interests and concerns within the management plan. <p><i>In situations where a formal agreement is not concluded, the following means of verification can help to determine the manager efforts toward reaching agreement:</i></p> <ul style="list-style-type: none"> • Evidence that the manager has informed the community in writing of their intentions to seek FSC certification, provided a copy of Principle 3 of the applicable standard and asked for a meeting to discuss how to proceed. • Evidence of repeated attempts, using 	<p>Overlapping Licence Agreement and does represent all five First Nations.</p> <p>A Memorandum of Agreement between VFM and N'Swakamok was also signed in December 2004 and covers the conditions, scope, and term of the agreement. In addition, the agreement outlines the terms pertaining to the Protection of Native Values, terms of communications, harvesting rights, silviculture opportunities, planning and training opportunities and terms of payment for traditional knowledge.</p> <p>Confirmed that this Agreement is still in effect and functioning well.</p> <p>Native Values are incorporated into the FMP and are protected by AOCs. Confirmed during 2012 audit that there are no problems with VFM's protection of Native Values.</p>	
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<p>different tactics, to open communications towards reaching agreement.</p> <ul style="list-style-type: none"> • Minutes of any meetings with representatives of the Aboriginal community. • Evidence that the manager has negotiated as much of the required agreement as possible, from the description of the roles and responsibilities of the parties through to the interests of the parties, a description of appropriate decision-making authorities for all parties; a dispute resolution mechanism and the conditions under which consent has been given (or withheld) and under which it might be withdrawn (or granted) • Written summary of what the manager understands to be the key concerns of the community and evidence of efforts to seek confirmation in writing of this understanding from the Aboriginal community. 		
<p>3.1.4 On public forests, the manager participates in and/or supports the efforts of the affected Aboriginal communities to develop their capacity to enable them to participate in all aspects of forest management and development.</p>	<p>VFM has worked with First Nations to establish numerous economic opportunities. First Nation Contractors working on VFM N'Swakamok, under an Overlapping Licence Agreement has an allocation of the annual harvest of 14.2% . VFM has worked closely with this shareholder to create and maintain economic opportunities. VFM participated at a job fair at First Nations community in Wiki.</p> <p>Two contracts for 450,000 and 500,000 jack pine were signed with the Thessalon First Nation for the August 2012 and Spring 2013 tree plants.</p>	<p>C</p>
<p>3.1.5 On public forests, the manager has jointly established with affected and interested Aboriginal communities,</p>	<p>See 3.1.4</p>	<p>C</p>

<p>opportunities for long-term economic benefits where that is the desired objective.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Record of jobs filled and employment opportunities provided to Aboriginal individuals; • Record of training opportunities provided/available to Aboriginal individuals; • Joint agreements signed by both parties clearly stating the nature of the economic opportunities, evidence of revenue-sharing from forest operations, and timelines; and • Indication of satisfaction from the affected and interested Aboriginal community(ies). 		
<p>3.1.6 Applies on Public forests - A dispute resolution process, where necessary, has been jointly developed with the affected Aboriginal communities, is documented and is being fairly implemented.</p>	<p>A dispute resolution mechanism is described in the FMPM also available through overlapping licenses agreement. Neither VFM or First Nations believe a separate dispute process to be necessary. Ongoing communication through Aboriginal Working Group has helped prevent disputes from arising.</p>	<p>C</p>
<p>3.1.7 Applies on private and community forests - If a conflict over tenure and use rights is raised by an aboriginal community, the manager comes to an agreement with the aboriginal community on measures the manager will take towards resolving the dispute.</p>		<p>NA</p>

<p>3.2 Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of Indigenous Peoples</p> <p>Note: On Private and Community forests, the dispute resolution requirements described in 3.1.7 is the mechanism to address 3.2.</p>		C
<p>3.2.1 On Public forests, the manager makes use of an assessment of Aboriginal resources and tenure rights, undertaken by or jointly with the affected Aboriginal communities.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> Baseline data on numbers of traditional land users, resources used, areas frequented and revenues generated from traditional land-use. 	<p>Each First Nation has prepared the social economic profile report for its own community. Each First Nation has requested that the reports and maps not be made available to the general public, nor shared with other First Nations without the permission of the Chief and council of the particular FN community.</p> <p>Reports for Temagami and Dokis on file were viewed in 2010.</p> <p>During 2012 audit, SCS auditor viewed maps of AOCs and observed consistent protection of AOCs during field inspections.</p>	C
<p>3.2.2 On Public forests, the manager ensures that management activities outlined in the management plan do not threaten or diminish Aboriginal resources, and are based on the results of the assessment described in 3.2.1.</p>	<p>Verified that the Native Values are protected by AOCs as part of the FMP.</p>	C
<p>3.3 Sites of special cultural, ecological, economic or religious significance to Indigenous People(s) shall be clearly identified in cooperation with such Peoples, and recognized and protected by forest managers.</p>		C
<p>3.3.1 Applies on Public forests - The manager supports the efforts of the affected Aboriginal communities to conduct</p>	<p>As part of the FMP planning process, Aboriginal communities are invited to participate, in accordance with Provincial and Federal laws.</p>	C

<p>land use studies and mapping which result in an Aboriginal areas of concern protection agreement, addressing information sharing, protection, mitigation and/or compensation, and confidentiality measures for Aboriginal traditional values and uses.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Written plan on Aboriginal land use and values and supporting maps; • Evidence of financial or technical support by the manager to conduct land use studies and mapping; • Evidence of the implementation of the Aboriginal areas of concern protection agreement including evidence of change in forestry operations, if pertinent; • Evidence of negotiations with hunters, trappers and other Aboriginal individuals who are land users, that are endorsed by the Aboriginal communities 	<p>Any new resource identified or discovered is added to the NBIR once the value is verified. The report is updated as resources are reported.</p> <p>Verified that the Native Values are protected by AOC's as part of the FMP.</p> <p>VFM will develop and offer separate legal agreements for the protection of Native Values to all the Communities.</p> <p>Evidence: - Correspondance on Native values in Block 2010-006</p>	
<p>3.3.2 Applies on Private and Community forests - The manager gathers and documents publicly available information about sites of special cultural, ecological, economic or spiritual significance to Aboriginal People(s) that has been provided by relevant authorities or that has been identified during the public consultation process described in 4.4.</p>	<p>NA</p>	<p>NA</p>
<p>3.3.3 Applies on Public forests - Where Aboriginal communities indicate that forestry operations on particular blocks or sites are creating a threat of serious environmental, economic, or cultural impact, the manager suspends or relocates forestry operations until</p>	<p>No such instances have arisen. Ongoing communication with affected Aboriginal communities takes place through N'Swakamok, shareholder of the company.</p>	<p>C</p>

<p>disputes are resolved. Examples of serious threats could include:</p> <ul style="list-style-type: none"> • Destruction of burial sites, spiritual sites, spawning areas, medicinal areas; • Severe disruption of livelihood; • Damage to community water supply; or, • Severe disruption of food chain to the community. <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Policies in place to suspend or relocate operations pending dispute resolution; • Record of suspended or relocated operations in response to an identified threat; and, • Community satisfaction with handling of serious threats. • Agreement(s) with the affected Aboriginal communities on monitoring. • Regular joint assessments on the effects of forest management activities on the Aboriginal communities. 		
<p>3.3.4. Applies on Private and Community forests - Consistent with landowner objectives, the manager takes steps to protect values identified in 3.3.1.</p>	NA	NA
<p>3.3.5. On Public forests, the manager supports the efforts of the affected Aboriginal communities to monitor the impacts over time of forestry activities on the values identified in the Aboriginal areas of concern protection agreement.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Agreement(s) with the affected Aboriginal communities on monitoring. • Regular joint assessments on the effects of forest management 	<p>While there has been some joint visit monitoring with Elders to ensure Native Value sites are protected, the majority of monitoring is done by VFM through its Compliance Plan. Additional compliance audits of VFM work are performed by MNR.</p>	C

<p>activities on the Aboriginal communities.</p>		
<p>3.4 Indigenous Peoples shall be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations. This compensation shall be formally agreed upon with their free and informed consent before forest operations commence.</p>		<p>C</p>
<p>3.4.1 The manager enters into an agreement with the affected Aboriginal communities which compensates for the use of traditional knowledge in forest management. Examples of traditional knowledge use:</p> <ul style="list-style-type: none"> • Commercial use of a forest species, in particular non-timber forest products; • Improved management plans; or • Improved operations. <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Written compensation agreement • Evidence that compensation has been delivered and of satisfaction of Aboriginal individuals with the application of the agreement 	<p>For the 2010-2020 FMP, the MNR provided financial support for the development of a Report on Protection of Identified Aboriginal Values for each First Nation community. The Report documents how Aboriginal interests, including values identified in the Aboriginal Background Information Report which are affected by the proposed operations have been addressed.</p>	<p>C</p>

PRINCIPLE N°4 - COMMUNITY RELATIONS AND WORKERS' RIGHTS Forest management operations shall maintain or enhance the long-term social and economic well being of forest workers and local communities.		
Criterion/ indicator	Evaluation Team Findings	C/NC
4.2 Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.		C
4.2.1 The manager ensures that all forest workers comply with all relevant provincial occupational health and safety requirements, <i>Means of verification:</i> <ul style="list-style-type: none"> • Safety policy. • Equipment safety inspection records. • Worker interviews. • Written contracts or understandings with contractors or other employers of forest workers 	VFM has maintained its certification as an Ontario Safe Work Place- renewed 2011. VFM maintains a manual of Health and Safety Policies and Procedures and a health and safety representative is in-place. VFM's SWO Safety Policies from 2011 are still being utilized as no updates were deemed necessary. No workplace safety concerns were observed during the audit. Contractor safety inspections are routinely conducted. Evidence safety inspection of tree planters Aug 27, 2012 VFM conducts periodic safety meetings for staff (viewed Dec 22, 2012 meeting minutes)	C

<p>4.2.2 The manager has a process in place for fairly resolving disputes with employees pertaining to occupational health and safety.</p>	<p>At the 2012 audit, auditor confirmed the following system for compliance with 4.2.2</p> <p>VFM abides by SWO Safety Policies which includes fair dispute resolution for employees. In its “Health and Safety Policies and Procedures”, VFM has established an “Overview of Roles and Responsibilities” to ensure that health and safety concerns are communicated to the VFM general Manager. Furthermore, VFM has a Health and Safety Representative who acts on behalf of VFM staff and contractors in ensuring that employer health and safety requirements are met as described in the Occupational Health and Safety Act (Ontario). VFM employees and contractor employees are encouraged to contact the health and safety representative with any issues regarding safety in the workplace.</p> <p>The Health and Safety representative has been contacted by contractor employees in the past about working conditions and has met with the contractor to rectify the situation. This act includes provision for any worker to refuse to perform work that he or she believes will endanger themselves or others. The act prohibits reprisals by the employer.</p>	<p>C</p>
<p>4.4 Management planning and operations shall incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups directly affected by management operations.</p>		<p>C</p>
<p>4.4.1 Local communities, community and non-government organizations, forest workers, and the interested public affected by forest management are provided with meaningful opportunities</p>	<p>The legislated Forest Management Planning Manual (FMPM) requires that meaningful public consultation occur during the preparation of a plan. All input received from the public during the consultative</p>	<p>C</p>

<p>to participate in forest management planning. The manager demonstrates that all input was considered and responded to.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Documentation of consultation when appropriate • Demonstration of how input was considered and responded to. 	<p>process for the 2010 FMP has been summarized including responses given by VFM and/or MNR and provided to the auditors.</p> <p>VFM has a signed Resource Stewardship Agreements with 14 outfitters which recognizes and provides for protection of their values on the forest.</p> <p>Areas of Concern prescriptions currently being applied were reviewed for use by the public during the 2010 FMP planning process. Many changes to the AOC prescriptions were included in the 2010 FMP as a result of the input received. First Nation communities are given an option to follow the consultation process outlined in the Manual or develop their own consultation approach with VFM.</p> <p>Evidence:</p> <ul style="list-style-type: none"> - Summary of Public Consultation by Stage of FMP Development - Summary of Public Input and Responses during the development of the 2010 FMP - Terms of Reference for the 2010 FMP - which identifies what public consultation will be taken during the preparation of the FMP 	
<p>4.4.2 Adjacent landowners and local resource users that may be directly affected by forest operations are provided with notice prior to commencement of harvesting and operations.</p>	<p>Numerous letters to adjacent landowners and other Stakeholders were sent by VFM. All adjacent land owners to proposed operations were sent letters inviting them to attend the Information Centres for the 2010 FMP.</p> <p>Confirmed letters were sent for 2012 operations.</p>	C
<p>4.4.3 Concerns or issues raised by adjacent landowners and local resource users after notice of harvest and operations</p>	<p>VFM has a history of working with adjacent landowners to give them meaningful notification and try to find solutions to</p>	C

<p>are duly considered prior to commencement of activity.</p>	<p>conflicts.</p>	
<p>4.4.4 On public lands, a public participation process is used to supplement the requirements of 4.4.1. The manager openly seeks representation from a broad and balanced range of interested parties and invites them to participate.</p>	<p>The planning process in Ontario requires that a Local Citizens' Committee participate in plan development and implementation through regular meetings. Members represent a range of interests local to the area and are able to comment and provide input on forest management. VFM and MNR attend the meetings and use the forum as another means of providing information to the public. The LCC was heavily involved in the development of the 2010 FMP. As documented through consultations and review of minutes, the LCC has remained active in 2012.</p>	<p>C</p>
<p>4.4.5 The public participation process on public lands uses clearly defined ground rules that contain provisions on:</p> <ul style="list-style-type: none"> a. Goals; b. Timelines; c. Internal and external communications; d. Resources (human, physical, financial, informational or technological) according to needs; e. Roles, responsibilities and obligations of participants, including their organizations; f. Decision-making methods; g. Authority for decisions; h. Mechanism to adjust the process as needed; i. Access to information; j. Participation of experts, other interests and government; and k. A dispute resolution mechanism. <p>The participants have been involved in the development of, and agreed to, the ground rules.</p>	<p>The public consultation process required by the Forest Management Planning Manual for Ontario addresses all of the bullet points within this criterion. Specifically, it sets goals and timelines for the plan development; it outlines a public communication process; it describes the human resources required to develop a sound plan; it requires that a planning team be struck and develop a terms of reference to guide it which must address many of the items listed in this criterion. The Manual also describes a dispute resolution process. The planning team develops and agrees to the terms of reference. The current Manual underwent a public review as required for its development and release in 2010.</p>	<p>C</p>

PRINCIPLE N°5 - BENEFITS FROM THE FOREST Forest management operations shall encourage the efficient use of the forest’s multiple products and services to ensure economic viability and a wide range of environmental and social benefits.		
Criterion/ indicator	Evaluation Team Findings	C/NC
5.1 Forest management should strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest.		C
<p>5.1.1 Resources are in place to implement the management plan(s), and all associated forest management activities (including road building, harvesting, renewal and tending, restoration, monitoring and mitigation of negative impacts, habitat management, etc.).</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Comparison of planned versus actual activities in past years. 	<p>VFM was able to fill a staffing vacancy that occurred in late 2011.</p> <p>The comparison of planned versus actual activities show targets were not met in most categories. However, this is primarily due to harvest levels being significantly reduced because of poor markets. As such, the audit team has found conformance with Indicator 5.1.1.</p> <p>There is a backlog in completing free-to-grow surveys. However, a revised and enhanced methodology was introduced in 2011 through new silvicultural effectiveness monitoring.</p> <p>Road building is sufficient given existing harvest levels.</p> <p>Tending levels are below targets but commensurate with the reduced harvest level. Observed generally effective tending treatments during 2012 audit.</p> <p>Timber stand improvement is not occurring at levels prescribed in the FMP, and will be more</p>	C

	<p>closely assessed in future audits.</p> <p>Monitoring of water crossings is not occurring at the planned levels (note this has been issued as a non-conformance against Criterion 8.1.1).</p>	
5.2 Forest management and marketing operations should encourage the optimal use and local processing of the forest’s diversity of products.		C
<p>5.2.1 The manager seeks the optimal or “highest and best” value for forest products.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Product sorting at harvest operations or wood yards. • Documentation of efforts made to determine quality and value of products prior to harvest (e.g. Operational cruising). • Forest manager demonstrates working knowledge of forest product markets. • Trend over time in value obtained per unit of product. 	<p>During the field audit portion of the 2012 recertification audit, several landings were visited where product sorting was occurring to maximize the value and utilization of logs from harvest operations.</p> <p>There are some preliminary discussions underway about a pellet plant moving into the general area to provide an outlet for otherwise non-merchantable wood. A market for logs and debris that have typically been non-merchantable would make a significant difference in performance. SCS auditors observed numerous landings and roadsides with considerable slash and debris due to inadequate markets.</p>	C
<p>5.2.2 Preference is given to local processing and value-added facilities if financially competitive.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Records of timber sales and/or deliveries to determine the percent of volume harvested which is processed locally. • Interviews with local wood processors. • Efforts made to provide local value added industry with access to wood supply 	<p>Wood fibre is processed locally to the maximum extent possible given market constraints. The Lahaie and Chartrand sawmills are good examples where local wood fibre is processed in local facilities for the best end value.</p> <p>The Wood Utilization Table in the VFM annual report shows the utilization of wood from the Sudbury forest by mill. This report demonstrates clearly that local processing plants and value added processors are given priority in the delivery of logs from the forest.</p>	C

<p>5.3 Forest management should minimize waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.</p>		C
<p>5.3.1 Within the framework of the silvicultural system used, all harvested merchantable and marketable timber is utilized unless left on-site to provide structural diversity and wildlife habitat or for cultural reasons.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Forest manager has developed and implemented a wood utilization standard • Forest manager can demonstrate efforts to improve the utilization of lower diameter and quality wood. • There is evidence that log specifications and harvest procedures are designed to optimize value and avoid waste. • Active measures are taken to prevent loss in value after harvest. 	<p>The Ontario Crown Forest Sustainability Act requires adherence to the Scaling Manual that provides minimum utilization standards and defines the “Failure to comply with minimum utilization standards unless otherwise described in the Forest Management Plan to be a wasteful practice. No person shall commit wasteful practices in forest operations.”</p> <p>Auditors observed acceptable level of utilization given current market conditions.</p>	C
<p>5.3.2 The manager avoids and minimize the removal of valuable but non-marketable trees without sound silvicultural justification.</p>	<p>Hemlock and cedar tend to be non-marketable species which are afforded protection during harvesting operations. Observed good protection of both of these species.</p> <p>Valuable but non-marketable trees are left as part of the required residual stem requirements of NDPEG (25 trees per ha including six wildlife trees). FMP direction for retention is provided in Supp Doc 6.1.28 - IMPLEMENTING HARVEST OPERATIONS in the 2010 – 2020 SUDBURY FOREST FMP.</p>	C
<p>5.3.3 On-site processing sites are limited in size and number and all by-products are properly disposed of.</p>	<p>Examination of on-site processing sites during the field portion of the audit demonstrated a marginal conformance. Large slash piles are very common across the forest. Although</p>	C

<p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Use of forest by-products for bioenergy, co-generation firewood, etc.. • Slashing and chipping residue is properly disposed of and not left piled on-site • Proportion of waste recycled from milling operations • Number and surface area of on-site processing sites 	<p>most piles are eventually burned, there are opportunities to distribute slash back in the forest rather than pile on the landing. Pile and burned sites are renewed.</p>	
<p>5.4 Forest management should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.</p>		C
<p>5.4.1 Forest management diversifies forest use and products while maintaining composition, structure and functions.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Record of forest products derived from the forest. • Provisions for NTFP's (e.g. maple syrup, mushrooms, nuts, etc) in the management plan. 	<p>The Sudbury Forest is diverse in species composition. This is characteristic of the transitional forest included in the GLSL region. As such there is a great potential for diverse products. Crown lands are available to the residents of Ontario for collection of a number of products, such as mushrooms, berries, firewood (with a permit), hunting, trapping, maple syrup, and recreational use. Firewood cutting occurs extensively across the Sudbury Forest and is regulated through permits from the MNR.</p> <p>Some other products, such as ground hemlock shoots and foliage are used in the pharmaceutical industry as a source of paclitaxel and other taxanes. VFM has entered into more RSA agreements with local outfitters and lodge owners to protect the resources they derive their living from on the forest. These uses and other products are recognized and provided for in the FMP.</p>	C

<p>5.5 Forest management operations shall recognize, maintain, and where appropriate, enhance the value of forest services and resources, such as watersheds and fisheries.</p>		
<p>5.5.1 The manager identifies forest services and resources provided by the management unit including, but not necessarily limited to, watersheds, fisheries and recreation, drawing on existing information (e.g., relevant assessments, inventories, studies) and public consultation as applicable.</p>	<p>The FMP identifies numerous forest services and resources including fisheries, watersheds, recreation, and others. The areas of the forest that are generating these services or values are protected through harvest prescriptions that safeguard the Area of Concern (AOC).</p>	<p>C</p>
<p>5.5.2 The effectiveness of practices to protect forest services and resources is assessed on an on-going basis by the appropriate knowledgeable parties, such as; specialists, local community members, stakeholders, or other interested parties. Not applicable to SLIMF.</p>	<p>VFM is working to protect and enhance of the value of forest services and resources.</p> <p>Assessments of VFM’s protection efforts occurs through VFM Foresters ensuring AOCs are protected, MNR assessments of AOCs and management plan adherence, LCC member involvement in the forest , and Independent Forest Audit (IFA).</p>	<p>C</p>
<p>5.6 The rate of harvest of forest products shall not exceed levels which can be permanently sustained.</p>		<p>C</p>
<p>5.6.1 The manager demonstrates that the average of the present and projected annual timber harvests over the next decade, and averages of projected timber harvests over all subsequent decades, do not exceed the projected long term harvest rate, while meeting the GLSL Standards over the long term.</p>	<p>Sustainable harvest levels are determined during each 10 year forest management planning process. Harvest level projections for the Forest were determined for a period of 150 years, and levels do not exceed the amount that can be sustained over the long run.</p> <p>Evidence: Long Term Management Direction in Sections 3.1 through to 3.6 in the text of the 2010 FMP</p>	<p>C</p>

PRINCIPLE N°6 - ENVIRONMENTAL IMPACT		
Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and by so doing, maintain the ecological functions and integrity of the forest.		
Criterion/ indicator	Evaluation Team Findings	C/ NC
<p>6.2 Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g., nesting and feeding areas). Conservation zones and protection areas shall be established, appropriate to the scale and intensity of forest management and the uniqueness of the affected resources. Inappropriate hunting, fishing, trapping and collecting shall be controlled.</p>		C
<p>6.2.1 The management plan – or related documents – has an updated list of species at risk (i.e. flora and fauna) that are presently or potentially found in the forest (i.e. the forest is located in their distribution area), as indicated in federal, provincial or regional government listings, as well as other species that have been identified as needing special protection.</p>	<p>Per MNR requirements, species currently listed at risk in Ontario are included in the forest management planning process. The species modeled are specific to the Great Lakes-St. Lawrence Forest and Boreal Regions and more specifically, the Sudbury Forest. Additionally, they must have documented occurrences on the Forest.</p>	C
<p>6.2.2 Where plans exist, or are under development by government to protect the habitat and populations of species at risk in the forest, the manager implements all measures relevant to their activities.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Protection plans for species and habitat or a development schedule for plans. • Records of activities undertaken under the plans. 	<p>The Endangered Species Act influences activities specifically related to species of flora or fauna that are designated as “at risk”. Existing direction for species at risk are included in the FMP.</p> <p>New direction for species at risk is developed by the MNR and is added to existing requirements for forest managers, if deemed appropriate by MNR.</p> <p>The MNR is working on recovery plans for all species at risk. In 2011 and 2012 a considerable amount of work has been done</p>	C

	identifying habitat and locations of Blandings turtles.	
<p>6.2.3 Where plans identified through Indicator 6.2.2 do not exist or are incomplete or inadequate, a precautionary approach is used in management of the habitats of the relevant species at risk.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Review of precautionary measures. • Comparison of approaches and levels of activity in neighbouring, similar forests. • Results of habitat modelling for relevant species, where it has been undertaken. 	<p>In the FMP, all identified species at risk are afforded protection, some as mandated by Provincial direction, others as developed with the forest management planning process.</p> <p>Evidence:</p> <ul style="list-style-type: none"> - numerous value updates are on file at the VFM office - The AOC prescriptions in FMP Table 14 - for species at risk were taken from the draft Stand & Site Guide which is based upon the latest scientific knowledge - VFM has a procedure for reporting new values to the MNR 	C
<p>6.2.4 Special prescriptions are applied to protect rare and uncommon species:</p> <p>For rare and uncommon plant and wildlife species, appropriate buffer zones or harvest modifications are applied in order to ensure their protection.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Species and habitat protection plans, or timetable for preparing such plans. • Records of activities undertaken in accordance with these plans 	<p>Protection of rare and uncommon species occurs primarily through area of concern (AOC) planning. Examples of 2012 protections:</p> <p>For Block 2010-064 and 2010-066 there applies an AOC to protect Blanding's turtles</p> <p>For Block 2010-028 there is potential for encounters with whip-poor-will and bobolink birds. There is no specific AOC, however, the Licensee has been made aware of the potential; has been asked to look out for flushed birds or ground nests. If they are encountered, they are to contact the District Species at Risk biologist.</p> <p>For Block 2010-030 an AOC applies to protect Wood turtle. Operations have yet to start in this block, but VFM has already made the Licensee aware of this AOC and we will work with the District SAR biologist to develop a harvest/access plan that is acceptable.</p>	C
6.2.5 The manager has established a desired	Summary of Management Objectives (FMP-	C

<p>target for the future distribution and abundance of rare tree species listed in 6.2.1 consistent with site conditions, historical abundance and the scale of the forest being managed. The target, management plan and operational plans are designed to:</p> <ul style="list-style-type: none"> • Increase its relative abundance; • Conserve genetic diversity; • Ensure successful regeneration ; • Maintain a balance of age classes in the management unit; • Harvest isolated stands only if adequate natural regeneration is present within the stand or if seed from the appropriate seed zone is used to successfully regenerate (free to grow) an equivalent site within the seed zone; • Harvest isolated individuals that have seed bearing potential only where they are showing signs of severe decline and are hazardous 	<p>Table 6) contains numerous targets for distribution and abundance of under-represented tree species- such as white pine. The Tolerant Hardwood Guide and the Tree Marking Guide call for the retention or rare tree species in different stands. Furthermore, seed zones are used to track cones collected and stock planted to maintain genetic diversity. During the audit SCS observed care being taken to protect red oak seedlings in herbicide treatments.</p>	
<p>6.3. Ecological functions and values shall be maintained intact, enhanced or restored, including: a)Forest regeneration and succession; b)Genetic, species and ecosystem diversity; and, c)Natural cycles that affect the productivity of the forest ecosystem.</p>		C
<p>6.3.1 In consideration of the assessment results in 6.1, the manager has determined a long-term desired future forest condition that maintains, enhances or restores natural conditions in natural forests relating to:</p> <ul style="list-style-type: none"> • diversity of forest types • diversity of successional stages • distribution of age classes, including old growth 	<p>Covered in the Long Term Management Direction in Sections 3.1 through to 3.6 in the text of the 2010 FMP. The long term direction is premised on emulating natural disturbances and the forest community types that such disturbances create.</p> <p>Although there is a high level of success in regeneration, approximately 45% of regenerated stands are renewed to another forest type, e.g., losing pine acres to poplar. Thus, maintaining diversity of forest types and successional stages are the more</p>	C

<ul style="list-style-type: none"> • diversity of forest structures (e.g. horizontal, vertical and pattern) • connectivity • levels of disturbances at the landscape level (e.g. watershed) 	<p>challenging long-term requirements of this indicator. VFM is not achieving target levels for pine restoration and maintaining mixed wood, white birch, and spruce/fir types.</p> <p>However, VFM is investing considerable effort to regenerate pine (Pr, Pw, Pj). VFM also recently introduced a new approach to regeneration monitoring that will provide better information about species abundance in regeneration, and allow for necessary adjustments to targets.</p>	
<p>6.3.2 Quantitative short to mid-term (e.g. 2-5 years) objectives have been set, using expert input, to maintain, enhance or restore natural conditions in natural forests.</p>	<p>#1: Move toward a distribution of disturbances that more closely resembles the expected natural disturbance landscape pattern.</p> <p>The <i>Forest Management Guide for Natural Disturbance Pattern Emulation</i> (NDPEG) provides direction for developing a natural disturbance template. There were two major considerations associated with the implementation of the NDPEG:</p> <ol style="list-style-type: none"> a. 90% of planned clear-cuts in preferred harvest areas must be less than 260 hectares in size (this is described in detail in section 4.3.4): and, b. Meeting or moving toward the disturbance size template (i.e. assesses the amount of each size class of disturbance, and the area contained in each). <p>#4: To maintain the area of forest cover types that would occur naturally on the Sudbury Forest, similar to the expected natural landscape dynamics, with consideration of the pre-settlement forest condition.</p> <p><i>Desired Level(s):</i> 100 year projections will show that no forest cover type declines below 82% of natural condition (maximum ecological level), and where possible,</p>	<p>C</p>

	<p>movement towards the pre-settlement forest condition should be achieved. This desired level has been selected by the planning team in consideration of two sources of input. The first desire has been set with the natural benchmark in mind. The second is science based, and considers the influence that the current forest condition might be having on the ability of the forest to move in a certain direction. The target also considers the industrial/habitat value in the current forest structure to the mills, communities and wildlife associated with each condition. The second, pre-settlement condition was collected as a desire of the public at the DFBW, which also specifically sought an increase in yellow birch, hemlock and pine with a decrease in maple.</p>	
<p>6.3.3 Plans have been developed and are being implemented to achieve the objectives established in 6.3.2.</p>	<p>Enhancing and restoring natural forest conditions is a long-term process that is accomplished over multiple plans. During the 2011 and 2012 audits we observed extensive efforts to regenerate and maintain the pine (a critical component of restoration) component of the forest.</p> <p>However, given the high rate (45%) of stands being renewed to another type, some shifts in goals and/or approaches are needed to align planned versus achieved targets. VFM is aware of this and working on solutions including better post-harvest regeneration information.</p>	<p>C</p>
<p>6.3.4 Quantitative habitat objectives are set, using expert input, for species whose habitat requirements have not been addressed in 6.3.1. Plans have been developed and are being implemented in natural forests to achieve the objectives.</p>	<p>A variety of modeling tools and software packages were utilized to model wildlife in the FMP. One example is Objective #10:</p> <p>Create and maintain a landscape that ensures the long term sustainability of preferred red-shouldered hawk, pileated</p>	<p>C</p>

	<p>woodpecker, moose, deer, and marten habitat on the Sudbury Forest.</p> <p>Indicator(s):13. Area of preferred habitat as indicated in the Spatial (OWHAM) assessment of red-shouldered hawk habitat on Crown land over the next 10 years.</p> <p>Desired Level(s): Spatial (OWHAM) assessment of red-shouldered hawk habitat will indicate no net loss of preferred habitat from 2010 Plan Start levels ($\geq 14,403$ ha). This desired level is designed to illustrate the team’s desire to see the entire current habitat on the forest maintained and where possible, increased. It does not however, take into consideration that the species is relatively rare on the Forest, and that all of this habitat may not necessarily be used. The target for the planning team is to maintain the amount of preferred habitat within 5% ($\geq 13,653$ ha) of plan start levels by plan end (T2).</p> <p>Evidence:</p> <ul style="list-style-type: none"> -Long Term Management Direction in Sections 3.1 through to 3.6 in the text of the 2010 FMP - An MNR Biologist participated on the Planning Team and was involved in the balancing of objectives. 	
<p>6.3.5 Plans have been developed and are being implemented in natural forests to achieve the objectives established in 6.3.4.</p> <p>Note: This indicator is intended to supplement the “coarse filter” approach outlined in 6.3.1, by encouraging managers to implement measures aimed at improving habitat for significant species with specific habitat needs.</p>	<p>Interviews with an MNR wildlife biologist indicated that VFM is taking appropriate actions for wildlife habitat.</p>	<p>C</p>

<p>6.3.6 The manager has a strategic access management plan to minimize and mitigate the negative impacts of roads. This may include but is not necessarily limited to:</p> <ul style="list-style-type: none"> • reducing road density; • reducing and/or limiting access to High Conservation Value Forest areas; • decommissioning roads; • avoiding road building in or around protected areas; and-or • maintaining remoteness of areas with sensitive cultural or ecological values or where required for tourism • Maintain or restore connectivity <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • The manager collaborates with the government or other relevant authorities in implementing the strategic access management plan. 	<p>ECOM 33; bulldozed part of hillside to search for gravel did not represent best management for protection of soils. Operation had finished there and operator had yet to repair the site. CAR 2012.5.</p> <p>Section 4.5 of the 2010-2020 FMP provides the road strategy for the 10-year term of this Plan; as well Supplementary Documentation 6.1.12 provides roads documentation. The documentation provided in the roads Supp Docs provides detailed descriptions for each road including maintenance, monitoring, access control and future use management. Considerations included the points described in this indicator.</p> <p>The planning process ensured involvement of government and relevant authorities as well other planning team members and the LCC.</p> <p>See Observation related to enforcing access control. Obs 2012.1</p>	<p>NC</p>
<p>6.3.7 The manager complies at a minimum with all provincial regulations, policies and licence conditions pertaining to riparian and wetland protection during harvesting and road construction.</p>	<p>Riparian and wetlands are protected through AOC's.</p> <p>Numerous examples of conformance- see field notes in section 2.1 of this report.</p> <p>Evidence: FMP Table 14 for AOC prescriptions that place conditions on harvesting and road construction.</p>	<p>C</p>
<p>6.3.8 Disturbance to seasonal watercourses (including intermittent and ephemeral streams, seeps, ponds, vernal pools) is avoided wherever possible.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Temporary crossings are restored so as to 	<p>Riparian and wetlands are protected through AOC's. Observed acceptable conformance at water crossings. See field notes in section 2.1 for evidence of conformance.</p>	<p>C</p>

<p>avoid damage to seasonal watercourses.</p>		
<p>6.3.9 The manager is implementing relevant “best management practices” pertaining to the protection of soils, water quality and sensitive sites.</p> <p>(Examples of relevant “best management practices” include but are not limited to: Silvicultural Guide to Managing Southern Ontario Forests Ontario Ministry of Natural Resources, Forest Management Guide for Conserving Biodiversity at the Stand and Site Scales Ontario Ministry of Natural Resources, and in Quebec ‘Saines pratiques : voirie forestière et installation de ponceaux, MRNQ – Direction régionale de la Gaspésie– Iles-de-la-Madeleine’)</p>	<p>FMP describes a number of best practices and measures to protect soils, water quality and sensitive sites. Examples are provided below:</p> <ul style="list-style-type: none"> • AOC prescription for wetlands leaves 120 m buffer around the target sites • Small brook trout streams are sensitive values and the protection of these values has been afforded by the CWF and CFH prescription (cold-water fisheries and critical fish habitat prescription). <p>In 2012 VFM undertook additional steps to improve compliance with BMPs including discussions at the Spring Compliance Training and harvest Start-up check lists where BMPs are discussed.</p> <p>Despite additional efforts, rutting from wet season operations on susceptible soils is still occurring- however, the level does not exceed MNR standard. See CAR 2012.4 for new monitoring requirement from NC with Indicator 8.2.5.</p>	<p>C</p>
<p>6.3.10 In partial cuts in natural forests, harvesting (whether during normal operations or salvage following a natural disturbance) and other stand management activities leave residual structures in sufficient quantity and distribution for them to serve their ecological functions. Precise objectives for different structural components are determined and documented, and include the following considerations:</p> <ul style="list-style-type: none"> • diversity of vertical and horizontal structure and tree pattern relevant to the site; • wildlife habitat; and • woody debris 	<p>Observed sufficient quality and quantity of residual trees on sites inspected during audit. See Table 4.2 on page 123 of the Tree Marking Guide for a summary of requirements.</p>	<p>C</p>

<p>6.3.11 In clear-cuts and other final removal cuts in natural forests, harvesting maintains residual structures in sufficient quantities and distribution so as to fulfill their ecological functions. Specific ranges for the various structural components are described in the forest management plan, consistent with the requirements below, and are implemented.</p> <p>a. Post harvest residual includes patches or clumps of trees and individual trees and/or patches.</p> <p>b. Residual retention includes all standing residual structure in a defined and mapped harvest area, including insular patches, peninsular patches, partial harvest areas and reserves established for other purposes.</p> <p>c. Residual structure consists of a mix of dispersed trees and/or a range of patch sizes adapted to the size of the cutblock. Residuals are well distributed at all scales throughout the harvest area. Where the harvest area is an aggregation of smaller cutblocks, residual trees and patches shall be well distributed within the small cutblocks as well as between or among them.</p> <p>d. All residual retention is long term, meaning it will not be harvested until at least the subsequent rotation.</p> <p>e. The amount of residual structure retained in harvest operations will approximate levels of expected natural post-disturbance residual identified in 6.1.3.</p> <p>f. In small harvest blocks (i.e. 5-20ha) where there is abundant residual forest in the form of harvest block separators, peninsulas, riparian or other types of reserves, or stands harvested under one of the partial cut</p>	<p>CAR 2012.2</p>	<p>NC</p>
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<p>systems in the surrounding area, residual structure of 25 to 30 individual trees per hectare on average shall be retained within the clearcut harvest area, based on the managers' goals related to wildlife habitat and ecological characteristics.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Maps and aerial photographs of harvested areas. • Relevant training material used in courses or by harvest and site preparation • Field reconnaissance. 		
<p>6.3.12 Forest roads, skid trails and landings are well planned and designed to minimise soil erosion and loss of productive area. Forest roads, landings and skid trails are designed to:</p> <ol style="list-style-type: none"> a. reduce soil and road embankment erosion, soil compaction and rutting, b. minimise water crossings and loss of productive area; c. minimize loss of site productivity; and d. ensure the protection of aquatic habitat quality during construction and use. <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Proof of implementation of standards/practices, assessed in the field • Use of waterbars on steep slopes and/or switchbacks • Knowledge by the field workers of the standards/practices, assessed through interviews 	<p>Two harvest sites visited during this audit had poor planning (i.e., allowing operations during wet soil conditions) that resulted in soil compaction, rutting, and unnecessary loss of site productivity. However, due to the level of "acceptable" rutting being defined as the MNR standard (Indicator 6.13), which was not exceeded by VFM, the audit team finds conformance with this indicator.</p> <p>Because the MNR standard for rutting does not appear to protect harvest sites from long-term productivity impacts., CAR 2012.4 is issued against Indicator 8.2.5 requiring VFM to monitor and determine how significant the loss of site productivity is from wet season logging on susceptible sites.</p> <p>See field notes in Section 2.1.</p>	<p>C</p>

<ul style="list-style-type: none"> Rate and severity of non-compliances 		
<p>6.3.13 Rutting related site damage and damage to residual trees (crown, trunks and roots) does not exceed provincial acceptable levels.</p>	<p>Observed some rutting during the 2012 audit, however, the rutting did not exceed the MNR standard.</p>	C
<p>6.3.14 Harvest plans schedule operations on damage prone sites to periods of the year when risks are minimized.</p>	<p>Harvest scheduling on particularly damage prone areas is generally done during dry periods or planned winter operations. However, VFM has no authority to require operators to cease logging during wet periods. See field notes in section 2.1 .</p> <p>Winter operations are planned on sites where access is difficult due to high water tables or wet areas that must be crossed. These operations are limited to periods when the ground is frozen to limit potential damage.</p>	C
<p>6.3.15 Where mechanical site preparation is adopted it keeps to a minimum soil compaction, erosion and organic nutrient displacement. The top organic layer and the underlying mineral soil are mixed rather than the organic layer removed (may vary depending on the targeted regeneration, expected competition and availability of herbicides as a treatment option).</p>	<p>Mechanical site preparation observed during 2012 audit was in conformance with these requirements. Standard practice for mechanical site preparation involved the dragging off small anchor chains with a small skidder. Desired levels of mineral soils exposure was achieved without adverse impacts to the site.</p>	C
<p>6.3.16 In natural forests regeneration efforts emulate natural processes such as natural regeneration, direct seeding, and use local seed sources.</p>	<p>See field note in Section 2.1.</p>	C
<p>6.3.17 Regeneration occurs in a timely fashion, and consistent with successional objectives as outlined in 6.3.1.</p>	<p>See field notes in Section 2.1 .</p>	C

PRINCIPLE N°8 – MONITORING AND ASSESSMENT		
Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.		
Criterion/ indicator	Evaluation Team Findings	C/NC
<p>8.2 Forest management should include the research and data collection needed to monitor, at a minimum, the following indicators:</p> <p>a) Yield of all forest products harvested</p> <p>b) Growth rates, regeneration and condition of the forest</p> <p>c) Composition and observed changes in the flora and fauna</p> <p>d) Environmental and social impacts of harvesting and other operations</p> <p>e) Costs, productivity, and efficiency of forest management.</p>		C
<p><u>Yield of all forest products harvested</u></p> <p>8.2.1 The manager monitors timber harvest volumes by species and product.</p>	<p>VFM prepares Annual Reports which include reporting of timber harvest volumes by species by all parties on the Sudbury Forest for the period April 01 to March 31.</p> <p>Evidence: Annual Report</p>	C
<p>8.2.2 The manager has assembled readily available information about the harvest of timber by parties other than themselves on the managed forest unit.</p> <p><i>Means of verification:</i></p>	<p>This is covered in the Annual Report.</p>	C

<ul style="list-style-type: none">Information (i.e. volume harvested by species, location of harvest) related to the timber harvests of overlapping licensees, third parties, independent operators, and any others who conduct harvest operations in the forest.		
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<p><u>Growth rates, regeneration and condition of the forest</u></p> <p>8.2.3 The manager monitors growth rates, regeneration and condition of the forest, including but not necessarily limited to forest health, disturbance, and age class structure.</p>	<p>Regular monitoring occurs in multiple forms. First, site specific monitoring is accomplished through compliance monitoring. Annually the SFL submits Annual Reports to the MNR which include reports of activities during the year. These Annual Reports formulate the basis for the development of trends reporting every five years, also by the SFL holder. This reporting includes discussions of these points.</p>	<p>C</p>
<p><u>Composition and observed changes in the flora and fauna</u></p> <p>8.2.4 The manager conducts regular monitoring of the forest in order to highlight changes to important habitat characteristics.</p>	<p>RPFOs and IFA reports include monitoring of habitat characteristics.</p> <p>There are numerous value updates on file at the VFM office.</p> <p>MNR also conducts wildlife surveys and updates the information in NRVIS on a regular basis.</p>	<p>C</p>
<p><u>Environmental impact</u></p> <p>8.2.5 The manager monitors environmental impacts of forest management activities assessed in accordance with Criterion 6.1.</p>	<p>Covered through compliance monitoring. Viewed numerous FOIP reports from 2012.</p> <p>VFM is not sufficiently monitoring the environmental impacts of forest management activities assessed in accordance with Criterion 6.1. Impact assessments in 6.1 shall consider impacts including site specific impacts. Furthermore, 6.1 specifically requires assessment of potential impacts to moist soils and soils subject to compaction (e.g., structured clay).</p> <p>During the 2012 audit, block 46 Piquette was heavily rutted and early results showed poor poplar regeneration due to compaction/root damage and possible reduced growth of next rotation. Although this site did not exceed MNR's standard for excessive rutting, there were signs that logging was causing productivity impacts to the site. CAR 2012.5</p>	<p>NC</p>
<p>8.2.6 The manager sets up and implements, or participates in, a program to monitor the status of the applicable High Conservation Values as identified in 9.1</p>	<p>HCV protection measures are implemented through AOC prescriptions in the forest management planning process and performance of harvesting operations</p>	<p>C</p>

<p>following the manager’s activities in or adjacent to those High Conservation Value Forests, including the effectiveness of the measures employed for their maintenance or restoration.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Documented HCV monitoring program. 	<p>are required to be in accordance with the FMP. Monitoring of AOCs is done through compliance monitoring and depletions mapping to ensure that harvesting activities are implemented only within areas so designated.</p>	
<p>8.2.7 When monitoring results indicate increasing risk to a specific conservation attribute, the manager re-evaluates the measures taken to maintain or enhance that attribute, and adjusts the management measures to reverse the trend.</p> <p><i>Means of verification:</i></p> <ul style="list-style-type: none"> • Results of monitoring program. 	<p>All AOC prescriptions are re-evaluated in the development of each new forest management plan. For example, AOCs for the 2010 FMP include critical thermal cover for moose which cover both winter and summer concerns. The AOC Task Team reviewed all AOC prescriptions and increase/modified protection where required - example self-sustaining lake trout (SSLT) AOC.</p>	C
<p><u>Impacts on cultural values and resources</u></p> <p>8.2.8 The manager monitors the impacts of forest management activities on cultural values, resources and uses.</p>	<p>Trends Reporting prepared every five years and IFA reports include discussions of meeting FMP objectives related to this indicator.</p> <p>Also each year numerous FOIP reports are filed for operations where cultural values are protected.</p>	C
<p><u>Economics</u></p> <p>8.2.9 The manager monitors the costs, productivity and efficiency of forest management activities, consistent with Criterion 5.1.</p>	<p>Stumpage revenues and silvicultural expenditures are reported annually. Annual reports include reporting of revenues and silviculture expenditures.</p>	C

PRINCIPLE N°9 - HIGH CONSERVATION VALUE FORESTS Management activities in High Conservation Value Forests shall maintain or enhance the attributes which define such forests. Decisions regarding High Conservation Value Forests shall always be considered in the context of a precautionary approach.		
Criterion/ indicator	Evaluation Team Findings	C/NC
9.4 Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.		C
See 8.2.6 and 8.2.7.	<p>Compliance monitoring during operations has been utilized to assure that the protective measures are applied on the ground and the effectiveness of protection measures. The field operations are also constantly providing new information on HCV values that have not been previously identified in the forest.</p> <p>Regular updates of endangered species with high probability of occurrence on or adjacent to lands managed as part of Sudbury Forest are received and reviewed. New species that must be monitored are then included in training for tree markers and other forest workers who may have an opportunity to observe and identify the species as part of forest operations. This helps to assure that such species are found and protected during operations.</p>	C

Appendix 7 – Chain of Custody Indicators for FMEs

Chain of Custody indicators were not evaluated during this annual audit.