

Lac Seul Forest

Independent Forest Audit

April 1, 2011 – March 31, 2017

FINAL REPORT

Merin Forest Management



December 22, 2017

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1.0 EXECUTIVE SUMMARY

This report summarizes the results of the Lac Seul Forest Independent Forest Audit carried out by Merin Forest Management in the fall of 2017. The audit covered planning and implementation activities conducted over the six-year period April 1, 2011 through March 31, 2017. Included in the audit scope is the implementation of Phase I (2011-2016) of the 2011-2021 Forest Management Plan, the development and one-year implementation of Phase II (2016-2021) Planned Operations for the Lac Seul Forest. The Lac Seul Forest is a Crown Management Unit managed through an Enhanced Forest Resource License issued to Obishikokaang Resources Corporation with administrative oversight from the Sioux Lookout District Ministry of Natural Resources and Forestry. Both Obishikokaang Resources Corporation and the Ministry of Natural Resources and Forestry are auditees.

The Lac Seul Forest is located approximately 300 km northwest of Thunder Bay in the ministerial district of Sioux Lookout. The Forest encompasses 1,070,567 hectares including 24% classified as water. Approximately 90% of the Lac Seul Forest falls within the caribou recovery zone. The 2011 IFA issued 1 best practice and 10 recommendations including the final recommendation that management of the Lac Seul Forest was in compliance with the legislation, regulations and policies that were in effect during the audit term. The audit recommended license extension.

Issues identified early in the audit process guided auditors in their assessment of forest management on the Lac Seul Forest. However, the audit found many good aspects of forest management as implemented by Obishikokaang Resources Corporation and the Sioux Lookout District Ministry of Natural Resources and Forestry over the audit period, including slash management, road decommissioning, silviculture, silviculture record keeping, monitoring and compliance. Based on the activities over the 6 year period, the audit identified 12 findings related to:

- Ineffective signage on decommissioned or restricted access roads;
- Overuse of acronyms in public presentations and documents;
- A need for better communication tools used to convey the forest management planning process to the public;
- Forest Operations Prescriptions that do not meet the Forest Management Planning Manual requirement;
- Completion of a review of land use guidelines south of the caribou zone;
- Errors in Area of Concern prescriptions in the Phase II Plan for several wildlife species;
- Inconsistent wildlife tree retention;
- Lack of consideration of natural Pine and Spruce ingress;
- Poor grading practices on access roads;
- Aggregate safety and compliance, and;
- Trends Analysis Report assessment of objectives.

This audit also found notable efforts being made by Obishikokaang and Sioux Lookout District to improve forest management on the Lac Seul Forest and to work together to achieve results and acknowledged those efforts with 2 best practices. Specifically, both Obishikokaang and the Sioux Lookout District were commended for their efforts to work

cooperatively to meet forest management objectives and forest sustainability. Obishikokaang was recognized for their innovative and continued efforts at debris management. Auditors viewed several successful debris management techniques and results during the conduct of the audit.

There were considerable challenges faced by both auditees during the audit period. The audit found Sioux Lookout District moved swiftly, after the Sustainable Forest License was surrendered in 2012, to facilitate the issuance of an enhanced Forest Resource License to Obishikokaang resulting in minimal interruption in forest management activities on the Forest during the audit period. The transfer of forest management responsibilities to a new entity such as Obishikokaang is tenuous and often results in numerous startup issues. It is the opinion of the audit team that Obishikokaang substantially fulfilled its responsibilities as per the terms and conditions of its enhanced Forest Resource License and is adhering to the direction in the Forest Management Planning Manual. Management of the Lac Seul Forest as implemented by Obishikokaang and Sioux Lookout District complies with the Crown Forest Sustainability Act and is being managed sustainably as defined by the 2017 Independent Forest Audit Process and Protocol.

The audit team concludes that management of the Lac Seul Forest was generally in compliance with the legislation, regulations and policies that were in effect during the term covered by the audit, and the Forest was managed in compliance with the terms and conditions of the enhanced Forest Renewal Licence held by Obishikokaang Forest Resources Corporation. The forest is being managed consistently with the principles of sustainable forest management, as assessed through the Independent Forest Audit Process and Protocol. The audit team recommends the Minister immediately issue a Sustainable Forest Licence for the full 20-year term.



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Lead Auditor



R.P.F. Seal

2.0 TABLE OF AUDIT FINDINGS

A description of the background information, related discussion and conclusions of Findings is found in Appendix 1.

Concluding Statement on Licence Extension	
The audit team concludes that management of the Lac Seul Forest was generally in compliance with the legislation, regulations and policies that were in effect during the term covered by the audit, and the Forest was managed in compliance with the terms and conditions of the enhanced Forest Renewal Licence held by Obishikokaang Forest Resources Corporation. The forest is being managed consistently with the principles of sustainable forest management, as assessed through the Independent Forest Audit Process and Protocol. The audit team recommends the Minister immediately issue a Sustainable Forest Licence for the full 20-year term.	
Findings	
1.	Access restriction signage on the Lac Seul Forest is ineffective and/or missing.
2.	The use of acronyms in public forest management presentations and documents, is a barrier to understanding and full participation by the public.
3.	Sioux Lookout District Ministry of Natural Resources and Forestry has not met a commitment to complete a review of the Crown Land Use Policy Atlas (CLUPA) policy report for the area south of the caribou line on the Lac Seul Forest.
4.	Forest management planning consultation and communication efforts are ineffective and too technical for the aboriginal communities and the public.
5.	Forest Operations Prescription (FOP) changes are not certified by an R.P.F. in a manner that is consistent with the Forest Management Planning Manual.
6.	There were errors and omissions in the Phase II Area of Concern prescriptions for some wildlife species.
7.	The wildlife tree retention requirements specified in CRO-10 in the Phase II plan for the Lac Seul Forest have not been met on all sites.
8.	Not enough consideration is given to natural ingress on some sites.
9.	Road grading practices on the Lac Seul Forest do not consistently meet the Environmental Guidelines for Access Roads and Water Crossings.
10.	Active gravel pits do not consistently meet the requirements for forestry aggregate pits as outlined in the Forest Management Planning Manual.
11.	The analysis of trends and achievements in the IFA-required Trends Analysis report was cursory, and some conclusions were not supported by data.
12.	The enhanced Sustainable Forest License has not been signed.
Best Practices	
1.	Sioux Lookout District Ministry of Natural Resources and Forestry and Obishikokaang Resources Corporation service provider staff are commended for their commitment and cooperation to work together to achieve forest management plan objectives and sustainability.
2.	Debris management on the Lac Seul Forest is “best in class” and notably better than in many areas of the Province.

3.0 INTRODUCTION

3.1 AUDIT PROCESS AND CONTEXT

A detailed description of the process used in carrying out the 2017 Independent Forest Audit (IFA) of the Lac Seul Forest is provided in Appendix 4.

New to the 2017 audit process was the inclusion of a risk assessment on optional procedures in the Independent Forest Audit Process and Protocol (IFAPP): the document that guides the audit. The risk assessment resulted in an additional 14 optional procedures being included in the audit. During the conduct of the 2017 audit, a team of 4 auditors spent 5 days on site and visited between 16 and 60% of the different types of activities carried out on the Forest during the audit period. In addition to evaluating forest operations on the ground, the scope of the audit included an assessment of the development of the Phase II Forest Management Plan, reporting and monitoring systems and reports, stakeholder engagement, indigenous involvement and compliance with the license.

During the last IFA in 2011, Mackenzie Forest Products Inc., a subsidiary of the Buchanan Group of companies, held the Sustainable Forest License (SFL) #542455 for the Lac Seul Forest. In April 2011 Buchanan filed for bankruptcy and BDO Canada Ltd. was appointed as bankruptcy trustee. In March 2012, the license was surrendered to Ministry of Natural Resources and Forestry by BDO Canada Ltd., the trustee. Sioux Lookout District Ministry of Natural Resources and Forestry took over management responsibilities for the Lac Seul Forest. On July 31st, 2012 Obishikokaang Resources Corporation ("Obish") was issued a 5-year enhanced Forest Resource License (eFRL) to manage the Lac Seul Forest in conjunction with the Crown. Currently Obish has a 1-year FRL Agreement that includes responsibility for all forest management on the Lac Seul Forest pending the issuance of an enhanced-SFL to a newly formed company. In summary, the audit of the Lac Seul Forest reviewed forest management responsibilities for 3 forest managers over the course of the audit period: BDO Canada Ltd. in 2011, Sioux Lookout District as the forest manager for 4 months in 2012 with oversight responsibilities for the balance of the audit period and, Obishikokaang as the forest manager from 2012 to the remainder of the audit period. Of note, although forest management responsibilities were assigned to Obish, through the eFRL, the Lac Seul Forest became a Crown Management Unit when the SFL was surrendered.

3.2 MANAGEMENT UNIT DESCRIPTION

The Lac Seul Forest is located approximately 300 km northwest of Thunder Bay in the ministerial district of Sioux Lookout (Figure 1). The Lac Seul Forest, established in 2001, is comprised of the former Lac Seul Forest plus the Sioux Lookout Management Unit and Parcel #1 of the former Abitibi Sioux Lookout Management Unit (Block 9). Table 1 presents the breakdown of land and ownership of the Lac Seul Forest.

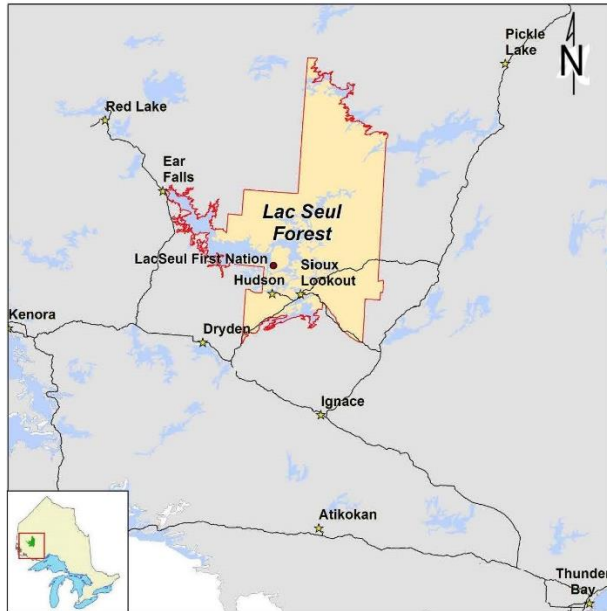
Table 1. Area description of the Lac Seul Forest (derived from FMP-1, Phase I 2011 FMP)

Land Class	All Land Ownership (ha)	Managed Crown Land (ha)
Water	257,116.4	0
Non-forested	4,239.6	4,233.7
Non-productive Forest ^b	42,988.2	41,951.9
Productive Forest ^c	762,798.2	745,238.4
Total	1,070,567.3	793,051.4

a – includes Crown managed forest, parks, private, and Federal land; b – areas incapable of growing commercial trees, such as muskeg, rock, etc.; c – forest areas capable of growing commercial trees

Water accounts for 24% (257,116 hectares) of the Forest and all water bodies are considered areas of concern. The large amount of water impacts road access and development. Hunting and fishing is an important economic driver to the region and tourists and residents of the region hunt moose and bear and fish for walleye, muskie, northern pike, bass and perch within the

Figure 1: Lac Seul Forest



boundaries of the Lac Seul Forest. There are 3 provincial parks (St. Raphael, Ojibway and Windigo Point) and 3 conservation reserves (Gull-Christina, Lac Seul Islands and Whitemud) that influence the roads and, to some degree, forest operations.

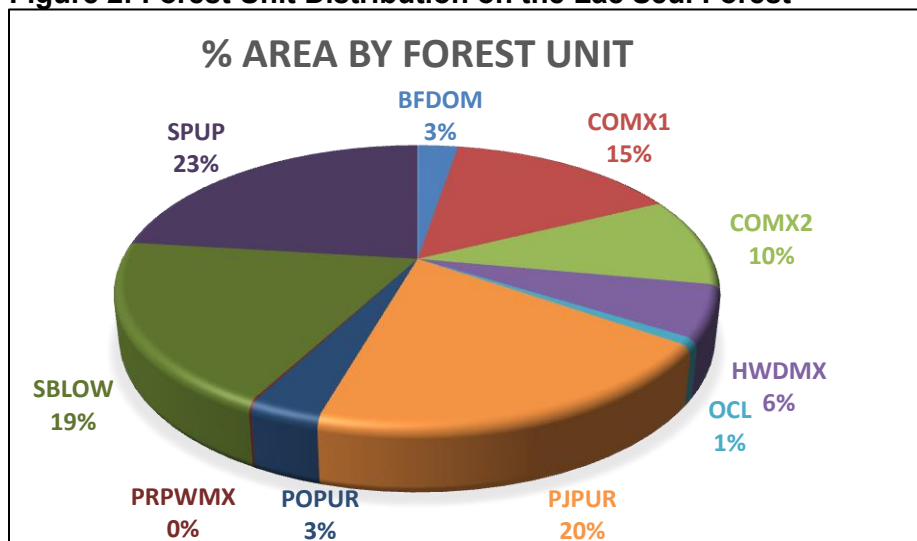
Approximately 90% of the Lac Seul Forest falls within the caribou recovery zone resulting in the long-term management direction being driven by the Caribou Conservation Plan.

There are 27 species on the Lac Seul Forest identified as species at risk (special concern, threatened or endangered) that must be considered and protected through forest management planning.

Figure 2 illustrates the forest unit distribution of the Lac Seul Forest. The Lac Seul Forest

can be described as a fire-driven ecosystem typical of the Boreal Forest. Much of the Forest is conifer-dominated with more than 80% (>560,000 hectares) of the productive forest is comprised of conifer-leading forest units.

Figure 2: Forest Unit Distribution on the Lac Seul Forest



¹ BFDOM – Balsam Fir dominated; COMX1 – mix of conifer dominated stands; PJPUR – >= 70% Jack Pine in stands; SPUP – Upland Spruce; SBLOW – Black Spruce lowlands; COMX2 – all other conifer dominated stands; POPUR – >=70% Poplar in stands; PRPWMX – Red & White Pine pure and mixed stands; HWDMMX – mix of hardwood dominated stands; OCL – Other Conifer lowland species

4.0 AUDIT FINDINGS

4.1 COMMITMENT

During the conduct of the 2017 Independent Forest Audit, thousands of hectares of forest were assessed by helicopter and on the ground, 5 years of documentation was reviewed (i.e. Annual Work Schedules, Forest Management Plan, Annual Reports, Compliance Inspections, data records), and many interviews with Obish staff, LCC members, stakeholders, aboriginal communities, and Ministry of Natural Resources and Forestry District and Regional staff were conducted (see Appendix 4).

The Lac Seul Forest was not certified during the audit term and because of the changes with the forest manager during the period of the audit, the audit team determined, through the risk assessment (Appendix 4) that all of Principle 1: Commitment was audited.

The Ministry of Natural Resources and Forestry has well-publicized policy statements regarding adherence to legislation (CFSA, ESA, EA) and the principles of sustainable forest management. The auditors found the District and Regional staff to be knowledgeable, competent, well-trained and committed to their work.

Obishikokaang Resources Corporation is the enhanced Forest Resource Licensee but all their forest management services are contracted to HME Enterprises, Thunder Bay. Obishikokaang Resources Corporation was established the Lac Seul First Nation Chief and Council to manage the Lac Seul Forest and provide economic opportunities for the community. Auditors were impressed that HME maintains an office in Hudson at the Lac Seul First Nation Community Centre. Obish reports to the Forestry Committee, comprised of Band members, Band employees and members of Chief and Council. The commitment of the Obishikokaang Resources Corporation staff was clearly demonstrated to the audit team.

The audit found that both the company and Sioux Lookout District staff were strongly committed to meeting the legislation, regulation and policies in place during the audit term. Additionally, the audit team found the working relationship between both parties exemplary and have issued a best practice **Best Practice#1** to recognize their efforts.

4.2 PUBLIC CONSULTATION AND ABORIGINAL INVOLVEMENT

4.2.1 *Public Consultation Process*

The FMPM identifies formal opportunities for public involvement in development of the FMP (Phases I and II), the Annual Work Schedules (AWS's), and amendments to the FMP. All the formal opportunities were provided. The Phase II FMP included new values that were not included in Phase I, reflecting the results of the public consultation process. An issue that arose during the conduct of the audit centered around an issue resolution request made during the Phase I planning process that has carried into the Phase II implementation period resulting in **Finding #3**.

4.2.2 *Local Citizens Committee*

Auditors interviewed 9 of 12 members of the Sioux Lookout Local Citizens Committee (LCC). Members confirmed that committee meetings are useful and balanced and there are opportunities for equal participation. Interviews with the District Manager and committee

members confirmed that the committee serves its mandate effectively. The Committee's Terms of Reference (TOR), updated in 2017, documents perspectives that should be added to the committee such as representation from the mining, hydro and environmental sectors.

Over the term of the audit, the Sioux Lookout LCC reviewed and endorsed Annual Work Schedules, Annual Reports, amendments and issued a report for both Phase I Forest Management Plan and the Phase II Planned Operations Plan. There were members that participated on both planning teams. However, the regulated and technical forest management planning process was deemed by the LCC to be comprehensive but ineffective as a tool for public communication. **Finding # 4** addresses this challenge. Additionally, the Sioux Lookout LCC commented there is a need for simpler, local communication and outreach tools to improve the public understanding of forestry and that acronyms should not be part of public presentations or documents. **Finding #2** speaks to these comments.

4.2.3 Aboriginal Participation

Auditors reviewed many documents including minutes of the planning team minutes for the Phase II forest management plan and interviewed several indigenous community representatives in addition to interviewing Sioux Lookout District staff to determine the level of participation of the 8 communities with interests on the Lac Seul Forest. Lac Seul First Nation actively participated in the Phase II plan, and had a member on the planning team as well as a designated member on the Sioux Lookout LCC. It was noted in the LCC minutes that attendance was inconsistent. Auditors were told that Slate Falls, Cat Lake, Mishkeegogamang and Saugeen First Nations communities opted not to participate in the development of the forest management plan but instead asked to be informed of progress. All communities were presented with several consultation opportunities in addition to the regular progress updates.

Recently Obish formed a Forest Advisory Committee whose focus is to consult at an operational level with local indigenous communities in advance of Annual Work Schedule production. Slate Falls, Cat Lake and Mishkeegogamang First Nation were invited to sit on the committee. Currently, Lac Seul First Nation, Slate Falls First Nation, Weyerhaeuser and Domtar are members of the Committee. Interviews with members of the Committee and Obish staff indicate this initiative is effective at getting input from communities prior to Annual Work Schedule submissions.

4.3 FOREST MANAGEMENT PLANNING

All of the auditors thoroughly reviewed the Phase II Forest Management Plan: Planned Operations document for conformance to regulated manuals and their associated guides. Area of Concern prescriptions were updated from Phase I to Phase II, as required, and new prescriptions for several wildlife species were added. However, auditors noted a few errors and omissions in the text of the prescription in the Phase II plan resulting in **Finding #6**. In reviewing tables FMP-10 (Area of Concern prescriptions) and FMP-19 (conditions on roads, landings and aggregate pits in Areas of Concern) and its associated sub-tables, auditors found the structure of the 2 tables awkward. Although the tables met the requirements, 4 separate tables had to be consulted to understand exactly what was permitted or prohibited in an Area of Concern. This complicated structure contributed to **Finding #6**. All other aspects of the Phase II plan met the requirements of the manuals and guides in place at the time of planning. The Phase II plan includes a suite of 23 Conditions on Regular Operations and, updated Areas of Concern and Silvicultural Ground Rules based on new science, renewal results and new Guides. Since 2011 there have been 8 administrative amendments and 1 minor amendment. Auditors were impressed with the small number of amendments. This achievement, a reflection of the

excellent co-operation between Sioux Lookout District and Obish, is included in **Best Practice #1**.

All auditors reviewed the 6 Annual Work Schedules prepared during the audit period and found all met the Forest Management Planning Manual requirements with the exceptions noted below. It is a requirement of the Forest Management Planning Manual that changes to Forest Operations Prescriptions must be certified by a Registered Professional Forester (R.P.F.) and appended to the relevant Annual Work Schedule. Auditors found that Obish is not fully meeting this requirement and the audit has recorded this oversight as **Finding # 5**.

4.4 PLAN ASSESSMENT AND IMPLEMENTATION

4.4.1 Harvest

During the 6-year audit period approximately 18,890 hectares were reported as harvested. This represents 57.6% of the planned harvest during Phase I. FMP-14 from the Phase I FMP projected 100% utilization within selected areas of operation but the bankruptcy of the previous manager, and surrender of the SFL contributed to the lower than planned level of achievement. The Phase II FMP projected the main users of fibre from the Lac Seul Forest as: Domtar Dryden Pulp mill (2.2 million m³ softwood chips) and Weyerhaeuser Timber Strand Lumber facility in Kenora (440,536 m³ poplar and birch). Wincrief Forestry Products LP – Kenora Pole Peeler facility was projected to utilize approximately 56,000 m³ over the Phase II plan period. The Mackenzie sawmill in Hudson operated from 2012-2015 utilizing approximately 340,000 m³ of softwood. To date mill utilization has been 45% for conifer and 36% for hardwood.

The audit team sampled a large proportion of the harvested area on the ground and from the air (see Appendix 4 – Audit Process). There were no utilization issues observed in the harvest blocks checked and a review of Forest Operations Inspection Program reports, and interviews with Sioux Lookout LCC and District staff indicated harvest and haul timing restrictions were followed. However, auditors did note that wildlife tree retention was not consistent across the harvest blocks inspected resulting in **Finding #7**.

4.4.2 Species at Risk

New prescriptions were added to the Phase II plan for eastern whip-poor-will, bat hibernacula, bank swallow colonies, great horned owl nests, and barred owl nests, among others. Where known values occurred (e.g., a bank swallow colony viewed in the field), the prescriptions were marked correctly on the operational maps. There were no exceptions identified and therefore there was no exceptions monitoring for the AOC prescriptions. Field inspections confirmed AOCs were well protected.

There are 27 species identified in the Phase II plan as endangered, threatened or of special concern as per the Species at Risk in Ontario list or under the Federal Species at Risk Act. Habitat protection for the Woodland Caribou is achieved through the application of the dynamic caribou habitat schedule (DCHS). Auditors flew over a caribou “A” block² that had recently been declared completed (regenerated and roads decommissioned; see picture below).

² Forest management plans must provide for caribou by ensuring sufficient habitat and the renewal of that habitat for future caribou populations. This is managed by way of ‘dynamic caribou habitat schedules’ that are identified in 20-year blocks for a 100-year period. Blocks are typically identified as A-E based on when they would be eligible for harvest in the 100-year period.



4.4.3 Areas of Concern

During the examination of operations on the ground, auditors measured 7 riparian buffers and found all met the Area of Concern prescription as specified in the Phase II plan. Other AOC prescriptions viewed during the field inspections appeared to be implemented as specified in the FMP, and the appropriate protection was applied. **Finding #6** was identified because there were errors and omissions in AOC planning. However, implementation appeared to be very well done.

4.4.4 Silvicultural Operations

Table 2 below summarizes the level of silviculture activity that was completed during the Phase I plan. During the 3-days of site inspections, auditors visited, on average, more than 30% of the silviculture treatments conducted during the audit period. Auditors were impressed by the regeneration success on most of the upland conifer sites. The audit team was told how natural ingress of spruce inhibits the silvicultural success, for example, of planted Jack Pine on pure Jack Pine forest units and vice versa on pure Black Spruce forest units. Observations in the field confirmed what auditors were told giving rise to **Finding #8**.

Table 2. Planned vs. actual renewal, silvicultural activities, 2011-2016 FMP Phase 1.

Renewal Activities	2011-2016 Planned Activities (ha)	2011-2016 Actual Activities (ha)	% Actual Renewal Activity vs. Planned
Natural Regeneration	5,057	2,385	47.2%
Planting	8,249	3,500	42.4%
Seeding + Scarification	5,343	3,980	74.5%
Total Artificial Regeneration	13,592	7,480	55%
Total Regeneration	18,649	9,865	52.9%
Site Preparation (mechanical)	6,953	6,300	90.6%
Site Preparation (chemical)	1,119	1,300	116.2%

Site Preparation (prescribed burn)	0	155	155%
Tending (aerial chem. spray)	8,980	12,520	139.4%
Tending (manual)	100	0	0%
Tending (ground chem. spray)	100	0	0%
Spacing, pre-commercial thinning, improvement cut (even-aged*)	333	155	46.5%
Harvest	26,800	15,450	57.6%

NB: * includes shelterwood and clearcut harvest systems

During the site inspections auditors noted the level of effort and increasing success with debris management³ on the Lac Seul Forest that is unprecedented on most Forests in the province. The audit team observed slash that had been piled and successfully burned, slash that was spread into the cutover with healthy trees growing on it, chipper debris piled to create plantable spots for planting. The auditors were impressed with the concerted effort to address all the slash on the Lac Seul Forest not just what was convenient or current and to look for creative solutions to debris management. The audit has recognized the collaborative efforts of both Obish and the Sioux Lookout District in **Best Practice #2**.

4.4.5 Access

Over the 3-day inspection of forest management activities conducted during the audit period, auditors drove or flew over hundreds of kilometers of road, inspected numerous water crossings and bridges, stopped at many aggregate pits (active and rehabilitated) and visited several decommissioned roads. Most of the roads were well maintained but there was evidence of poor grading practices on some roads leading to **Finding #9**. Most of the aggregate pits met the regulatory requirements but auditors found 2 pits (1 close to town) that posed safety issues and did not meet regulatory requirements resulting in **Finding #10**. Additionally, all of the decommissioned roads viewed during the audit with “access traps” or bridge removals did not have signs indicating the road had been decommissioned and signs used to notify the public of access restrictions for values protection were either too small or ineffective giving rise to **Finding #1**.

4.5 SYSTEM SUPPORT

Sioux Lookout District maintains a central database where all records are stored; data and documents were readily available for the audit. The Ministry of Natural Resources and Forestry values database was up-to-date and there is an effective system in place for updating new values that are identified by Sioux Lookout District staff and the public or reported by Obish. Sioux Lookout District expressed satisfaction with Obish's handling of documents and information. All documents needed for the audit were available and the correct versions were provided. No major irregularities were noted by any of the auditors relevant to document and record quality control.

Obish operates an office in Hudson with support from their service provider (HME Enterprises) in Thunder Bay. Document and data storage is maintained in Thunder Bay. Auditors did not

³ Debris management is a term used to describe woody debris (tops and unmerchantable pieces or wood chips) that is left at roadside after wood is processed into chips or roundwood (sawlogs or pulp) for delivery to mills.

hear or observe any gaps in historical data as often happens in bankruptcies. No issues were found with document and data record quality control.

4.6 MONITORING

4.6.1 Compliance Planning and Monitoring

An audit of compliance planning is classified as optional in the Independent Forest Audit Process and Protocol and was deemed, through the Risk Assessment (see Appendix 4) to be low risk and, was therefore not audited.

A total of 197 compliance inspections for harvest, water crossing installations and removals, road construction and renewal and maintenance were conducted over the audit period by Obish, the overlapping licensees and the Sioux Lookout District. Table 3 presents the breakdown of audit inspections performed during the 2011-2016 Phase I FMP period. Audit field binders included the compliance inspections for each of the forest management activities inspected on the ground or from the air. Additionally, auditors reviewed all the forest operations inspection reports completed during the audit period and interviewed compliance inspectors from both auditees. Eight non-compliances, 5 of which were written warnings and 3 that did not require penalties, were issued during the audit period. Auditors found the level of compliance inspections for all parties to be appropriate for the amount of activity carried out during the audit period.

Table 3: Compliance Inspections for 2011-2016 Lac Seul Forest

Compliance Entity	No. of Inspections	Non-compliances	Compliance Rate (%)
MNRF	51	5	90%
Obish	146	3	98%
TOTAL	197	8	96%

4.6.2 Annual Reports

Over the audit period the annual reports were produced by a variety of authors and service providers. Auditors reviewed the annual reports for the period of the audit and, except for a few minor typographical errors, the reports were accurate and complete.

4.6.3 Silvicultural Effectiveness Monitoring

Sioux Lookout District conducted annual silviculture effectiveness monitoring on a sample of the areas submitted for free-to-grow during the audit period except for 2012 and 2014: no free-to-grow was available for monitoring in those years. From 2011-2016 Obish and the previous forest manager surveyed 17,970 hectares of renewal to determine if the areas met free-to-grow standards. During the audit period 48% of the area declared as free-to-grow was a regeneration success to the projected forest unit or silvicultural success. The low success rate is, in part, a result of natural ingress of other conifer species resulting in a shift to another forest unit. This issue is captured in **Finding #8**. The balance of the area was either classified as successful regeneration to another forest unit or did not meet the regeneration standards for any forest unit and was declared not successfully regenerated. Auditors viewed 3,588 hectares of free-to-grow on the ground and from the air and found all sites met the regenerations standards for the forest unit.

4.7 ACHIEVEMENT OF FOREST MANAGEMENT OBJECTIVES & SUSTAINABILITY

4.7.1 Trend Analysis Report

The Trend Analysis report prepared for this audit used the Year 7 Annual Report with updates to March 31st, 2016. The report was submitted to auditors as part of the audit on-award information. The report contained small errors in some of the tables (i.e. AR-13 totals did not include area not successfully regenerated as assessed). **Finding #11** notes that there was no meaningful analysis completed for many of the objectives, most notably the wildlife objectives. Statements such as “the objective is on track ...” or “strategies are being implemented” are examples of conclusions of trends or objective achievement that were not supported by data. The use of annual report data and other information would improve the assessment of objective achievement and any conclusions on trends. Nevertheless, the report provided a useful overview of the activities that took place on the Lac Seul Forest over the last 20 years with emphasis on the period under audit. Also, the report was used for auditor assessment of objective achievement of Phase I of the 2011-2021 forest management plan.

4.7.2 Assessment of Objective Achievement

Appendix 2 presents the summary of the audit team's assessment of the 2011-2021 Phase I Forest Management Plan for the Lac Seul Forest. The assessment utilizes the following key documents including observations from the field audit and interviews with Sioux Lookout District staff and Obish staff:

- 2011-2016 Trends Analysis Report,
- 2011-2021 Forest Management Plan for the Lac Seul Forest, and;
- Annual Reports for the period of the audit.

The 2011-2021 forest management plan contained 19 sub-objectives comprised within 14 objective groupings. Most objectives have at least one indicator and most have measurable targets. Auditors did note that some of the social objectives were part of the forest management planning process (i.e. 13(e) the amount of public attendance from Open Houses) and, therefore, achieved upon plan completion.

4.7.3 Assessment of Sustainability

The evaluation of sustainability of management of the Lac Seul Forest considered the 3 forest managers over the course of the audit period. However, Obishikokaang Resource Corporation, assigned forest management responsibilities in 2012, has been the forest manager for much of the audit period and a primary auditee alongside Sioux Lookout District. Based on the results of this audit, the audit team concludes that management of the Lac Seul Forest has been managed consistent with the principles of sustainable forest management as assessed through the Independent Forest Audit Process and Protocol. The audit team has recommended to the Minister of Natural Resources and Forestry that an enhanced Sustainable Forest License be issued.

4.8 CONTRACTUAL OBLIGATIONS

Appendix 3 summarizes contractual obligations as they apply to a SFL holder. Obish holds an enhanced Forest Resource License and, so the same compliance with contractual obligations was audited even though the Independent Forest Audit Process and Protocol does not specifically reference enhanced Forest Resource License holder obligations.

At the start of the audit period there was a Sustainable Forest License until it was surrendered in March 2012. The Sioux Lookout District has been responsible for all forest management activities for the balance of the audit period, assigning responsibility through an enhanced Forest Resource License to Obishikokaang Resource Corporation from July 2012 forward. Obish also maintains the minimum balance in the Forest Renewal Trust Fund and is eligible for reimbursement from the Forest Renewal Trust Fund for eligible silvicultural expenses. The auditors found that Obish met their contractual obligations and have followed the Audit Action Plan from the 2011 Independent Forest Audit. There are no Findings from this audit related to contractual obligations, but **Best Practice #1** recognizes the commitment of both auditees to the management of the Lac Seul Forest.

4.9 CONCLUSIONS AND LICENCE EXTENSION RECOMMENDATION

The audit of the Lac Seul Forest covered the period from April 1st, 2011 to March 31st, 2017. The 6-year audit period covered the implementation of the 2011-2021 Phase I forest management plan and the development of the Phase II: Planned Operations. The audit found many positive aspects of forest management as described throughout the report. Examples include: the enthusiasm and dedication of the Sioux Lookout LCC, road decommissioning, debris management, the Forest Advisory Committee and renewal success. Two best practices were issued (see Appendix 1) recognizing, in the opinion of the audit team, exemplary effort on behalf of the auditees. The audit also identified 12 Findings (see Appendix 1) for improvements to forest management on the Lac Seul Forest. The Findings highlighted deficiencies in, for example, Forest Operations Prescription certification, wildlife tree retention, aggregate pit safety and compliance, road grading practices, and ineffective road signage.

The 2011 independent forest audit concluded that management of the Lac Seul Forest was generally in compliance with the legislation, regulation and policies in effect at the time and, that forest sustainability was being achieved. License extension was recommended. Obish has been in negotiations, throughout much of the audit period, with the Crown for an enhanced sustainable forest license for the Lac Seul Forest. **Finding #12** has identified that the sustainable forest license is not yet in place.

The Independent Forest Audit Process and Protocol provides 3 choices of standardized wording for the concluding statement on license extension for a Sustainable Forest License or for non-Sustainable Forest Licenses. None of the options is applicable to the current tenure arrangement on the Lac Seul Forest. The audit team therefore concludes, that management of the Lac Seul Forest was generally in compliance with the legislation, regulations and policies that were in effect during the term covered by the audit, and the Forest was managed in compliance with the terms and conditions of the enhanced Forest Resource Licence held by Obishikokaang Resources Corporation. The forest is being managed consistently with the principles of sustainable forest management, as assessed through the Independent Forest Audit Process and Protocol. The audit team recommends the Minister immediately issue a Sustainable Forest Licence for the full 20-year term.

APPENDIX 1 – AUDIT FINDINGS

<p style="text-align: center;">Independent Forest Audit: Record of Finding</p> <p style="text-align: center;">Best Practice #1</p>
<p>Principle 1: Commitment</p> <p>Criterion: 1.2 Adherence to legislation and policies</p> <p>Procedure(s): Review through review of operations and interviews with employees and interested parties whether managers of the management unit demonstrate a commitment to adhere to the specific applicable legislation and policies governing the forestry industry in Ontario.</p> <p>Background Information and Summary of Evidence and Discussion: During the conduct of the audit, auditors were impressed with the high level of cooperation and commitment of both Sioux Lookout District staff and Obishikokaang Resources Corporation. Auditors found many examples of cooperation and commitment to high-quality forest management and sustainability in achieving the Forest Management Plan objectives including:</p> <ul style="list-style-type: none"> • The small number of amendments to the Phase I Forest Management Plan; • The small number of changes to values in the Phase I Forest Management Plan; • Working together to address legacy (pre-Obish) slash and chipper debris; • Working together to develop effective road decommissioning in the continuous caribou zone; • Working together to experiment with different configurations of slash piling to improve burn results, and; • Literally no complaints from stakeholders and LCC interviewed. <p>Finding: Sioux Lookout District Ministry of Natural Resources and Forestry and Obishikokaang Resources Corporation service provider staff are commended for their commitment and cooperation to work together to achieve forest management plan objectives and sustainability.</p>

Independent Forest Audit: Record of Finding

Finding #1

Principle 1: Commitment

Criterion: 1.2 Adherence to legislation and policies

Procedure(s): Review through review of operations and interviews with employees and interested parties whether managers of the management unit demonstrate a commitment to adhere to the specific applicable legislation and policies governing the forestry industry in Ontario.

Background Information and Summary of Evidence and Discussion: Auditors noted that site visits to one water crossing removal and one "access trap" did not have signs warning the public that roads were no longer passable. Additionally, auditors found other signs while traveling the roads on the Lac Seul Forest that were either ineffective or illegible (see picture below). Sioux Lookout District staff confirmed that if there are no operations in an area there is no monitoring of road closure signs. Other evidence provided to auditors stated prior to Transformation in 2014-15, signs were not monitored regularly but since then a 3-year inspection cycle is included in the Annual Compliance Plan for the Sioux Lookout District. Apparently, the Compliance Inspector is unaware of this commitment and no evidence to support whether inspections were carried out was provided to auditors. The picture below depicts two Ministry of Natural Resources and Forestry signs, one unreadable and the other faded, found on the corner of the Race Rd and the Vermillion Rd.



Discussion and Conclusion: The Ministry of Natural Resources and Forestry has a responsibility to the public to ensure road closures, for either restricted access or road de-commissioning, are properly and clearly posted. The few signs that auditors found were too small and/or too faded to read.

Finding: Access restriction signage on the Lac Seul Forest is ineffective and/or missing.

<p style="text-align: center;">Independent Forest Audit: Record of Finding</p> <p style="text-align: center;">Finding #2</p>
<p>Principle: 2.0 PUBLIC CONSULTATION AND ABORIGINAL INVOLVEMENT</p>
<p>Criterion: 2.1 Local Citizens Committee (LCC)</p>
<p>Procedure: To review establishment of the LCC that is to assist the plan author, interdisciplinary planning team and Ministry of Natural Resources and Forestry District Manager in the preparation and implementation of FMPs and whether it has conducted its activities in an open and inclusive manner reflective of the range and balance of interests on the committee.</p>
<p>Background Information and Summary of Evidence and Discussion. The forest management planning manual describes the formal opportunities for consultation. These were followed through the approval of the Phase II Forest Management Plan. Annual reports (Environmental Assessment Condition 34 reports for 2011-14 and Environmental Assessment Condition 56 report following that) documenting communication efforts, harvesting opportunities, education and training initiatives were completed as required.</p> <p>There remains a challenge in making the forest management process understandable to members of First Nations and the public alike. Technical terminology and a myriad of acronyms, which provide efficiency in communications for those involved in the technicality of forest management, are a barrier for many constituents to understand how the forest is being managed, and how they might be impacted by it.</p> <p>Several Local Citizen's Committee members interviewed commented strongly on the excessive use of acronyms in public presentations and documents concerning forest management. The comment from members, who were longstanding participants, and familiar with the concepts and terms used in forest management, noted the use of acronyms is a significant barrier to understanding forest management plans and the benefits from forestry.</p>
<p>Discussion: The FMP process is well-defined and ensures there are prescribed opportunities for community members to engage in the consultation. However, the FMP process is filled with technical terms and acronyms, that are difficult for non-experts to understand. Effective consultation, and communication, cannot occur until all parties involved have a good understanding of what it is they are being consulted about.</p>
<p>Conclusion: Ministry of Natural Resources and Forestry and Forest Managers should not use acronyms in documents and presentations targeting the LCC or other members of the public.</p>
<p>Finding: The use of acronyms in public forest management presentations and documents, is a barrier to understanding and full participation by the public.</p>

Independent Forest Audit: Record of Finding

Finding #3

Principle: 2.0 PUBLIC CONSULTATION AND ABORIGINAL INVOLVEMENT

Criteria 2.3: Issue Resolution

Direction: Review the issue resolution process as outlined in the applicable FMPM.

Background Information and Summary of Evidence and Discussion. An issue resolution request was raised as part of the review process for the Phase 1 2011-2021 Forest Management Plan for the Lac Seul Forest. The request was reviewed and rejected by the Sioux Lookout District Manager, the Ministry of Natural Resources and Forestry Regional Director and the Ministry of Energy and the Environment. The blunt conclusion was that the subject of the issue resolution request was not within the defined scope of the forest management planning process, or that the evidence provided as part of the forest planning process was sufficient. The review and decision process used by all parties, with some challenges, was consistent with the requirements of the Forest Management Planning Manual.

However, one of the key components of the issue resolution request, the need to conduct a land use planning exercise on the area of the Lac Seul Forest, was agreed to by the District as having merit. Auditors reviewed numerous documents provided by both stakeholder and Sioux Lookout District including a request by the Sioux Lookout District Manager for permission to proceed with an amendment to the Crown Land Use Policy Atlas (CLUPA), stating "the current myriad and sometimes conflicting Crown Land Use Policy Atlas and direction/prescriptions found on the Crown Land Use Policy Atlas, Forest Management Plans and local lake management plans do not represent MNR's, the municipality of Sioux Lookout's, local resource based user interests or residents vision for orderly use and development of the area in and around the municipality. As a result, there is an increase in resource user-conflicts because of dates and conflicting direction".

A proposal addressing this issue was completed on Oct 8, 2012. The area of interest was defined as the Lac Seul Forest south of the caribou line. Work on the amendment was deferred during Transformation, and the resources were not available to implement the proposal. The effort was revived and proceeded to a scoping exercise that included a proposal to proceed with a review of the proposed amendment to CLUPA in early 2017.

Support for the CLUPA amendment exercise was further defined in a subsequent written proposal from the Sioux Lookout District Manager to the Regional Director, Ministry of Natural Resources and Forestry, and included the following points:

- Policy direction comes from Strategic Land Use Plans (SLUP), developed in the early 1980's, that permits all uses all the time;
- The CLUPA review would identify uses and activities for which some enhanced form of management direction or controls are necessary or advisable;
- The 1999 expansion of the Sioux Lookout municipal boundaries added a large amount of Crown land to the municipality;
- Currently most of the District is defined as general use area under CLUPA;
- Unlike other districts at the time, northern districts such as Red Lake, Sioux Lookout and Nipigon did not develop local land use plans to further enhance the SLUP's;

- Stakeholder and indigenous interests in accessing Crown land and natural resources are evolving;
- Currently the FMP and historical Lake Management Plans are being used to help direct the decision-making process, and;
- This area is not impacted by the caribou conservation plan (CCP).

The Sioux Lookout District completed a preliminary scoping exercise with the target of proceeding with the review in early 2017. Interviews with Sioux Lookout District staff confirmed general support within Sioux Lookout District to complete this activity, although there was no evidence of further action at the time of this audit.

Discussion: There is substantial evidence of the merit and intent to complete a review of the CLUPA in the forest south of the caribou line. This was part of an issue resolution request for the Phase 1 of the 2011 FMP. The issue resolution request was found to be complex, and beyond the defined scope of the FMPM.

The Sioux Lookout District Manager committed to proposing the land use planning review in October of 2012. There are dated proposals to initiate this review in early 2017. The commitment has been in place since 2012. In the auditor's opinion the commitment to complete this review should be met.

Conclusion: Sioux Lookout District has not met a commitment to complete a review of the CLUPA policy report guiding land use on the area of the Lac Seul Forest south of the caribou line. Auditors found no evidence of activity to address this issue, and no evidence of barriers or objections to completing this work from Sioux Lookout District.

Finding: Sioux Lookout District Ministry of Natural Resources and Forestry has not met a commitment to complete a review of the Crown Land Use Policy Atlas (CLUPA) policy report for the area south of the caribou line on the Lac Seul Forest.

Independent Forest Audit: Record of Finding
Finding #4
Principle: 2.0 PUBLIC CONSULTATION AND ABORIGINAL INVOLVEMENT
Criterion: 2.5.1 First Nations or Metis community consultation and involvement in Forest Management Plans, amendments
Procedure: Review and assess whether reasonable efforts were made to engage each Aboriginal community in or adjacent to the management unit in forest management planning as provided by the applicable FMPM and assess the resulting involvement and consideration in the plan or amendment.
<p>Background Information and Summary of Evidence and Discussion: The formation of Obish and the creation of the Business Plan for the Lac Seul Forest Management Unit, the base document for the planned assumption of management responsibility for the Lac Seul Sustainable Forest License, shows an exceptionally high level of First Nation engagement, and an expert understanding of forest management by the Lac Seul First Nation leadership. Ongoing operational performance by Obish staff has been effective. Obish has a Community Liaison and Communications Officer whose principal role is to reach out to First Nations community members regarding forest management activities and economic opportunities for First Nations. Interviews confirmed that community members found Obish to be a more accessible entity regarding forest management information than the previous SFL holder or Sioux Lookout District.</p> <p>The forest management planning manual defines the opportunities for consultation. These were followed through the Phase II Planned Operations planning process. Annual reports (Environmental Assessment Condition 34 reports for 2011-14 and Environmental Assessment Condition 56 reports 2014-present) documenting communication efforts, harvesting opportunities, education and training initiatives were completed as required.</p> <p>However, there remains a challenge in making the forest management process understandable to members of First Nations and the public alike. Auditors heard that the technical terminology and the myriad of acronyms, which provide efficiency in communications for those involved in the forest management, are a barrier for many constituents to understand how the forest is being managed, and how they might be impacted by it.</p> <p>Obish issued a newsletter that describes accomplishments of the organization and upcoming events in a user-friendly format. This is an effective beginning to demystify forest management on the Lac Seul Forest.</p>
<p>Discussion: The FMP Process is well defined and ensures there are prescribed opportunities for community members to engage in the consultation. The FMP process is filled with technical terms and acronyms, that are difficult for non- experts to understand. Effective consultation, and in fact effective communication, cannot occur until all parties involved have a good understanding of what it is they are being consulted about.</p>
<p>Conclusion: There is a need for more user-friendly communications tools and processes that make the forest management process understandable. More user-friendly tools and techniques are required.</p>
<p>Finding: Forest management planning consultation and communication efforts are ineffective and too technical for the aboriginal communities and the public.</p>

Independent Forest Audit: Record of Finding

Finding # 5

Principle: 3.14 Annual work schedules

Criterion: 3.14.3 Forest operations prescriptions (FOPs)

Procedure(s): 2. Determine whether any additions or changes during the year have been conducted in accordance with the applicable FMPM (i.e. appended to the AWS for operations under the 2004 FMPM and certified and the documentation maintained by the sustainable forest licensee for operations under the 2009 FMPM) and whether additions or changes are consistent with the SGRs and applicable FMPM.

Background Information and Summary of Evidence and Discussion: The Forest Management Planning Manual states: "forest operations prescriptions are integral to the silvicultural effectiveness monitoring system" and must be certified by a registered professional forester. The manual goes on to say that the AWS is the vehicle for certifying forest operation prescriptions each year.

Company staff stated they do not do formal forest operations prescriptions for silviculture. Auditors found any changes to prescriptions or to a silvicultural ground rule are appropriately recorded and updated as per the FMPM. Auditors were told any change to a prescription during operations was recorded and reflected in the next Annual Work Schedule but is not appended to the AWS and certified by the plan author who must be a registered professional forester (R.P.F.) as required in the FMPM (pg D-18, Section 3.5.2).

Discussion and Conclusion: Obishikokaang Resources Corporation is responsible for the preparation of the Annual Work Schedule under the terms of their enhanced Forest Resource license (eFRL). Obishikokaang contracts out the preparation and implementation of Annual Work Schedules to HME Enterprises based in Thunder Bay with an office in Hudson. The Silviculturalist operates out of the office in Hudson.

Auditors found forest operations prescriptions are prepared in an informal manner, changes to prescriptions are being recorded and reflected in the inventory record but the changes are not appended to the AWS and certified by a registered professional forester (R.P.F.) as required by the FMPM.

Finding: Forest Operations Prescription (FOP) changes are not certified by an R.P.F. in a manner that is consistent with the Forest Management Planning Manual.

Independent Forest Audit: Record of Finding

Finding #6

Principle 3: Forest Management Planning

Criterion: 3.9 Phase II - Prescriptions for Operations

To review and assess operational prescriptions for the Phase II planned operations (specifically operational prescriptions for areas of concern or AOCs).

Direction: The Phase II FMP must contain specific prescriptions for all AOCs which may be affected by planned operations within the areas of operations. Any changes to AOC prescriptions for the second five-year term must be reflected in the Phase II planned operations.

Procedure 3.9.1: Phase II planned operations area of concern (AOC) prescriptions. Review whether any AOC prescriptions were added, modified, or deleted for the second five-year term and assess whether adequate information was available for AOC planning, and whether documentation of AOCs and any related issues meets the applicable FMPM requirements, including whether

- planning of AOCs followed approved forest management guides
- planning of AOCs included environmental analysis of alternatives that would support protection of the values (where alternatives are required of the applicable FMPM)
- public comments were summarized and considered
- specific prescriptions for planned harvest, renewal and tending activities are appropriate to protect the values
- any exceptions to forest management guides were approved, appropriate in the circumstances and accompanied by an appropriate effectiveness monitoring program
- AOCs were identified on maps including the selected prescription where practical

Background Information and Summary of Evidence and Discussion:

Discussion and Conclusion: Part 1 of Finding: A thorough review of the Phase 1 and Phase 2 FMPs (text, and Tables FMP-10 and FMP-19) for the Lac Seul Forest confirmed that the AOC prescriptions from the Phase 1 FMP were updated for Phase II operations as required by the Forest Management Guide for the Conservation of Biodiversity at the Stand and Site Scales (Ministry of Natural Resources and Forestry 's Stand and Site Guide). New prescriptions were added to the Phase II FMP as well for eastern whip-poor-will, bat hibernacula, bank swallow colonies, great horned owl nests, and barred owl nests, among others. Where known values occurred (e.g., a bank swallow colony viewed in the field), the prescriptions were marked correctly on the operational maps. There were no exceptions identified and therefore there was no exceptions monitoring for the AOC prescriptions. AOCs were all well protected in the field. However, a few errors and omissions were noted in the text of the AOC prescriptions in the Phase II FMP as follows:

- BAT - the prescription for bat hibernacula was incorrect. Table FMP-10 of the Phase II plan identifies a 0-200 m AOC with a reserve from 0-100 meters (correct) but only a timing restriction for 101-200 meters (incorrect). Since a clearcut would be performed in the 101-200 meter portion and there would be no forest remaining that meets the Stand & Site Guide definition of "residual forest", it should be identified as a reserve.
- SN01 - The prescription in Table FMP-10 for active great blue heron colonies does not state that operations are not permitted within 0-75 meters of the colony. This is an omission.
- Table FMP-10 includes prescriptions for barred owl nests in cavities (SN014) and great

horned owl nests in cavities (SN015), but there are no prescriptions for barred owl or great horned owl stick nests. The Stand and Site Guide includes science-based AOC prescriptions for these stick nests, which are more restrictive than its prescriptions for cavities. A cavity tree would need to be very large to provide a nesting opportunity for either of these large birds and thus these birds are far more likely to nest in a stick nest in the Lac Seul Forest than in a cavity tree. The list of required alterations for the Phase II FMP identified the need for a stick nest prescription for the great horned owl, but this change was not made. The lack of stick nest prescriptions for barred owl and great horned owl is therefore an omission.

- The prescription WQM_S for rivers and streams in Table FMP-19 did not specify what the conditions on roads and landings are in the AOC. This is an omission.

Part 2 of Finding: Tables FMP-10 (Area of Concern prescriptions) and FMP-19 (conditions on roads, landings, and aggregate pits in AOCs) were structured as required by the Forest Management Planning Manual (2009). The AOC prescription was described in Table FMP-10 but any conditions on roads, landings, or aggregate pits were described in separate sub-tables within Table FMP-19, as required by the Manual. This meant that 4 separate tables had to be consulted to understand exactly what was permitted or prohibited in an AOC. This structure seems excessively awkward in a public document that acts as a reference for people interested in the forest. In addition, the awkward structure might have contributed to the omission noted above for WQM_S.

Finding: There were errors and omissions in the Phase II Area of Concern prescriptions for some wildlife species.

Independent Forest Audit: Record of Finding

Finding #7

Principle 4: Plan Assessment and Implementation

Criterion 4: To review and assess through field examination whether information used in preparation of the FMP was appropriate and assess the implementation of the management strategy. 4.3 Harvest

Direction for 4.3.1: This criterion addresses harvest operations outside of AOCs. Harvest operations must be conducted in compliance with all laws and regulations including the CFSA, and approved activities of the FMP including SGRs, AWS and FOPs.

Procedure: Review and assess in the field the implementation of approved harvest operations that include winter and summer harvest, various logging methods and stand types, exceptions etc. Assess wood utilization, consistency of harvesting methods with the FOPs and SGRs, and whether actual operations were appropriate for the site conditions. Assess the residual stand structure that was required in the FMP including individual residual tree retention and downed woody material.

Background Information and Summary of Evidence and Discussion:

Discussion: The Phase II FMP includes Conditions on Regular Operations (CROs) that require retention of wildlife trees during harvesting operations (CRO-10 - clearcut silvicultural system), consistent with the requirements of the Forest Management Guide for Conserving Biological Diversity at the Stand and Site Scales (the Stand and Site Guide). CRO-10 states that retention of individual wildlife trees is to be assessed over 20-hectare blocks. The CRO specifies the size, number, species, and distribution of trees that must be retained. It requires at least 25 stems per hectare that are at least 10 cm in diameter and 3 m tall (if stubbed), including an average of at least 10 trees that are large (at least 25 cm in diameter), with 5 of those trees on each hectare. Larger diameter trees (at least 38 cm in diameter) are preferred for retention.

The Company has excellent training materials for operators that refer to wildlife tree retention, and the Company's forest operations supervisor has good knowledge of the requirements. Compliance inspectors from both the Company and Ministry of Natural Resources and Forestry assess wildlife tree retention. In the auditor's experience, this CRO is difficult to implement consistently on all sites because of different site conditions, and different operators.

Approximately 28 blocks that were harvested in the Lac Seul Forest between April 1, 2011 and March 31, 2017 were sampled in the field during the audit where wildlife tree retention was assessed. Retention was good on most of the sampled sites (e.g. photo below of retention on shallow sites at Area 8 Stop 2). During the audit, birds of prey (bald eagles, red-tailed hawks, kestrel) were observed using the retained trees on harvested blocks. Some retained trees blew



down since the harvest, which is expected. However, blow down of residual trees could not explain the lack of wildlife trees of any size in Area 1 Stop 2 (see the photo below).

Photo: The lack of wildlife trees is apparent on this harvest block in Area 1 stop 2.



At Area 8 Stop 1 (see photo above) there were enough wildlife trees overall, but there was a definite lack of larger trees in some 1-hectare sections, such as the section illustrated in the photo.

The photo below at Area 8 stop 2 is an example of good tree retention on ecosite 11 and 12.



Conclusion: Most of the sites sampled in the field in the Lac Seul Forest met the requirements of CRO-10 (Phase II FMP) for wildlife tree retention. However, one of the sampled sites had too few trees of any size, and one site had patches greater than one hectare in size that lacked sufficient large diameter trees.

Finding: The wildlife tree retention requirements specified in CRO-10 in the Phase II plan for the Lac Seul Forest have not been met on all sites.

Independent Forest Audit: Record of Finding

Finding #8

Principle 4: Plan assessment and implementation

To review and assess through field examination whether information used in preparation of the FMP was appropriate and assess the implementation of the management strategy (2004 FMPM)/ LTMD (2009 FMPM).

Criterion: 4.4 Renewal

This criterion addresses renewal operations (site preparation and regeneration) outside of AOCs.

Procedure(s): Review and assess in the field the implementation of approved renewal operations." ... from each of the five years being audited (to provide for assessing the effectiveness of renewal prescriptions) ..."

Background Information and Summary of Evidence and Discussion: Both seeding, and planting sites observed during the field audit exhibited considerable natural ingress. Auditor discussions with the company Silviculturalist indicated that he has been "fighting" natural ingress, through planting densities, to maintain pure forest units on a site (e.g. PJPUR where PJ is $\geq 70\%$) to achieve silvicultural success. Spruce ingress on PJPUR sites and Jack Pine ingress on SPUP (Black and White Spruce $\geq 70\%$) result in the pure forest units shifting, at free-to-grow, to CONMX1. CONMX1 is a mix of conifer species where the combination must be $\geq 70\%$ (BF must be $\leq 10\%$) and hardwood species is $\leq 20\%$.

A review of the Annual Reports and Trends Analysis confirm the above. The table below is reproduced from the Trends Analysis and presents the forest unit at time of harvest versus the forest unit at time of Free-to-Grow. It illustrates, for example, that 6,935 hectares of PJPUR has regenerated to 2,924 ha of PJPUR, 2,311 ha of COMX1, and 1,097 ha of COMX2 after silvicultural treatments.

Summary of Free-to-Grow Data for the 2011-2016

Disturbed Forest Unit	BFDOM	COMX1	COMX2	HWDMX	OCL	PJPUR	POPUR	PRWMX	SBLOW	SPUP	Total
BFDOM		13	1								14
COMX1		125				311				10	446
COMX2		2									2
HWDMX		17									17
OCL	2	23	32						8		64
PJPUR	79	2,311	1,097	119	1	2,924	3	5	5	392	6,935
POPUR	2	6	6			8				8	30
PRWMX						0					0
SBLOW	50	695	232	29	10	327			962	244	2,549
SPUP	74	903	550	108	13	364	17		121	787	2,935
Total	207	4,095	1,918	255	24	3,934	19	5	1,095	1,440	12,992

Additionally, the Trends Analysis Report states "*the ingress of species other than the treatment species has the largest impact on achievement of the projected forest unit. This can be positive, negative or neutral depending on the plan objectives and the acceptable species. For example,*

increasing other desired conifer species (spruce to pine or pine to spruce) in a "pure" conifer forest unit (i.e. PJPUR, COMX1, SPUP, SBLOW) will not affect the achievement of the objective of maintaining purer conifer forest units that are desirable for long-term caribou habitat objectives or the maintenance of a conifer-dominated forest objective. The ingress of conifer is generally acceptable and positive to plan objectives." Auditors agreed with this summation.

Discussion: On many of the sites visited in the field auditors noted considerable natural regeneration; on some sites as much as 30%. In discussions with the company this ingress is not being taken advantage of and is instead a cause of concern when trying to obtain silviculture success to the projected forest unit. Auditors also observed planted Jack Pine competing with natural Spruce and vice versa. Silvicultural success is based on Silvicultural Ground Rules that include regeneration standards for species composition, stocking and height that must be achieved before a stand can be declared free-to-grow. A Silvicultural Ground Rule describes treatments (preferred and optional) that are designed to reach a future forest condition (e.g. PJPUR to PJPUR). The Silvicultural Ground Rules for the Lac Seul Forest contain options that: a) accommodate natural ingress, and b) ignore the natural ingress. Auditors concluded, based on field observations, option b) appeared to be the most common option applied. Both conifer species (i.e. Spruce and Pine) are important tree species for wood supply and caribou habitat.

Conclusion: In the opinion of the audit team it is not clear why the company is not capitalizing on the natural conifer ingress where possible instead of trying to "force" silviculture success back to the same pure forest unit (i.e. PJPUR-PJPUR) through expensive silviculture treatments (higher density planting).

Finding: Not enough consideration is given to natural ingress on some sites.

Independent Forest Audit: Record of Finding

Best Practice #2

Principle: 4: PLAN ASSESSMENT AND IMPLEMENTATION

Criterion: 4.4: To review and assess through field examination whether information used in preparation of the FMP was appropriate and assess the implementation of the management strategy.

Procedure(s): 4.4.1; assess the effectiveness of operations to reduce the areas of slash piles and chipping debris and treatments to regenerate these areas

Background Information and Summary of Evidence and Discussion: Slash disposal and chipper debris mitigation have been an issue throughout Ontario for many years. On the Lac Seul Forest, the need for better debris management has been addressed since 2011 when Obish took on forest management responsibilities. During the audit, debris management was examined on 23 blocks. It was apparent to auditors that Obish and Sioux Lookout District have been working cooperatively to address this problem.

Auditors observed chipper sites where Obish has contractors pile the debris into "cigars" exposing mineral soil around and between piles, which increases the number of plantable sites. Ministry of Natural Resources and Forestry and ORC have been experimenting with a variety of pile shapes and arrangements to expose mineral soils and optimize the number of plantable spots.



Photo above: Chipper debris piled to expose mineral soil and facilitate planting

On slash pile engineering and burning there is close cooperation with Ministry of Natural Resources and Forestry Fire staff that has resulted in a better than average slash pile burn success rate. The auditors noted good burn success in almost all areas viewed. Auditors did note less success in burned hardwood slash piles. Pile burning is often a challenge on the Lac Seul Forest where predominantly hardwood slash piles are inherently difficult to burn because of the lack of fine branch material.

Discussion and Conclusion: The auditors were impressed with how the slash pile burn program is succeeding where many forests cannot or are not burning their slash piles. In the opinion of the audit team the cooperation between the many levels of government and the company and their willingness to experiment with different configurations of slash are the key drivers in the success of this program.

Finding: Debris management on the Lac Seul Forest is "*best in class*" and notably better than in many areas of the Province.

Independent Forest Audit: Record of Finding

Finding # 9

Principle: 4: PLAN ASSESSMENT AND IMPLEMENTATION

Criterion: 4.7 - To review and assess through field examination whether information used in preparation of the FMP was appropriate and assess the implementation of the management strategy

Procedure(s): 4.7.1; assess whether roads have been constructed, maintained, and decommissioned to minimize environmental impacts and provide for public and operator safety

Background Information and Summary of Evidence and Discussion: During the field assessments, the audit team observed several primary and secondary access roads (e.g. Vermillion, Race, Stanzhinki) with "false ditches" due to poor grading practices. This practice will eventually lead to water and sediment flowing into waterways and eroding water crossings. Additionally, these practices do not meet the requirements of the Environmental Guidelines for Access Roads and Water Crossings (MNR,1990).

Discussions with Obish staff and Sioux Lookout District indicated that monitoring of roads and water crossings is done regularly and, that this is an ongoing challenge with some contractors.



Picture #1: A false ditch has widened the road on the Race Road.



Picture #2: Road hazards and erosion caused by poor grading and extremely erodible road building material on the Stanzhinki Road.

Discussion and Conclusion: Proper road grading is key to effective road maintenance. Most roads driven during the field audit met the requirements although auditors did observe numerous instances where there were issues with road grading such as false ditches. False ditch is a term used to describe a berm that is created when gravel from the road surface accumulates at the edge of the road surface. The berm channels water along the road instead of allowing water to run off the road. False ditches are often created when graders only make three passes instead of five, and avoid those passes which are meant to gather and redistribute the material on the

shoulders back onto the crown of the road. This was evident on when auditors drove the Vermillion Road in the rain and observed small rivers flowing down each side of the road rather than off the road.

It is the opinion of the audit team that monitoring efforts on the part of Obish and the Sioux Lookout District have been ineffective in correcting poor grading practices.

Finding: Road grading practices on the Lac Seul Forest do not consistently meet the Environmental Guidelines for Access Roads and Water Crossings.

Independent Forest Audit: Record of Finding

Finding # 10

Principle: 4: PLAN ASSESSMENT AND IMPLEMENTATION

Criterion: 4.7 - To review and assess through field examination whether information used in preparation of the FMP was appropriate and assess the implementation of the management strategy

Procedure(s): 4.7.1; assess whether roads have been constructed, maintained, and decommissioned to minimize environmental impacts and provide for public and operator safety

Background Information and Summary of Evidence and Discussion: Auditors examined 12 category 14 aggregate pits. In two pits the banks were sloped less than 2:1 and in one pit there was a small overhang. Most of the active pits were found to have inadequate access controls. Warning signs were not observed at any of the active pits. Also, Pit 1306L does not meet the requirements for forestry aggregate pits as outlined in the FMPM: no excavation is to take place below the elevation of the planned depth of the proposed ditch and excavations must be sloped to no steeper than a 2:1 (horizontal: vertical) angle. Additionally, these pits do not conform to Obish's Environmental Management System procedural document for aggregate pits (ORC-2PR_810-D_17).



Picture #1: Properly rehabilitated pit



Picture #2: Pit 594L – Two unstable slopes with an overhang along the edge of the road.



Picture #3: Pit 594L – Active pit with partial access controls(boulders) in place along the road to limit access to the pit and as a safety measure. This practice, auditors were told, is a safety hazard.



Picture #4: Pit 1306 L – An active aggregate pit with partial access controls – note how the berm does not completely bar access – also shows the pit surface is below the ditch line and is not sloped to 2:1 as required. This pit is a safety hazard.

Discussion and Conclusion: Of the dozen aggregate pits inspected most met all the criteria. Two active pits were observed which had limited access controls. In a pit found close to the town of Sioux Lookout (Pit 1306 L) there was evidence of recent motorized activity by citizens in the pit. All gravel pits can pose a safety risk for land managers. The audit team has concerns regarded to liability on the part of both Ministry of Natural Resources and Forestry and Obish. Active pits should have effective access controls and signage (e.g. "Aggregate Pit Keep Out") so that liability is limited. Also, 1 aggregate pit did not meet the requirements for forestry aggregate pits as outlined in the FMPM.

In the opinion of the audit team, active aggregate pits lack effective access controls were required for public safety, and do not always follow the FMPM or the company EMS procedures for aggregate pits.

Finding: Active gravel pits do not consistently meet the requirements for forestry aggregate pits as outlined in the Forest Management Planning Manual.

Independent Forest Audit: Record of Finding

Finding #11

Principle 7: Achievement of Management Objectives and Forest Sustainability

Criterion 7: To draw conclusions on the achievement of management objectives and forest sustainability. To assess whether the associated analyses, reviews and reports have been prepared in accordance with the applicable FMPM and whether they are accurate and represent effective analyses and progress reviews.

Direction for 7.3 The latest Year Ten AR/ Trend Analysis Report determination of sustainability is to be reviewed and assessed. Review the applicable FMPM for detailed requirements.

Procedure for 7.3.1: Review and assess the indicators, including forest condition, and the assessment/determination of sustainability by considering:

- FMPM requirements which include questions to consider and examples
- whether acceptable/desirable indicator levels have been achieved
- whether explanations for significant differences are reasonable
- implications for situations where indicator values are higher or lower than acceptable/desirable levels
- whether indicator levels indicate a clear trend
- progress towards achievement of the desired forest and benefits as reflected in the management strategy/LTMD
- whether the information presented is consistent with the findings of the audit

NOTE: This procedure overlaps to a degree with 7.4.1 and 7.4.2

Background Information and Summary of Evidence and Discussion:

Discussion: A Trend Analysis report was prepared for the audit by the Company (dated April 27, 2017). It was not reviewed in detail by Ministry of Natural Resources and Forestry. The report covered the required subject headings and provided an overview of progress made in achieving the objectives of the 2011 FMP. In many cases it was thorough. However, in a few important cases related to habitat supplies the analysis of trends and achievements was cursory, or the conclusions were not supported by data. Examples are: (1) the non-spatial analysis of habitat for species at risk was taken verbatim from the assessment of sustainability that was done during preparation of the FMP. No new information was provided, and no new interpretation was made beyond what was presented in the FMP in 2011. (2) At times it was unclear what exactly was meant. For example, the report (p. 20) stated that habitat for marten, pileated woodpecker, moose, and woodland caribou "were projected to meet desired levels over the long term". If the "desirable levels" identified earlier in the report (p. 17) were to be used as targets, then habitat would have been greatly reduced for these wildlife species, even to a critically low level for one species (e.g., preferred pileated woodpecker habitat would have been reduced from 16,206 hectares in 2011 to 227 hectares or by 98.6% if the desired level was achieved.) Similarly, moose foraging habitat would be reduced from 150,339 hectares in 2011 to 89,899 hectares, a 40% reduction. A review of the phase 1 FMP suggests that such great reductions were not intended, but this was not explained clearly in the Trends Analysis. The low levels identified as "desirable" are not really "targets" that the FMP aspires to achieve. This needs to be explained clearly. (3) Objective 3e is to "maintain or improve" the amount of area of preferred conifer forest units for caribou (SbLow, ConMx1, Pjpur, Spup). The level of achievement of this target is not described in the text of the Trends Analysis (see pp. 33-34). It is discussed in Table AR-14, and the conclusion is that plan implementation is on track to achieve the target. However, this is not supported by the free-to-grow analysis on p. 27, which suggests that of 12,883 hectares of preferred caribou

FUs that were harvested, only 10,564 hectares returned to preferred conifer FUs at the time of the free-to-grow assessment. On paper, caribou habitat was reduced by 18% because of harvesting and silviculture. However, site visits during the audit suggested that the conifer renewal program in the Lac Seul Forest has been outstandingly successful. The reasons for this discrepancy in habitat trends must be explained and rationalized.

Conclusion: As above.

Finding: The analysis of trends and achievements in the IFA-required Trends Analysis report was cursory, and some conclusions were not supported by data.

<p style="text-align: center;">Independent Forest Audit: Record of Finding</p> <p style="text-align: center;">Finding #12</p>
<p>Principle 8: CONTRACTUAL OBLIGATIONS</p> <p>Criterion 21: SFL or Agreement extension recommendation</p> <p>Procedure(s):</p> <ol style="list-style-type: none"> 1. The text of the audit report will summarize each of the specific terms and conditions reviewed during the audit and the related results of the audit in accordance with the IFAPP audit report requirements (Appendix D). 2. Based on consideration of audit results for the preceding criteria in 8.1 related to the SFL or Agreement make a recommendation on the extension of an individual SFL or the Agreement in accordance with the IFAPP direction for such recommendations (Appendix D).
<p>Background Information and Summary of Evidence and Discussion: Negotiations with Obish for an enhanced Sustainable Forest License has progressed well over the past three years. Obish has a completed Business Plan and there is a Framework Agreement in place that has been signed since 2016. The enhanced Sustainable Forest License contents are finalized but the license has not yet been signed by the Minister.</p>
<p>Discussion: In discussion with the District Manager, Obish Manager, and Obish Chief Forester auditors were told the enhanced Sustainable Forest License had yet to be signed, even though the document is complete and agreed to. It appears that the delay is due to main office procedures and priorities. We were told that all legal issues had been resolved and that all parties are in agreement.</p>
<p>Finding: The enhanced Sustainable Forest License has not been signed.</p>

APPENDIX 2 – ACHIEVEMENT OF FMP MANAGEMENT OBJECTIVES

Achievement to-date of the Objectives and Targets for the 2011-2016 Phase I FMP for the Lac Seul Forest

No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments																		
1	<p><u>Objective:</u> To provide forest diversity in a manner that emulates a natural landscape pattern and frequency.</p> <p><u>Indicators:</u> (a) Frequency distribution of forest disturbances by size class.</p>	<p>a) The target level is as follows:</p> <table><tr><th>Size Class</th><th>% No.</th></tr><tr><td>10-100</td><td>53</td></tr><tr><td>101-200</td><td>18</td></tr><tr><td>201-500</td><td>3-19</td></tr><tr><td>501-1000</td><td>8-19</td></tr><tr><td>1001-5000</td><td>8-31</td></tr><tr><td>5001-10000</td><td>3-5</td></tr><tr><td>10000+</td><td>1-3</td></tr></table> <p>The size classes are achieved in all but the 2 smaller size classes by the end of the 10-year plan as presented in the Phase I plan. The Trends Analysis reports that plan implementation moved the 10-100 class toward the desired level but the 100-200 size class moved away from the desired range.</p> <p>To the extent this indicator can be assessed at this stage in the plan this indicator is partially achieved.</p>	Size Class	% No.	10-100	53	101-200	18	201-500	3-19	501-1000	8-19	1001-5000	8-31	5001-10000	3-5	10000+	1-3	<p>To meet the targets for this objective requires fully achieving planned harvest levels or a large natural disturbance. The actual harvest levels were increasing through much of the Phase I plan, but the 2015 closure of the Hudson mill has greatly impacted the ability of the forest managers to achieve this objective by the end of the plan term.</p>		
Size Class	% No.																				
10-100	53																				
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201-500	3-19																				
501-1000	8-19																				
1001-5000	8-31																				
5001-10000	3-5																				
10000+	1-3																				
2	<p><u>Objective:</u> To provide for a forest structure, composition and abundance of the forest condition under a natural disturbance regime and a simulated historic forest condition (SRNV).</p> <p>(a) Area by forest type (Lac Seul Forest Units) and age</p> <p>(b) Amount and distribution of old growth forest.</p>	<p>a) The target level is to maintain or move toward the SRNV interquartile range identified in the Landscape Guide for each seral stage on the Lac Seul Forest.</p> <table><tr><th>Seral Stage (Landscape Class)</th><th>Lower quartile (ha)</th><th>Upper quartile (ha)</th></tr><tr><td>Pre-sapling</td><td>101901</td><td>221214</td></tr><tr><td>Immature Hwds & HwdMx</td><td>17811</td><td>33826</td></tr><tr><td>Immature conifer & conifer mix</td><td>107360</td><td>249821</td></tr><tr><td>Mature & late conifer mix</td><td>179594</td><td>289498</td></tr><tr><td>Mature & late spruce low & OC low</td><td>80505</td><td>105184</td></tr></table>	Seral Stage (Landscape Class)	Lower quartile (ha)	Upper quartile (ha)	Pre-sapling	101901	221214	Immature Hwds & HwdMx	17811	33826	Immature conifer & conifer mix	107360	249821	Mature & late conifer mix	179594	289498	Mature & late spruce low & OC low	80505	105184	
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No.	Objectives& Indicators	Auditor Assessment of Achievement			Auditor Comments								
		Mature & late Hwds & Hwdmix	18099	32060									
		Mature & late BF and BFmix	15227	24129									
		This objective is normally assessed at the start of a new plan when objectives are being developed. The Trends Analysis reported that not completing the planned harvest may delay the achievement of the desired future forest condition and the distribution of forest types. At plan start all forest types, except mature & late Balsam Fir were within the lower and upper quartile ranges. b) There is no specific target identified for this indicator, but the desirable level is to maintain 80% of the lowest value of old forest from the Null run (modeling term to describe the natural scenario of natural levels of fire, no harvest and letting the forest transition naturally). This objective is normally assessed at the development of the next forest management plan. The Trends Analysis reports that all forest units are projected to meet the desired level by the end of this plan term (2021). Since old growth is increased through fire suppression and a lack of harvesting, not harvesting the full planned harvest will not negatively affect the achievement of this objective in the short term (10 years). Over the very long term, however, some forest units would be reduced compared with the target (pure poplar or jack pine) At this stage in the forest management plan this objective is being achieved.											
3	Objective: Marten Habitat – To maintain a continuous supply of suitable, mature, year-round habitat distributed both geographically and temporally across the landscape within the bounds of natural variation.	a) The targets for this indicator are: <table><tr><th>Age class</th><th>% area (ha)</th></tr><tr><td>0-20</td><td>20</td></tr><tr><td>21-40</td><td>20</td></tr><tr><td>41-60</td><td>17</td></tr></table> Suitable marten habitat was arranged in core areas			Age class	% area (ha)	0-20	20	21-40	20	41-60	17	The auditors found the Trends Analysis Report assessment of wildlife objective achievement to be superficial. In many cases the assessment was the same as in the forest management plan. The Trends Analysis is prepared for the IFA and may or may not be used in the preparation of the Year 10 Annual
Age class	% area (ha)												
0-20	20												
21-40	20												
41-60	17												

No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments														
	<p>(a) Proportion of capable marten habitat as suitable habitat arranged within core areas.</p> <p><u>Objective:</u> Caribou Habitat – To maintain a continuous supply of suitable, mature, year-round habitat distributed both geographically and temporally across the landscape in such a manner as to ensure permanent range occupancy</p> <p>(b) Aspatial amount of caribou winter preferred in the caribou zone portion of the forest</p> <p>(c) Proportion of productive area with conifer-dominated FU (≥70% Pjpur, SpUp, SbLow, CoMx1) and ≥ 60 years in each 20-year mosaic interval to provide preferred winter caribou habitat.</p> <p>(d) Caribou preferred Conifer (Pjpur, SpUp, SbLow, CoMx1) versus Hardwood species composition in the caribou zone based on growing stock volume</p> <p>(e1) Amount of caribou preferred conifer-dominated forest units (Pjpur, SpUp, SbLow, ConMx1) in the caribou zone</p> <p>(e2) Percent of depleted forest units within the caribou zone assessed as free growing to pure conifer forest units (COMX1, PJPUR, SBLOW and SPUP).</p> <p>(f) Kilometres of SFL responsible operational and branch forest access roads per square kilometer of Crown Forest within the</p>	<p>according to the temporal and spatial constraints from creating a Desired Caribou Habitat Schedule (DCHS). Based on FMP-9 in the Phase I plan, the above targets were achieved in the short-term (10 years).</p> <p>b) A target of 122,699 ha, by 2031, of preferred winter habitat is not met during Phase I. Most forests do not meet the targets in the short-term. The Lac Seul Forest is not unique in this fact. The Trends Analysis reports the preferred winter habitat for caribou fluctuates for several decades.</p> <p>c) There is a short-term target for proportion of productive area in preferred winter caribou habitat in conifer forest units of 35%. The target levels are projected to be achieved by the end of the plan term (2021).</p> <p>d) The target is the same as the desired level at the end of the plan period of 85% conifer preferred versus hardwood. The target is measured in growing stock volumes. A flyover of the Lac Seul Forest reinforced the conclusion of the Trends Analysis that growing stock levels are maintained or exceeded for the plan term.</p> <p>e) The target is to maintain 79% or improve the amount of preferred conifer-dominated forest units in the caribou zone. The decrease in harvest levels will not impact this target in the short term.</p> <p>e) The targets for this indicator are presented by forest unit:</p> <table><tr><td>BFDOM</td><td>18%</td></tr><tr><td>COMX1</td><td>82%</td></tr><tr><td>COMX2</td><td>43%</td></tr><tr><td>HWDMX</td><td>29%</td></tr><tr><td>OCL</td><td>0%</td></tr><tr><td>PJPUR</td><td>90%</td></tr><tr><td>PRWMX</td><td>24%</td></tr></table>	BFDOM	18%	COMX1	82%	COMX2	43%	HWDMX	29%	OCL	0%	PJPUR	90%	PRWMX	24%	<p>Report. The audit has identified Finding #11 in this regard.</p>
BFDOM	18%																
COMX1	82%																
COMX2	43%																
HWDMX	29%																
OCL	0%																
PJPUR	90%																
PRWMX	24%																

No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments																
	<p>identified caribou management area</p> <p><u>Objective:</u> To provide forest diversity that meets the habitat needs for values dependent on Crown Forest Cover.</p> <p>(g) The percentage of caribou mosaic "A" and "EA" block areas that have been rehabilitated (i.e. harvest, renewal, and road decommissioning to approved road use- strategies)</p> <p>(h) Area (Ha) of habitat for the 8 locally featured species.</p> <p>(i) Area of habitat for forest-dependent species at risk in Ontario.</p>	<table><tr><td>POPUR</td><td>0%</td></tr><tr><td>SBLOW</td><td>100%</td></tr><tr><td>SPUP</td><td>88%</td></tr></table> <p>There were 10,564 hectares of free-to-grow in conifer-dominated forest units that was reported in Phase I representing 68% of all the depleted forest units. There were 12,883 hectares of caribou preferred conifer forest units that were harvested. The area regenerated to conifer forest units is 82% compared to the conifer forest units being harvested. These figures would suggest the conifer forest units are not regenerating back to conifer forest units. However, observations from the field audit suggest the conifer renewal program is very successful and is complemented by natural conifer ingress on many of the forest units.</p> <p>f) The target is to decrease or maintain the number of drivable operational or branch roads to no more than 0.45 km/km2. The reduced harvest levels will contribute to the achievement of this target. Also, there is an aggressive and successful road decommissioning program on the Lac Seul Forest.</p> <p>g) A target of 100% rehabilitation of branch and operational road in A and EA caribou blocks where the road management strategy identifies road rehabilitation as required. Auditors flew over a completed A block and observed 100% rehabilitation of roads in that block.</p> <p>h) Target levels identified for this indicator are the same as the desired level for 2021 below.</p> <table><tr><td>Wildlife Species</td><td>Desirable Targets (Ha) 2021</td></tr><tr><td>BBWO</td><td>224400</td></tr><tr><td>CARI</td><td>479300</td></tr><tr><td>CARIw</td><td>101587</td></tr><tr><td>MART</td><td>239537</td></tr></table>	POPUR	0%	SBLOW	100%	SPUP	88%	Wildlife Species	Desirable Targets (Ha) 2021	BBWO	224400	CARI	479300	CARIw	101587	MART	239537	
POPUR	0%																		
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No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments										
		<table><tr><td>MOOS</td><td>160829</td></tr><tr><td>MOOSw</td><td>337444</td></tr><tr><td>PIWO</td><td>33057</td></tr><tr><td>BLBEf</td><td>242656</td></tr><tr><td>CALYd</td><td>197910</td></tr></table> <p>Based on FMP-9 in the Phase I plan, all of the identified species will achieve the desired levels by the end of the plan term because all of the species are above the desired level at plan start.</p> <p>i) The target is no net loss of identified habitat for Species At Risk on the Lac Seul Forest. Caribou is identified as one of the species and its maintenance is addressed through the DCHS.</p> <p>The objectives and associated sub-objectives are achieved to the extent possible with the information provided through the Trends Analysis and Annual Reports.</p>	MOOS	160829	MOOSw	337444	PIWO	33057	BLBEf	242656	CALYd	197910	
MOOS	160829												
MOOSw	337444												
PIWO	33057												
BLBEf	242656												
CALYd	197910												
4	<p><u>Objective:</u> Provide access to the Lac Seul Forest for the forest industry, other resource users, recreational users and the general public while protecting other values (e.g. SAR, remote tourism).</p> <p>(a) Kilometres of road per square kilometre (km/km2) of Crown Forest (applies to primary and branch roads) on the whole forest.</p> <p>(b1) Ratio of restricted roads versus unrestricted roads to access land base.</p> <p>(b2) Ratio of restricted roads versus unrestricted roads to access waterbodies.</p> <p>(c) Amount of roads rehabilitated (% of required).</p>	<p>a) This target is two-fold: to provide up to 0.09 km/km2 plus 10% primary and branch road access. Based on annual reports for Phase I the following road construction took place: 6 km of primary road, 71.6 km of branch road and 194.1 km of operational road. During that same time 276.1 km of branch and operational road was decommissioned. There was 4.4 km more road decommissioned during the audit period than built. The net change is negligible (1.6%).</p> <p>B1) The target is to provide a ratio of between 4-8% of restricted vs. unrestricted road access across the land base. Based on the Annual Reports, of the referenced roads, 70% of branch roads built had restrictions and 45% of operational roads built in Phase I had access restrictions.</p> <p>B2) Target ratio identified for this indicator is 10-14% restricted versus unrestricted road access. Although a rudimentary assessment, based on annual report information, the ratio of new construction restricted access roads to non-restricted is 1.5:1.</p>	<p>The Trends Analysis report provided little meaningful analysis for this objective. Future reports should utilize information reported annually.</p>										

No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments
		<p>c) A target of 100% of EA caribou blocks by the end of the plan term is identified. In Phase I of the plan 276.1 km of road had been decommissioned.</p> <p>Based on the information provided and observations from the field, this objective is achieved.</p>	
5	<p><u>Objective:</u> To ensure that harvested areas are successfully regenerated and free- growing.</p> <p>(a) Percent of harvested forest area assessed as free growing.</p> <p>(b) Percent Regeneration success at the time of FREE-TO-GROW by FU</p>	<p>a) The target is 95% regeneration success. The Trends Analysis reported 13,188.4 ha assessed for FTG and 98.5% declared a regeneration success. Based on observations during the field audit, the forest is growing well.</p> <p>b) A target of 60% silvicultural success by forest unit was set in the forest management plan. A review of the data presented in AR-13 from the Trends Analysis shows that the following forest units did not achieve the target for silvicultural success to the projected forest unit: BFDOM, OCL, POPUR, SBLOW, PJPUR and SPUP. Silviculture success to the projected forest unit was reported as 48%. This effort does not meet the 60% threshold.</p> <p>The first sub-objective is achieved but the second sub-objective is not achieved.</p>	<p>During the site inspections auditors found the regeneration efforts to be very successful. However, much discussion ensued around natural ingress and its impact on silvicultural success to the intended forest unit. Finding #7 captures the situation and the audit team believes if the SGRs recognize the likelihood of natural ingress, silvicultural success on the Lac Seul Forest may be improved.</p>
6	<p><u>Objective:</u> Provide for the protection of remoteness of Lac Seul consistent with the Lac Seul Lake Management Plan and District Policies.</p> <p>(a) Compliance with “no harvest” within the 120-meter reserve.</p> <p>(b) Compliance with the Sioux Lookout District Policy “no roads zone” to the back side of the 120 metre “no harvest” reserve.</p> <p><u>Objective:</u> Provide opportunity for non-timber products.</p> <p>(c) The amount of depleted</p>	<p>a) The minimum target for this sub-objective is 95% compliance with the prescription. The compliance rate on the Lac Seul Forest is 96% with 3 non-compliances in Areas of Concern. The Trends Analysis reports no instances where the 120-meter reserve was breached.</p> <p>b) The target for this sub-objective is also 95% compliance. There were no non-compliances issued during the Phase I plan implementation.</p> <p>c) There is no associated target for this objective but there is a general statement to monitor the availability of younger age classes to support blueberry production. There is no assessment in the Trends Analysis but, as discussed in</p>	<p>During the conduct of the audit it was noted that information to support the assessment of sub-objective 6(c) is not collected either through forest operations prescriptions or other means. A meaningful assessment of objective achievement cannot be completed for this sub-objective.</p>

No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments
	<p>harvest area with the potential (high and medium) of supporting abundant blueberry production between the ages of 0 to 10</p> <p><u>Objective:</u> Protect forest values (natural resource features) dependent on forest cover associated with AOC's.</p> <p>(d) Compliance with prescriptions for protection of natural resource features, land users or values dependent on the forest cover (% of inspections in compliance).</p>	<p>Objective 9, most of the harvest (18,890 ha) was in the conifer-leading forest units (71%). Both SPUP and PJPUR contain ecosites that support blueberries. The combined harvest depletion in those forest units represents 34% of the total depletion reported. This new depletion represents younger age classes that meet the intent of this indicator.</p> <p>d) The target for this sub-objective is a minimum 90% compliance with the prescription to protect natural resource features, land users or values dependent on forest cover values. Compliance records indicate there have been 3 non-compliances related to Area of Concern values none resulting in a penalty because the value was compromised. There was a 96% compliance rate on the Lac Seul Forest reported for Phase I plan.</p> <p>All the sub-objectives are achieved.</p>	
7	<p><u>Objective:</u> To contribute to a healthy forest ecosystem by minimizing the potential for adverse effects (specifically – level of remoteness threatened by land-based access, view- scape and noise) of forest management practices on tourism values.</p> <p>(a) Compliance with prescription for the protection of resource-based tourism values (% of in compliance inspections)</p> <p>(b) The proportion of tourism AOC's and road strategies from the current Plan where prescriptions are incomplete and need to be addressed in the new Plan.</p> <p>(c) The proportion of Tourism prescriptions that result in documented issues arising during implementation.</p>	<p>a) The target is a 90% compliance rate. As mentioned previously under several of the objectives, the overall compliance rate during Phase I implementation was 96% with 3 reported non-compliances related to Area of Concern prescriptions. Annual Reports did not mention that any of the non-compliance were related to resource-based tourism values.</p> <p>b) FMP-9 lists the target as 70% of commitments brought forward from 2006 FMP by 2018. During development of the forest management plan this commitment was met.</p> <p>c) This target is a maximum of 10% issues during implementation of the forest management plan. There were 10 amendments processed during the implementation of the Phase I plan. Only one amendment required stakeholder consultation beyond the Sioux Lookout LCC.</p> <p>This objective is achieved.</p>	
8	<u>Objective:</u> Provide a sustainable level of	There is no target for any of the sub-objectives other	

No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments
	<p>harvest of wood from the Lac Seul Forest</p> <ul style="list-style-type: none"> (a) Long-term projected available harvest area and volume, by species group. (b) Available, forecast and actual harvest area, by forest unit. (c) Available, forecast and actual harvest volume, by species. 	<p>than to maximize available harvest area and volumes. This objective is achieved with the approval of the long-term management direction, that requires the projected harvest area and volumes to be sustainable, during development of the 2011-2021 forest management plan for the Lac Seul Forest.</p> <p>This objective is achieved.</p>	
9	<p><u>Objective:</u> Supply in a cost-effective manner, a continuous and predictable supply of suitable sawlog material to the Hudson sawmill, and to provide other products (i.e. hardwood logs, residual by-products such as chips, sawdust, pulpwood, high value poles and cabin logs).</p> <ul style="list-style-type: none"> (a) Percent of forecasted volume utilized by mills. (b) Amount of volume used locally within the Lac Seul Forest (Hudson sawmill and FRL's) (c) Wood fiber licensed to other facilities/businesses in the Lac Seul Forest. 	<ul style="list-style-type: none"> a) During the plan period, 58.8% of the planned harvest volume was utilized. Conifer species were utilized as follows: 55% Jack Pine, 61% Spruce and 63% Balsam Fir. Approximately 70% of the available Poplar and 7% of the White Birch was utilized. Since Obish began operating on the Forest the delivered wood increased from 218,000 m3 to 608,000 m3 in 2014-15. b) The closure of the Hudson sawmill in 2015, (330,672 m3 of softwood sawlog utilized between 2012-2015) resulted in a 34.5% decrease in delivered wood volumes. c) Obish has attempted to replace the Hudson wood volumes through contracts with Resolute Forest Products and Norbord. A target of 80% utilization is not likely to be achieved. <p>This objective is only partially achieved due to the closure of the Hudson sawmill.</p>	The mill closure may jeopardize the overall achievement of this objective.
10	<p><u>Objective:</u> Wood fiber licensed to other facilities/businesses in the Lac Seul Forest.</p> <ul style="list-style-type: none"> (a) Compliance with management practices that prevent, minimize or mitigate site damage (% of inspections in 	<ul style="list-style-type: none"> a) A review of compliance reports indicates a 96% compliance rate with no non-compliances for site damage. The target of 90% compliance is achieved. b) No measurable target was set for this indicator. A review of the FMP-17: Planned Renewal and tending operations proposed 9,180 hectares of tending in Phase 1 representing 34% of the planned depletion. 	

No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments
	<p>compliance).</p> <p><u>Objective:</u> Monitor the area of pesticide application in forest management practices.</p> <p>(b) Ratio of depleted area to area treated with pesticides</p>	<p>The total area reported as tended in Phase 1 was 12,520 hectares representing approximately 81% of the reported depletion.</p> <p>Both sub-objectives are achieved.</p>	
11	<p><u>Objective:</u> To contribute to a healthy forest ecosystem by minimizing the potential for adverse effects of forest management practices on water quality and aquatic fish habitat.</p> <p>(a) Compliance with prescriptions developed for the protection of water quality and fish habitat (% of inspections in compliance).</p>	<p>a) A review of compliance reports indicates a 96% compliance rate with 3 non-compliances for Areas of concern. No penalties were assessed for adverse effects on fish habitat. The target was 90% compliance.</p> <p>This objective is achieved.</p>	
12	<p><u>Objective:</u> Maintain current levels of Crown Forest area available for timber production.</p> <p>a) Managed Crown Forest available for timber production.</p>	<p>The target for this Indicator is to achieve a minimum of 680,000 hectares of forest area available for timber production in the short term (20 years). Although this target is not assessed until preparation of the next forest management plan, there have been no new parks or other withdrawals from the landbase and, roads and landings represent 1-2% loss from the productive forest. The Lac Seul Forest is actively returning roads and landings back to productive forest and aggregate pits are being rehabilitated.</p> <p>Auditors are confident that this objective will be achieved.</p>	<p>The auditors identified Best Practice #2 in recognition of the innovative, co-operative work done by Obish and Ministry of Natural Resources and Forestry to manage debris in the Lac Seul Forest. The debris management program has a positive impact on meeting of this FMP objective.</p>
13	<p><u>Objective:</u> Demonstrate the acceptance of social responsibility by encouraging the public and supporting the participation of Aboriginal Communities and Local Citizens Committee in Plan Development.</p> <p>(a) Provide Aboriginal community's opportunity for involvement in the</p>	<p>a) There were no measurable targets for this indicator. A review of planning team minutes, interviews with Sioux Lookout District Resource Liaison and, aboriginal communities confirmed the forest management planning process provided sufficient opportunities for aboriginal involvement in the development of both the Phase I and II plans.</p> <p>b) The target for this indicator is 60% of</p>	

No.	Objectives& Indicators	Auditor Assessment of Achievement	Auditor Comments
	<p>development of the forest management plan</p> <p>(b) Local Citizens Committee members self-evaluation of their effectiveness in plan development.</p> <p>(c) Opportunity for Aboriginal Communities to provide input for the protection of Aboriginal Forest Values.</p> <p>(d) Compliance with prescriptions for cultural heritage values.</p> <p>(e) Amount of public attendance from Open Houses.</p>	<p>respondents rank themselves as effective. The reported result of the survey was 100% of LCC members rank themselves as effective.</p> <p>c) The target for this indicator is 100% compliance and to meet or exceed FMP requirements. In interviews with aboriginal communities there were no issues with known values not being protected. There were no non-compliances on aboriginal forest values.</p> <p>d) The target in 80% compliance for cultural heritage values. There were no non-compliances in cultural heritage Areas of Concern.</p> <p>e) There is no measurable target other than to maximize attendance at open houses and monitor the trend. There were 3 open houses held for the Phase I plan and 2013 individuals were recorded. There does not appear to be records available or reported for previous plans, but the above records suggest this indicator is being monitored.</p> <p>This objective is achieved to the extent it can be measured.</p>	
14	<p><u>Objective:</u> Minimize non- compliance in forest operations.</p> <p>(a) Non-compliance in forest operations inspections (% of inspections in non- compliance as determined by MNR)).</p>	<p>a) The target for this indicator is 90% compliance. Reports indicate that compliance is 96% for Phase I. Auditors did not view any instances of non-compliance during field inspections. Ministry of Natural Resources and Forestry conducted 56 inspections during Phase I with 4 non-compliances confirmed and no penalties issued.</p> <p>This objective is achieved.</p>	<p>Poor road grading practices resulted in a Finding (Finding #8) and aggregate pit issues around public safety and not meeting the Aggregate Resources Act requirements lead to Finding #9.</p>

APPENDIX 3 - COMPLIANCE WITH CONTRACTUAL OBLIGATIONS

Licence Condition	Licence Holder Performance
Payment of Forest Renewal Trust, Forestry Futures and Ontario Crown charges	All charges were paid in full by Mackenzie Forest Products until they declared bankruptcy. All charges are paid in full by Obish since 2012.
Wood supply commitments, MOAs, sharing arrangements, special conditions	All wood supply commitments were revoked with the surrender of the SFL. Obish operates under an enhanced forest resource license that contains no wood supply commitments. The provincial wood supply competition awarded Domtar Inc. 440,000 m3 softwood and Weyerhaeuser Composite 20,250 m3 Birch. There is a MOA with Domtar that commits Domtar to utilizing 440,000 m3 conifer annually. There is a road agreement on the Lac Seul Forest between Lac Seul First Nation and Resolute. The Framework Agreement for the new eSFL makes available, through a MOA, 68,000 m3 of Poplar fiber to Weyerhaeuser Company Limited.
Conduct inventories, surveys, tests and studies; provision and collection of information in accordance with FIM	There were few gaps in the data records. Obish conducts regular post-harvest surveys and collects information and data in accordance with FIM requirements.
Wasteful practices not to be committed	There are no reports of wasteful practices during the audit period. An amendment at the start of the forest management plan allowed stranded wood left behind from the bankruptcy to be utilized. Also, older debris piles are being managed where feasible and reasonable.
Natural disturbance and salvage SFL conditions must be followed	There were no natural disturbances reported during the audit period.
Protection of the licence area from pest damage, participation in pest control programs	This procedure was not audited as it was deemed optional.
Audit action plan and status report	An Action Plan was prepared and submitted in 2013, two years late due to the bankruptcy of the license holder. The Status Report was prepared in 2015 within 2 years of the approval of the Action Plan as required.
Forest Renewal Trust eligible silviculture work	The auditors viewed 2,825 hectares of renewal, 3,199 hectares of site preparation and 4,737 ha of tending representing 15-60% of eligible silviculture invoiced to the Forest Renewal Trust during the audit period. The audit also viewed 3,870 hectares of 2015-2016 silviculture work (as required) that was the subject of the Specified Procedures audit and found no discrepancies between invoice maps and what was viewed in the field.
Forest Renewal Trust forest renewal charge analysis	A renewal charge analysis was carried out as required.
Forest Renewal Trust account minimum balance	The Forest Renewal Trust account met the minimum balance at March 31 st of each year in the audit period.
Silviculture standards and assessment program	Obish has a well-developed silvicultural assessment program. Plant quality assessments and tending requirement surveys are carried out simultaneously and site preparation surveys are carried out during operations.

Licence Condition	Licence Holder Performance
Aboriginal opportunities	Obishikokaang Resources Corporation is a Lac Seul First Nation company and holds the only enhanced forest resource license on the Lac Seul Forest. An enhanced sustainable forest license is in negotiation that involves the creation of a new company that includes Obish amongst other entities.
Preparation of the FMP, AWS and reports; abiding by the FMP, and all other requirements of the FMPPM and CFSA.	Obish prepared the Phase II Planned Operations plan and has prepared and filed all the annual work schedules and annual reports since 2013 under the obligations of their enhanced forest resource license. Findings # 4, 5,6 and 9 identify deficiencies related to forest operations prescription certification, wildlife tree retention, errors in area of concern prescriptions in the plan and aggregate pit safety and regulations.
Preparation of compliance plan	This protocol was deemed optional and was not audited.
Internal compliance prevention/ education program	This protocol was deemed optional and was not audited.
Compliance inspections and reporting; compliance with compliance plan	This protocol was deemed optional and was not audited.
SFL forestry operations on mining claims	This audit procedure was determined to be optional and was not audited.

APPENDIX 4 – AUDIT PROCESS

Overview

The Crown Forest Sustainability Act (CFSA) directs the Minister of Natural Resources and Forestry to conduct a review of each tenure-holder every five years to ensure that the licensee has complied with the terms and conditions of its licence. The Independent Forest Audit (IFA) contributes to this mandate, as well as complying with the direction to the Ministry laid out in the 1994 Class EA decision, subsequently confirmed in the 2003 Declaration Order⁴. Regulation 160/04 under the CFSA prescribes the minimum qualifications required by the audit team and sets out direction related to the timing and conduct of IFA's, the audit process and reporting.

The Independent Forest Audit Process and Protocol (IFAPP) sets out in detail the scope and process requirements of an IFA, and contains approximately 190 individual audit procedures. The IFAPP, which is reviewed and updated annually by the Ministry of Natural Resources and Forestry, states that the purpose of the audits is to:

- *“assess to what extent forest management planning activities comply with the Forest Management Planning Manual and the [Crown Forest Sustainability] Act;*
- *assess to what extent forest management planning activities comply with the Act and with the forest management plans, the manuals approved under the Act, and the applicable guides;*
- *assess the effectiveness of forest management activities in meeting the forest management objectives set out in the forest management plan, as measured in relation to the criteria established for the audit;*
- *compare the forest management activities carried out with those that were planned;*
- *assess the effectiveness of any action plans implemented to remedy shortcomings revealed by a previous audit;*
- *review and assess a licensee's compliance with the terms and conditions of the forest resources licence; and*
- *provide a conclusion regarding the sustainability of the Crown forest”*

The audit may identify findings and best practices. A finding identifies non-conformances or situations of a critical lack of effectiveness in forest management activities and must be evidence-based. All findings are addressed by the auditees in an Audit Action Plan. If the Audit Team feels that an aspect of forest management is exceptional it may be identified as a best practice. The IFAPP states that *“Highly effective novel approaches to various aspects of forest management may represent best practices. Similarly, applications of established management approaches which achieve remarkable success may represent best practices.”* In contrast, *“situations in which forest management is simply meeting a good forest management standard”* do not qualify.

Audit Process and Sampling

⁴ Declaration Order regarding MNR's Class Environmental Assessment Approval for Forest Management on Crown Lands in Ontario, approved by Order in Council 1389/03 on June 25, 2003.

The IFAPP describes each of the components of the audit process and contains the audit protocol, which constitutes the main framework for the audit. The procedures, which are the basis for assessing the auditees' compliance and effectiveness, are organized according to eight principles. A positive assessment of the procedures under each principle results in the principle being achieved. A negative assessment of a procedure typically leads to a finding.

Preparation, Document Review and Outreach

The audit commenced with initial contact with the auditees to discuss field audit dates then preparation of the Audit Plan, which described the procedures to be used during the audit and assigned responsibilities to members of the Audit Team. Consultation with the Sioux Lookout LCC Chair and initial contact with the 8 indigenous communities followed. A detailed review of on award documents preceded a pre-audit meeting with the audit team, Obish, representatives from all levels of Ministry of Natural Resources and Forestry, the LCC Chair and the Forestry Futures Committee. The primary purpose of the meeting was to familiarize the auditees with the audit process, review the Audit Plan, and make a preliminary selection of sites to inspect in the field during the audit.

Risk Assessment

The IFAPP procedures are classified into low, medium or high risk to forest sustainability. All medium and high-risk procedures are audited. Low-risk procedures are normally optional unless the risk assessment of those procedures against the Forest being audited suggests one or more of these procedures should be added to the scope of the audit. The risk assessment for the IFA of the Lac Seul Forest considered the following:

- Trend Analysis Report and other related documents;
- Discussions with District and Regional Ministry of Natural Resources and Forestry representatives and Obish staff;
- Issues identified in bid proposal for the Lac Seul Forest IFA;
- Determination of whether each optional criterion was covered under a mandatory criterion;
- Annual Reports for the audit period, and
- The previous Independent Forest Audit report results.

Table 3, below, presents the additional optional procedures added to the scope of the Lac Seul Forest IFA.

Table 4. Audit procedures added to the scope of the audit

IFAPP Principle	Optional Procedures or Criteria Selected	Description	Comments
1. Commitment	1.1-1.2	SFM policy statements of the organization & their reflection in operations, and commitment to adhere to legislation	The Lac Seul Forest is a Crown Management Unit with the forest management assigned through an enhanced Forest Resource License to Obishikokaang Resources Corporation. Interviews with SFL staff indicate company is seeking FSC certification this summer and

IFAPP Principle	Optional Procedures or Criteria Selected	Description	Comments
			may be certified by time of field audit. Ministry of Natural Resources and Forestry has comprehensive and well-established policies regarding sustainable forest management. Negotiations for an eSFL are ongoing.
2. Public consultation and Aboriginal involvement	2.3	Issue Resolution	There was one issue resolution for the Ph 1 FMP
3. Forest management planning	3.3.4	SAR description	Planning decisions for caribou have resulted in timing restrictions on harvest operations and increase in operable age.
	3.5.6.1	FMP harvest – forecast and planned harvest	See comments in 3.3.4
	3.5.12	IFA results	The status of some of the recommendations from the last IFA given the Lac Seul Forest is now a Crown Management Unit.
	3.5.13	Determination of Sustainability	See comments below
	3.7.2	Phase II Planned Operations	Given the closure of the Buchanan mill the planned operations in PH II are not realistic; Issues identified include increase in age of operability because of caribou, free-to-grow backlog, economic uncertainty as it relates to SS and forest sustainability, culmination of issues both technical and economic impact on sustainability
5. System Support	5.1	Human resources	Staffing changes within Ministry of Natural Resources and Forestry and at the Region may compromise Ministry of Natural Resources and Forestry's legal responsibilities.
8. Contractual Obligations	8.1.17	License – internal compliance/education program	Reviewed in 5.1 (added), 6.2 and 6.3 (mandatory)

Site Visit and Closing Meeting

The focus of the audit was an intensive five-day site visit (September 25th-29th, 2017), which included additional document review, interviews and field inspections of a variety of sites across the Forest where there were activities during the audit period. Three auditors spent 3 days assessing implementation on the ground, and 1-day assessing implementation by flying over the Forest. One auditor visited 1 indigenous community and interviewed 2 other communities. The site visit was concluded with a “wrap up” Closing Meeting presentation of the preliminary results of the audit highlighting areas where findings were likely.

A formal Closing Meeting to review Appendix I Findings in detail was held via conference call on Friday, October 6th, 2017 with the auditees, Ministry of Natural Resources and

Natural Regeneration (ha)	2,599	412	15.8
Mechanical Site Preparation (ha)	8,418	2,797	33.2
Chemical Site Preparation (ha)	1,105	382	34.6
Planting (ha)	4,659	1,808	38.8
Seeding (ha)	4,903	1,017	20.7
Aerial Tending (ha)	13,645	4,621	33.9
Manual Tending (ha)	195	116	59.5
Free-to-Grow Assessments (ha)	17,970	3,588	20.0
2015/2016 FRT Areas (ha)	8,584	2,879	33.5

The table above is intended to portray an approximate level of effort only. There are several factors which preclude too-precise an interpretation of the figures presented in the table. Although we viewed many individual harvest and/or treatment blocks during the field inspection portion of the audit, more than one aspect of forest activity was inspected at most sites. For example, one block could be inspected for harvest, roads, site preparation, planting and tending if these activities took place during the audit period. Finally, of the area figures shown above, it should be noted that not every hectare of the blocks visited were inspected – such a level of effort would be infeasible.

Summary of Input into the Audit from Indigenous Communities with interests on the Lac Seul Forest, Sioux Lookout LCC and the public

Members of the Sioux Lookout LCC, Obish and Sioux Lookout District staff assisted in identifying the most effective methods of public outreach early in the audit process. The Sioux Lookout LCC also assisted with the format of the advertisement in the local media (see Figure 4 below). The audit was advertised in 3 newspapers and on the local information channel with a link to an online public web survey. The online survey resulted in 2 responses and the advertisement in the newspaper resulted in 1 response that led to a finding.

Figure 4: Advertisement for the IFA



A presentation on the upcoming audit of the Lac Seul Forest and the LCC's role was made to the Sioux Lookout LCC on September 11th, 2017 via conference call. At that time, they identified only 1 issue related to harvesting more close wood versus far wood and highlighted the following topics of discussion over the last few years:

- Road closures
- Firewood
- Spray notifications, and
- Near wood cutting.

Ten members of the Sioux Lookout LCC were interviewed either in person or by phone during the audit. Two members of the Sioux Lookout LCC attended 2 of the field days and the Chair was in attendance for the pre-audit meeting, the Opening meeting and both Closing meetings.

Summary of Involvement by the Auditees

Staff from Obish were very involved in the audit along with Sioux Lookout District and served as key contacts for the audit team during the audit week. Both Obish and Sioux Lookout District staff worked as guides during the field inspections. Both Obish and Sioux Lookout District staff were involved in the refinement of the areas selected for the field audit and participated in the helicopter flight directing the pilot and providing commentary for each flyover. Additionally, the District Manager attended 2 field days and the Area Supervisor attended 1 field day.

Over the course of the audit many discussions were held with Obish staff and their service provider HME Enterprises, some of the key topics included:

- The strides made with road decommissioning;
- The success of the Forest Advisory Committee;
- The evolution of the debris management program;
- The solid performance by the LCC over the term of the audit;
- The struggle with natural ingress on some forest units, and;
- The slow progress of the eSFL process.

The audit team had many discussions and interviews with the staff of the Sioux Lookout District. Topics raised by Ministry of Natural Resources and Forestry staff included:

- The solid performance by the LCC over the term of the audit;
- Bankruptcy legacy issues;
- The eSFL process;
- The closure of the Mackenzie sawmill and long-term wood utilization;
- Ministry of Natural Resources and Forestry transformation and District responsibilities, and;
- Future staffing.

APPENDIX 5 – LIST OF ACRONYMS

ACOP	Annual Compliance Operations Plan
AOC	Area of Concern
AR	Annual Report
AWS	Annual Work Schedule
CFSA	Crown Forest Sustainability Act
Class EA	Class Environmental Assessment for Timber Management on Crown Lands in Ontario
CRO	Conditions on Regular Operations
DCHS	Dynamic Caribou Habitat Schedule
DM	Ministry of Natural Resources and Forestry District Manager
EBR	Environmental Bill of Rights
eFMP	Electronic Forest Management Plan
eFRI	Enhanced Forest Resource Inventory
eFRL	Enhanced Forest Resource License
eSFL	Enhanced Sustainable Forest License
ESA	Endangered Species Act
FI	Forest Information
FIM	Forest Information Manual
FMP	Forest Management Plan
FMPM	Forest Management Planning Manual
FN	First Nation
FOIP	Forest Operations Inspection Program
FOP	Forest Operations Prescription
FRI	Forest Resource Inventory
FTG	Free-to-Grow
FRTF	Forest Renewal Trust Fund
ha	hectares
Km	kilometers
IFA	Independent Forest Audit
IFAPP	Independent Forest Audit Process and Protocol
LCC	Local Citizens Committee
LTMD	Long-Term Management Direction
m ³	cubic meters
MNRF	Ministry of Natural Resources and Forestry
OLL	Overlapping Licensee
RPF	Registered Professional Forester
SAR	Species at Risk
SEM	Silvicultural Effectiveness Monitoring
SFL	Sustainable Forestry Licence
SGR	Silvicultural Ground Rules
SRNV	Simulated Ranges of Natural Variation

APPENDIX 6 – AUDIT TEAM MEMBERS AND QUALIFICATIONS

Name	Role	Responsibility
Sarah Bros, R.P.F.	Lead Auditor and Core auditor; Silvicultural Auditor; assist with Aboriginal Auditor	Coordinate audit, coordinate risk analysis, auditing silviculture components of FMP and implementation, includes monitoring, review relevant document sections (FMP, AWS, AR, SEM, Trends Analysis), coordinate report and writing of relevant sections including sustainability, presentations to LCC(s) and adherence to audit timelines
Brian Callaghan, R.P.F.	Core Auditor and Harvest and contractual obligations Auditor	Audit harvest and compliance components of FMP and implementation, includes inventory, review relevant document sections (FMP, AWS, AR, Compliance Plans, Trends Analysis), assist with risk analysis, wood supply commitments, identify findings, report writing
Kandyd Szuba, PhD, R.P.F.	Core Auditor and Wildlife Auditor; assist with Stakeholder consultation, including LCC	Audit wildlife components of FMP and implementation, review relevant document sections (FMP, AWS, AR, Trends Analysis), assist with risk analysis, identify findings, report writing
Craig Howard, R.P.F.	Core Auditor; Compliance and stakeholder Auditor, including LCC and Aboriginal; overlapping with Access Auditor	Auditing stakeholder and compliance components of fmp, includes compliance monitoring, roads funding invoices, and implementation, review relevant document sections (FMP, AWS, AR, Trends Analysis), identify findings, report writing
Colin Arlidge, R.P.F.	GIS support	Assist Lead Auditor with GIS work to select field sample sites