

An aerial photograph of a vast, dense forest landscape. In the center-left, there is a small, irregularly shaped pond surrounded by a clearing. The forest extends to the horizon under a clear sky. The text is overlaid on the upper portion of the image.

Dryden Forest

Independent Forest Audit

April 1, 2013-March 31, 2018

Final Report

**ArborVitae Environmental
Services Ltd.**

November 16, 2018

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1.0 EXECUTIVE SUMMARY

This Independent Forest Audit (IFA) assessed the management of the Dryden Forest for the period April 1, 2013 – March 31, 2018, which encompasses the last three years of Phase I of the 2011-2021 FMP and the first two years of Phase II. The audit also covers the development of the Phase II Planned Operations. This audit reviewed the performance of the SFL-holder, Dryden Forest Management Company Ltd, a shareholder-based forest management company (hereafter referred to as DFMC) and the Ministry of Natural Resources and Forestry (MNRF) Dryden District. The extent to which the broader MNRF organization addressed its responsibilities as discernible in the stewardship of the Dryden Forest was also addressed.

The auditors conducted site inspections over the course of two days and interviewed members of the Local Citizens Advisory Committee (LCAC), Indigenous community representatives, staff members of DFMC, Overlapping licensees, and MNRF. Operations reviewed in the field far exceeded the minimum 10% sample size identified in the Independent Forest Audit Process and Protocol (IFAPP).

The Dryden LCAC is composed of dedicated members who capably discharge their responsibilities related to providing advice to MNRF regarding the forest. MNRF and DFMC provide excellent support to the committee, particularly related to the high quality of presentations that have been provided.

This audit identified 14 findings indicative of both opportunities/needs for improvement in some aspects of forest management and instances in which the requirements of the IFAPP have not been met. None of the findings are indicative of serious dysfunction that threatens management of the Forest, nor are they, even when taken collectively, indicative of poor management of the Forest.

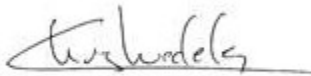
Most of the findings address responsibilities that are either jointly held by DFMC and the MNRF or are solely the MNRF's responsibility. No serious operational issues were identified that resulted in findings. Several findings related to planning were identified, including the need for improvement of some of the FMP's objectives, improved processing of amendments and another related to sign-off procedure for AWS revisions. The compliance performance during the audit term was very good, however, two findings related to compliance are identified – the need for more joint inspections and the need for MNRF to improve implementation of its Annual Compliance Plans. This audit also identifies two findings related to the MNRF's responsibilities for updating the company's Sustainable Forest Licence. The findings of this audit that may be the most challenging to address both relate to the responsibilities of the auditees to interact with and facilitate the involvement of Indigenous communities in forest management. One finding draws attention to the barriers for Indigenous communities to participate meaningfully in Forest Management Planning, and the second draws attention to the strained relationship between the MNRF and DFMC, and the Indigenous communities on the Forest that are situated relatively close to Dryden.

The quality of operations on the Forest was routinely found to be very high. Utilization of harvested wood was good, as was the management of road-side slash and chipper debris. Silvicultural practices were appropriate for the forest units in which harvesting occurred, and the level of silvicultural success, as evident in free-to-grow survey results, was high. Similarly, the

quality of protection of non-timber values was also good as evidenced in part of the high level of compliance achievement.

The nature of auditing is generally to identify practices in need of improvement. All forest audits identify findings and this audit is no different in that regard. In spite of the moderate number of findings identified in this audit, the audit team stresses that, from an operational perspective, management of the forest was being implemented at a high level. Findings and opportunities for improvement were mostly oriented towards improving planning functions that will help the quality of management to achieve an even higher level.

The audit team concludes that management of the Dryden 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 Sustainable Forest Licence #542444 held by Dryden Forest Management Company Ltd. The forest is being managed consistently with the principles of sustainable forest management, as assessed through the Independent Forest Audit Process and Protocol.



Chris Wedeles
Lead Auditor



2.0 TABLE OF AUDIT FINDINGS

Concluding Statement
<p>The audit team concludes that management of the Dryden 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 Sustainable Forest Licence #542444 held by Dryden Forest Management Company Ltd. The forest is being managed consistently with the principles of sustainable forest management, as assessed through the Independent Forest Audit Process and Protocol.</p>
Findings
<p>1. There are considerable barriers to the meaningful participation of Indigenous communities in management planning on the Dryden Forest.</p>
<p>2. The relationship between Eagle Lake First Nation and the Company and MNRF has become strained during the last year of the audit period, while the Wabigoon Lake Ojibway Nation and Northwest Métis Council have very limited relationships with MNRF and DFMC.</p>
<p>3. The silvicultural effectiveness monitoring program described in the plan does not fully align with the implemented program for monitoring complex stand types.</p>
<p>4. Three provincially rare species were omitted from the background information in the Phase II Planned Operations.</p>
<p>5. Reviews of amendments to the FMP are often not completed and approved in a timely manner.</p>
<p>6. MNRF approval of AWS revisions has not consistently followed appropriate procedures regarding the sequence of the approval signatures for AWS revisions.</p>
<p>7. Some of the boundaries of parcels of patent land contained within the latest version of map products that were delivered to the Dryden District MNRF by the Office of the Ontario Surveyor-General are inaccurate.</p>
<p>8. Active regeneration of roads is not being pursued so as to make a meaningful contribution to the company's efforts to maintain the productive land area of the forest.</p>
<p>9. Corporate MNRF did not meet its obligation to produce the provincial status report for the 2013 IFAs according to the schedule in the IFAPP.</p>
<p>10. The lack of joint compliance inspections is not consistent with the intent of the compliance planning documents to carry out effective monitoring.</p>
<p>11. MNRF did not meet its obligations associated with the development of comprehensive district compliance plans or implementation of compliance targets identified in the plans.</p>
<p>12. Several of the FMP's objectives and their related indicators, desirable levels and targets are not appropriate or reasonable measures of the management goals set for the Forest.</p>
<p>13. The conditions regarding Class Y and Z lands in Section 16 of the SFL have been addressed by DFMC and this section of the SFL has not been updated to reflect this.</p>
<p>14. Corporate MNRF has not extended the term of the SFL since it was issued, despite recommendations in prior IFA's to do so.</p>

Best Practice
1. Efforts by the MNRF to arrange and facilitate presentations as a means to enhance the LCAC member experience is recognized as a Best Practice.

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3.0 INTRODUCTION

3.1 AUDIT PROCESS

The Crown Forest Sustainability Act (CFSA), and one of its Regulations (160/04), directs the Minister of Natural Resources and Forestry (MNR) to conduct regular audits of each of the province's managed forests. These audits assess compliance with the CFSA, the Forest Management Planning Manual (FMP), the forest management plan (FMP) and whether the licensee has complied with the terms and conditions of its Sustainable Forest Licence (SFL). The effectiveness of operations in meeting plan objectives and improvements made as a result of prior Independent Forest Audit (IFA) results are also to be evaluated. Consistent with the CFSA, the Independent Forest Audit Process and Protocol (IFAPP) requires the audit team to provide a conclusion regarding the sustainability of the Crown forest.

An important characteristic of the IFAs is that they review the performance of both the MNR and the SFL-holder, which is Dryden Forest Management Company Limited (referred to as DFMC or 'the company'). The MNR has many responsibilities related to forest management, including review and approval of key documents (including the FMP, Annual Reports, Annual Work Schedules, etc.), overseeing management of non-timber resources, undertaking compliance inspections, etc. In other words, the activities and accomplishments of both parties with forest management responsibilities are covered by the audit.

The IFAPP is the key document that provides direction regarding the audit scope and process. The IFA process has recently been modified to include an early stage screening of the risk associated with approximately 75 of the 170 audit procedures. The procedures that are screened for risk are those that MNR has assessed as having a low impact on sustainability in the event of a non-conformance or poor effectiveness. As a result of this screening, seven of the optional procedures were selected to be audited. Greater detail regarding how the audit process was followed, the approach used in the risk assessment, and the operational sampling intensity can be found in Appendix 4.

This audit covers the period April 1, 2013 – March 31, 2018, which spans years three through seven of the 2011-21 FMP and includes the development of the Phase II plan that came into force April 1, 2016. The audit examined all forest operations that occurred within that period as well as the process of developing Phase II of the FMP. The auditors solicited public input through interaction with the Local Citizen's Advisory Committee (LCAC), newspaper advertisements, and an on-line survey. In addition to input from the LCAC, seven responses to the on-line survey were received.

The auditors interviewed more than half of the LCAC membership at the time of the audit, and representatives of Eagle Lake First Nation, Wabigoon Ojibway First Nation, and the Northwest Métis Council. All First Nations in and adjacent to the Dryden Forest were contacted to invite input into the audit as well as regional Métis Councils. Appendix 4 provides a more detailed listing of the comments and discussion points raised by the members of the LCAC and Indigenous representatives who were interviewed.

3.2 MANAGEMENT UNIT DESCRIPTION

The Dryden Forest is located in northwestern Ontario (Figure 1). The town of Dryden, with a population of over 8,000, is its commercial hub, and the offices of DFMC and Dryden District MNR are located there. Dryden is located approximately 350 km northwest of Thunder Bay, along the Trans-Canada highway, which provides the main access to the Forest.

A number of small communities are located in the Dryden Forest including Vermillion Bay, Eagle River, Waldhof, Oxdrift, Dinorwic and Wabigoon. The 2011 FMP notes that the Indigenous

communities that are likely affected by operations on the forest include Eagle Lake First Nation, Wabigoon Lake Ojibway Nation, and the Aboriginal People of Wabigoon (a self-defined Métis Community).

The Dryden Forest is small by contemporary Ontario standards. The total extent of Crown Land is approx. 213,000 ha, of which approx. 118,000 is managed productive land (Table 1). The Forest also encompasses approximately 85,000 ha of private land and 9,000 ha of federal land.

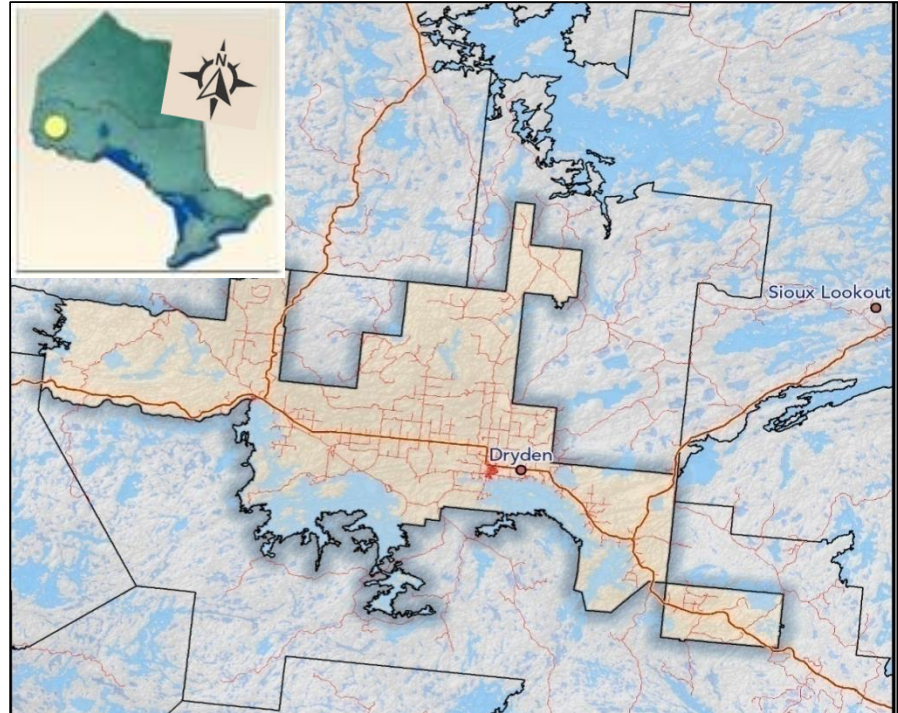


Figure 1. Location of the Dryden Forest.

Table 1. Area description of the Dryden Forest (From Table FMP-1 2011 FMP).

Land Class	Managed Crown ^a	Total Crown Land ^b
Water	64,672	64,967
Non-forested	3,099	3,198
Non-productive Forest ^c	17,853	20,567
Productive Forest ^d	118,160	124,482
Total	203,784	213,214

a – includes Crown land available for forest management purposes

b – Includes Managed Crown land plus land not available for forest management purposes, including provincial parks, conservation reserves, etc.

c – areas incapable of growing commercial trees, such as muskeg, rock, etc.

d – forest areas capable of growing commercial trees

The area of the major forest units (FUs) is shown in Figure 2. The two most abundant forest units are the intolerant hardwood dominated mixedwood (IHM), and conifer mixedwood (CMX) at approximately 23,000 and 22,000 ha respectively. The jack-pine forest units of jack pine dominated (PJ1) and jack pine dominated conifer mixedwoods (PJM) follow with approximately

17,000 and 13,000 ha respectively. Overall the mixedwood units account for considerably more than half (63%) of the available forest ha, while the purer conifer-dominated units comprise the bulk of the remainder (30%). The overall age-class distribution of the forest (Figure 3), showing an abundance of young ages reflects the era of industrial management. Old forest is not common, with only about 10% of the forest older than 100 years, and of that 27% is from a single forest unit (SBL).

The Dryden Forest has fared considerably better than most SFLs in the province in terms of the proportion of planned harvest actually realized. Over the last four plan periods (from 1997-2016), almost 88% of the planned harvest area has been achieved. This is attributable to steady demand for all species from the forest and proximity to a major consumer – Domtar’s pulp mill in Dryden. Renewal and maintenance activities have kept pace with harvesting.

As noted above, there is a considerable amount of private land on the Forest. Due to its proximity to the town of Dryden the forest has a high level of recreational use. There are numerous recreational camps or cottages on the Forest and the Forest’s roads experience high levels of traffic. In addition, according to the 2011 FMP, there are approximately 100 tourist outfitters and campgrounds on and adjacent to the forest. Many tourist establishments consist of main base lodges with private cabins, although a small number offer outpost cabins and campsite facilities.

The Dryden Forest has a recent history of good management. The previous IFA identified only five recommendations, and four of those were directed towards MNR Region and Corporate Offices. The Dryden Forest has been certified by the Sustainable Forestry Initiative since 2009.

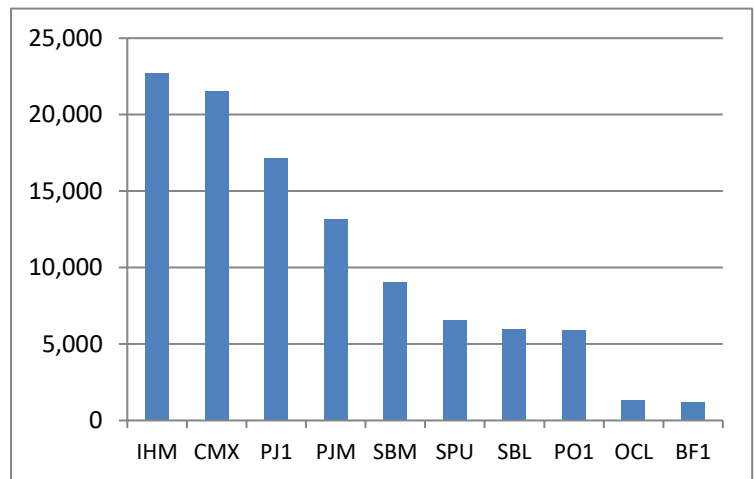


Figure 2. Area (in ha) of major forest units of available production forest (Data from Table FMP-3, Phase I 2011 FMP.)

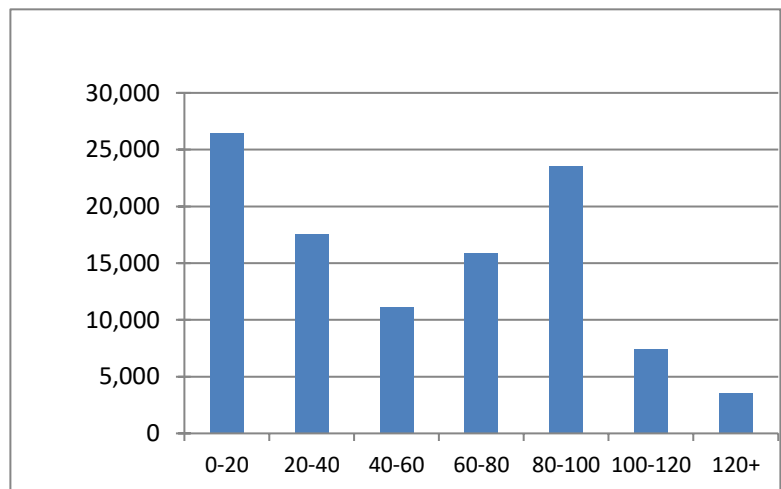


Figure 3. Area (in ha) by age class (in years) of available production forest. (Data from Table FMP-3, Phase I 2011 FMP).

4.0 AUDIT FINDINGS

4.1 COMMITMENT

The commitment principle is deemed to be met since the Dryden Forest is certified under the Sustainable Forest Initiative standard. The audit team had extensive engagement with Company and MNRF staff throughout the audit and found them to be highly committed and knowledgeable regarding provincial forest management requirements in general and management and ecology of the Dryden Forest in particular.

4.2 PUBLIC CONSULTATION AND INDIGENOUS INVOLVEMENT

Local Citizens Committee

The Local Citizens Committee on the Dryden Forest is referred to as the Local Citizens Advisory Committee (LCAC). The committee is currently comprised of 10 members and also has advisory responsibilities related to the neighbouring Wabigoon Forest.

The LCAC is well-functioning, knowledgeable and adequately represents a broad range of interests. Currently, the LCAC is considering expanding the number of its members as a means to accommodate additional public interest in the LCAC. Recruitment does not appear to be a concern as there is considerable local interest in forest management.

The LCAC meets on a regular basis, generally monthly, apart from the summer months. A quorum was met on all meetings reviewed over the audit period. LCAC members interviewed noted meetings were well-run, and several commended both DFMC and the MNRF on their support and the quality of information provided during meetings. The District Manager frequently attends meetings.

The LCAC and MNRF maintain a running list of internal and external presenters to speak on topics of interest to LCAC members. These presentations aim to educate LCAC members on technical topics and/or provide insight and information on general issues related to forestry and natural resource management. LCAC members highlighted the high quality and notable benefits of these presentations. The efforts by the MNRF to arrange these presentations as a means to enhance the LCAC member experience is recognized as **Best Practice # 1**.

The LCAC fulfilled their mandate of reviewing Annual Work Schedules (AWSs) and Annual Reports (ARs) presented by DFMC, discussing amendment categorization (where required), and providing LCAC representatives opportunities to participate on the Phase I & II FMP Planning Teams.

The LCAC Terms of Reference (ToR) and associated Appendix is thorough and addresses the requirements of the FMPM. Of note, the ToR describe the conditions under which amendments may be automatically categorized as administrative. Although some concerns about the automatic categorization of administrative amendments were noted by some members, the list in ToR Appendix 6 has been helpful in providing transparency to the LCAC and MNRF for amendment categorization, and assists in expediting the amendment process, where warranted.

A key area of concern identified by most LCAC members interviewed was related to roads, specifically issues related to road density, funding, re-classification, impacts, and categorization of road-related amendments. Specific discussion and/or a presentation addressing this topic may be helpful in addressing LCAC member concerns. The topic of road reclassification is

discussed more fully in Section 4.4. Specific items of input related to the audit team from the LCAC are identified in Appendix 4.

Indigenous Peoples Involvement

At the outset of Phase II planning, the Dryden District Manager sent letters to seven First Nations communities (listed in Appendix 4), the Northwest Métis council, and an Indigenous community known as the Aboriginal People of Wabigoon. These letters invited their participation in the planning process and described potential ways to participate. They were followed up by phone calls, and three subsequent rounds of follow-up letters were sent to encourage a greater level of participation. Sending four rounds of letters of invitation exceeds the FMPM requirements.

Three communities nominated individuals for the Planning Team, and three Indigenous people attended FMP training in Thunder Bay. The Planning Team representative for Eagle Lake attended one planning team meeting and then took a new position at Eagle Lake and did not attend further. While there was interaction with the five more distant First Nations, it was not extensive. One of the five (Naotkamegwaning First Nation) nominated a Planning Team representative but that person did not attend any Planning Team (PT) meetings. As one would expect, these more distant First Nations did not participate in planning on the Dryden Forest, primarily because since they are most active on the Forests that are closer to their communities.

There were at least two meetings with Eagle Lake community representatives during Phase II plan development, including an information centre hosted at Eagle Lake on June 1, 2015, to review planned operations. A community presentation was also held in Wabigoon for the Aboriginal People of Wabigoon on November 26, 2015, to review the draft Phase II plan. Attendance was sparse at both of these community events according to the Report on Aboriginal Participation.

Although the relevant FMPM direction was followed and even exceeded by the District MNRF, the level of Indigenous participation in Phase II planning was very low. There is a considerable amount of interest in how the Dryden Forest is managed by the communities located closer to Dryden, however, the means by which Indigenous communities can participate do not engender much participation. The audit team has concluded that the measures provided in the FMPM to involve Indigenous communities in forest management planning are largely ineffective in assisting Indigenous communities to overcome barriers to participation. This is addressed in **Finding # 1.**

The engagement that did occur was not sufficient to prevent Eagle Lake First Nation from being very displeased about the harvest of block 11.199 conducted by DFMC in 2017 along the road leading into the community. Both the Company and the First Nation stated that there had been two visits by the Company to the community in spring and summer 2017. The summer meeting, held in June, was attended by the general manager of DFMC, the MNRF Resource Liaison Specialist, and representatives of Eagle Lake First Nation. The meeting included a field visit to three proposed harvest blocks along Highway 594. The reported perceptions of the outcome of the June meeting are very different.

The Company believed that it had mitigated the concerns that were raised by Eagle Lake representatives on the highway 594 blocks and that it had community acceptance of the plan to harvest block 11.199 along Ojibway Drive because there were no comments that specifically concerned that block. However, the Eagle Lake representatives saw it differently. They believed that their discussion of their concerns regarding cutting close to the reserve, the aesthetics of the harvest, and the traditional use made of areas close to the reserve applied

more generally to the area around the reserve, and not just to the highway 594 blocks. Crucially, they believed that the Company and MNRF should have understood that their concerns also applied to block 11.199.

This harvest was a key factor leading to the deterioration of the relationship between Eagle Lake and DFMC, as well as with MNRF. This is addressed in **Finding # 2**, which includes more detail. The finding also extends to the relative lack of engagement on the part of the Company and MNRF with the Wabigoon Lake Ojibway Nation, whose representatives that were interviewed by the auditors stated that they felt that the community had no relationship with either the Company or MNRF.

4.3 FOREST MANAGEMENT PLANNING

The audit team reviewed the Phase II Plan in considerable detail. In general, the plan is well-written and meets the requirements as identified in the FMPM.

Harvesting and Silviculture

Elements of the Phase II plan related to harvesting and silviculture, including the conditions on regular operations (CROs), planned renewal, tending and protection operations, renewal support requirements, and forecasts of expenditures in 2016-2021 were in compliance with applicable planning requirements and were adequate to reflect the proposed 5 years of operations.

The Company modified the Silvicultural Ground Rules (SGRs) by adding measures for site occupancy and density to the regeneration standards. In addition, an 'application rate' was added representing the estimated percent of area this treatment is expected to represent within a given forest unit. The FMP contains a discussion of the steps that will be taken to reduce the loss of productive area, including site preparing and planting or seeding landings, roadside chipper debris areas, operational roads and aggregate pits.

The forest management planning requirements related to forest renewal and renewal support were met by the Company and MNRF. There was one exception related to the silvicultural monitoring program. The program as described in the plan that included ground surveys was not used to assess complex stand conditions (**Finding # 3**). All stands whether complex or simple were assessed using ocular aerial (helicopter) observations. This variance did not have a material effect in meeting the purposes of monitoring. (see also Section 4.6).

Values Planning

For ecological and social values, the Phase II FMP contains 63 Area of Concern (AOC) prescriptions, considerably more than the 41 included in Phase I. However most of the changes are organizational. In the Phase I plan, prescriptions for safeguarding the nests of many species of birds were lumped into a small number of AOCs; in Phase II they are divided more finely and many AOCs cover only one or two species, although the prescriptions for nest-site protection themselves remain largely unchanged. There are some new values added, (e.g. bat roosting sites, hydro line rights-of-way), but the general breadth and depth of the values covered have not significantly altered. Almost three-quarters of the AOCs relate to environmental values (with birds' nests accounting for 35 of the 63 prescriptions), with the rest relating to cultural features, infrastructure, or tourism values. A review of the AOC prescriptions found them to be

comprehensive, and consistent with the guidance and direction provided in the Stand and Site Guide¹.

The CRO related to loss of productive land was greatly expanded and extended in Phase II. The CROs related to environmental values are complete in terms of breadth of topic and content.

A water crossing protocol has existed for the Dryden Forest since 2011. In 2017 a distinct protocol was released by the MNRF and the Federal Department of Fisheries and Oceans². The 2017 Protocol was amended into the plan and Dryden's protocol was updated by MNRF staff to reflect new standards and practices. The protocol is clear and provides concise direction related to water crossings.

During its review of background information regarding the Farabout Peninsula, the auditors observed that a natural heritage survey conducted in 2009 on behalf of the Farabout Peninsula Coalition (a group of stakeholders including area residents, recreational and tourism industry members, people in the commercial fishery and Eagle Lake First Nation that has been created to advocate no timber harvesting on the Farabout Peninsula) identified three species listed by the Ontario Natural Heritage Information Centre, which are all provincially rare. These species should have been included in the background information in the Phase II Planned Operations, resulting in **Finding # 4**.

Access

Given the carry-over of the length of road planned, but not constructed during the first Phase of the FMP, 61.9 and 19.7 km of primary and branch roads respectively were identified as planned (in Table FMP-18) for construction in Phase II. It is unlikely that planned levels will be achieved, particularly for primary roads, as only 20.9 km of primary and 11.4 km of branch road were constructed in Phase I. However, as noted by DFMC, 'planned' construction as identified in table FMP-18 is not an accurate reflection of the length actually intended for construction. Given that adding a new road corridor into an existing FMP is typically a minor or major amendment, DFMC tends to provide several options when developing the plan, recognizing that not all roads will be constructed.

This approach to access planning is not unique to the Dryden Forest and makes sense from a practical perspective. However, there are a couple of drawbacks. First, it makes assessment of implementation of this aspect of the plan difficult, and second, it gives an inaccurate impression of the location and extent of likely construction for those reviewing the plan who may have a vested interest in road locations (e.g. cottagers and tourist outfitters). The audit team suggests that the level of likely construction and most probable location of roads be identified in future plans in text, or as addenda to table FMP-18.

Amendments/ Revisions

The Dryden Forest finalized 20 amendments to the 2011 FMP over the audit period. Most amendments related to Operational Road Boundaries (ORBs), road reclassification, FMP table updates, and changes from harvest to contingency blocks. Nineteen amendments were categorized as Administrative, and one was categorized as Minor. MNRF consulted the LCAC

¹ Ontario Ministry of Natural Resources. 2010. Forest Management Guide for Conserving Biodiversity at the Stand and Site Scales. Toronto. Queen's Printer for Ontario. 211 pp.

² Ontario Ministry of Natural Resources and Forestry/Fisheries and Oceans Canada. 2017. Protocol for the Review and Approval of Forestry Water Crossings. Queen's Printer for Ontario.

on the categorization of the Minor amendment, and public notification of the amendment with stakeholders and First Nations met the FMPM consultation requirements. In general, amendments were well written and contained the required information.

Timelines for amendment request to categorization were under 15 days in all but one case. However, timelines from amendment request to final approval were generally quite lengthy. On average, amendments took 54 days from request to approval with several taking considerably longer. These prolonged timelines for amendments to be approved can have implications on operations. **Finding # 5** addresses this issue.

Overall, there was a reasonable amount of AWS revisions over the audit period: (7,6,5,7, and 2 AWS revisions for the years 2013-14 to 2017-18, respectively). Most were related to extending ORBs, adding/moving water crossings, replacing culverts, adding tending blocks, and harvest blocks. Timelines from when the AWS revisions were submitted and approved averaged 22 days, which is reasonable.

Review of AWS revisions did not reveal any issues regarding their content. However, the audit team identified a concern regarding the approval process. There were some instances in which formal approvals of AWS revisions by the MNRF Supervisor/District Manager seems to have been issued before the formal submissions of the revision sign off by the company's R.P.F. In some cases, the difference was only 1 day. However, in other cases, the AWS revisions were formally signed off considerably before the document appears to have been submitted for final approval. This is addressed in **Finding # 6**.

Mapping

Forest planning requires a large amount of spatial data and it needs to be accurate. Aerial imagery has improved dramatically during the past decade, however other data sets based on older imagery or the digitization of maps can contain errors. For some unknown reason, the patent land boundary data provided by the Ontario Office of the Surveyor-General, who reports to the Minister of Natural Resources and Forestry, contains seemingly random errors that can only be detected by ground-truthing the map products. The Phase II plan references these "known issues and discrepancies" and identifies "a slight shift in the location and shape of parcels" as a second known issue that is attributed to a change in the geographic coordinate system used. MNRF staff informed the auditors that the errors are not predictable, and so the Company requires that all allocations that abut patent land (which many do) be ground-truthed. Ideally, the operator can work with the adjacent landowner to locate the property boundary line on the ground, however, when this is not possible, a surveyor may be required. As an additional safeguard against inadvertent trespasses, DFMC requires that a 30 m buffer be left alongside all patent land boundaries. The correction process appears to work quite efficiently however the presence of such errors in the patent land boundary data layer gives rise to **Finding # 7**.

4.4 PLAN ASSESSMENT AND IMPLEMENTATION

Harvest Operations

Compared to many forest management units in Ontario, a relatively high proportion of the planned harvest is being realized on the Dryden Forest. During Phase I of the FMP, almost two-thirds of the planned harvest area was cut, at an average of 810 ha/year, excluding salvage harvesting. During the audit period, the average annual harvest is estimated to have increased to 1021 ha/year. These figures exclude salvage harvesting, which would have added another 50/ha year to the harvest level in both periods. The volumes harvested were somewhat below planned, representing approximately 61% of planned level during Phase 1 of the 2011-2012

FMP period. This is consistent with data presented in the Trend Analysis. The Company attributes the lower than planned volumes to more bypass than anticipated as well as the old vintage of the inventory (1997 photography) and its inability to accurately capture stand succession. The Trend Analysis also reported that the 2011 FMP incorporated a decision to target some of the less productive parts of the forest for harvest in this term.

Of the main species, more than 70% of the planned jack pine and black spruce volume was obtained during Phase I, as was almost 60% of the planned balsam fir volume. The Company is fortunate that there is a good demand for its hardwood, and 56% of the planned poplar volume was utilized. During the first six years of the 2011 FMP period, DFMC shareholders harvested almost 90% of the volume, while the Indigenous OFRL's harvested 10%. This breakdown of the harvest reflects the division of the planned harvest, of which 13.1% is allocated to three Aboriginal harvester groups as set out in Appendix F of the SFL. Less than 1% of the volume was harvested for personal use and by minor licensees.

The quality of the operations was high. Utilization was very good and the audit team was very pleased to see an active slash burning program, as well as good management of the chipper debris where it occurred. The operators generally spread out the chipper debris piles to a thickness of less than 8 inches, and then they were site prepared with the disk trencher and planted. Survival of planted trees was usually high. In general an adequate amount of residual was retained. The auditors did not observe any non-compliances in the field related to harvest operations.

The audit team identified a concern related to the small extent of active regeneration of road surfaces. Given that the Dryden Forest is small, and historically has achieved a much higher actual harvest compared to planned than most forests in the province, this underscores the value of maintaining a productive land base. The audit team believes that more regeneration of road surfaces should be implemented. This is addressed in **Finding # 8**.

Silvicultural Operations

The audit team observed that natural regeneration of hardwoods is effective and prescribed on the correct sites. Conifer regeneration requires some assistance by planting, seeding and possibly tending given specific site conditions and is also prescribed and implemented appropriately.

Interviews and field observations confirmed that renewal support (e.g. seed collection), site preparation, planting, seeding and tending operations were executed according to the plan. These treatments are based on forest operations prescriptions that can change depending upon the field conditions that may be found to be different than those expected from information used in the FMP and the AWS. These changes are recorded in annual reports and are consistent with the FIM requirements.

Field observations found these prescriptions to reflect sound professional judgment honed by years of practice on the forest considering results from a well-executed monitoring program, input from MNRF reviews and previous IFAs. In addition to planting and seeding black spruce and jack pine, the company plants white spruce, white pine, red pine, and cedar to meet biodiversity objectives stated in the plan. Planting cedar is a noteworthy practice which is not widespread or common in Ontario's boreal forest.

The audit team also inspected the Rugby seed orchard and family test. The family test was recently rogued, and the seed orchard is in excellent condition. There is also a provenance test

of seed lots testing their adaptation to climate change, as part of a cooperative arrangement with Lakehead University. All spruce seed is from improved sources while jack pine seed is from bulk collections.

The contractors supporting and delivering the renewal program deliver high-quality products and services. The renewed forest is projected to meet long-term forest management objectives for future wildlife habitat and wood supplies to local mills. All of the above factors are part of an effective renewal program.

Access

In general, the quality of roads on the forest was good and they were maintained consistent with their intended use.

The audit team was made aware of some concerns regarding the reclassification of roads through FMP amendments. Several members of the LCAC identified this as an issue. Reclassifications have been requested through a small number of amendments in recognition that the original planned purpose of some roads have or should evolve to different levels of use to improve access for forest resources. After reclassification, capital investment can be made using the monies available through the MNRF's Road Construction and Maintenance Agreement. Categorization of amendments is done, with the input of the LCAC, as required by the FMPM. Guidance on the categorization of amendments is provided in an appendix of the LCAC's Terms of Reference. The appendix explicitly recognizes that "reclassification of roads where such reclassification will not change the road use strategy" is appropriate for categorization as administrative. The topic has been discussed at LCAC meetings and MNRF staff indicated that substantial discussions had occurred there. Nonetheless, apprehension still exists within the LCC that at least some reclassifications should be dealt with as minor amendments because of implications for changes in the use patterns of the forest and potential impacts on non-timber resources. MNRF and the Company should continue working with the LCAC to more fully explain the implications of road reclassification and be open to addressing the concerns of the LCAC.

Another access-related issue involves several Forestry Aggregate Pits (FAPs) that were established on the forest in 2004-2006. According to the FMPM, which is empowered by the Aggregate Resources Act in matters related to management of FAPs, "unless an aggregate permit (e.g. Category 9) has been issued by the end of the 10 year period starting from the commencement of the FAP... rehabilitation of the sites must be completed." The pits of relevance were identified as an operational issue in a compliance report completed by the MNRF in late 2017. Rehabilitation of these pits has not been undertaken (i.e. they have not been appropriately sloped and stripped overburden has not been respread), although a rehabilitation action plan was developed by DFMC and MNRF in 2018.

MNRF NW Region is in the process of drafting a Forest Aggregate Pit Note, a copy of which was shared with the audit team. The note deals with appropriate technical aspects of management as well as stewardship topics such as ownership and responsibility and a sunset date. As there is obvious intent on the part of MNRF to address the issues of management, rehabilitation and permitting of old FAPs and on the part of DFMC to implementing the actions, the audit team does not believe a finding would be helpful.

Values Protection

Inspections by the audit team confirmed that AOCs and CROs for ecological values were well implemented. During the audit term, a single operation (discussed in Section 4.6) identified

non-compliances associated with two AOCs. In addition, there were three operational issues identified related to operations in, or near AOCs. All were resolved by corrective actions. The audit team is satisfied that values protection is being well implemented on the forest.

4.5 SYSTEM SUPPORT

Document control on the forest is appropriate, however, as noted in Section 4.3 improvements are called for related to the approval of FMP amendments (**Finding # 5**) and in the sign-off process for AWS revisions (**Finding # 6**). Notwithstanding the above, the company has skilled professionals and sufficient information management (i.e. GIS) capacity to properly manage the forest.

MNRF staff are also skilled, have worked on the forest for many years and appear to have adequate support to contribute to their responsibilities in forest management in the more recent years of the audit period. There is a healthy collaborative work environment shared by the company and the MNRF.

The term of the audit overlapped considerably with the time during which the MNRF was undergoing its corporate Transformation process. The process included reorganization of the Ministry's various branches and reallocation of responsibilities across its personnel and facets of its organization. This brought with it some upheaval from considerable shifting of staff leaving management and operational positions either open for considerable periods of time or filled by individuals in temporary or 'acting' capacities. For a significant portion of the audit term there was no full time District Manager in place. During this period there were several persons acting in the role, with one person managing two different Districts for a portion of the time. In addition, there was a vacancy in the role of Resources Management Supervisor for over a year. It took considerable effort on the part of transitional staff to maintain the orderly functioning of the District in the transition periods.

4.6 MONITORING

Compliance Monitoring

There are 177 compliance inspections entered in to the Forest Operation Inspection Program (FOIP) for the audit period. All but three were in-compliance. This is a good compliance rate and consistent with the quality of operations seen by the audit team. Two of the three reports were classified as pending. Of these, one was an issue regarding expired forest aggregate pit permits (discussed in Section 4.3) and one related to set-back of standing trees on an aggregate pit (this report was entered in 2013, so a resolution should have been entered into the system). The single non-pending report classified as not-in-compliance related to a 2014 operation implemented by a new contractor. Compliance reporting identified a number of issues related to site disturbance, unutilized harvested wood left on site, garbage left on site, damage to residual trees, operating outside the harvest area, and operating inside an AOC. MNRF and DFMC worked to help the operator better understand compliance expectations and performance requirements and no subsequent infractions or issues have been identified.

The compliance portions of the AWSs were well written, comprehensive, and provided the content required by the FMPM. Each year's AWS includes unique text summarizing the compliance issues identified the previous year and identification of the present year's Compliance Reporting Areas.

The Phase II FMP included an updated compliance plan comparable to the 10-year plan included in the Phase I FMP. The plan was comprehensive and included an up-to-date description of compliance performance, and more detailed objectives than provided in the Phase I plan, strategies and actions. Most significantly it incorporated a description of the manner in which risk analysis and management are incorporated into monitoring priorities and decisions. The audit team reviewed the approach to assessing and managing risk and found it to be reasonable.

The plan also noted that “DFMC staff and MNRF will continue to conduct joint field inspections to review concerns and, from this, create compliance priorities and operational improvements”. In spite of this intention, there has only been one joint inspection carried out over the last four years of the audit term. As noted earlier, there have been few instances of non-compliance on the forest and a relatively small number of operational issues identified. Nonetheless, conducting joint inspections will facilitate MNRF and the Company staying in synch regarding compliance calibration and expectations. This is addressed in **Finding # 10**.

Annual Compliance Plans were not completed every year by the MNRF. Based on information provided by MNRF, incomplete plans (no tracking of results) were produced in 2014 and 2015. The tracked compliance implementation for 2016 and 2017 indicated that fewer-than-planned inspections were completed in both years. MNRF compliance inspections are addressed in **Finding # 11**.

Annual Reports

Annual reports prepared over the audit period included all required sections, were presented to the LCAC and were generally completed on time. All reports contained the required content and discussions of the progress towards the objectives and targets identified in the FMP, explanations of significant deviations between the planned activity versus the actual activity, and descriptions of potential implications on future operations.

Free-to-grow Assessments and Silvicultural Assessments

The ocular aerial observations provide sufficient information even in complex stands on this forest. The auditors' observations matched the sampled Company /MNRF survey results in all but two blocks. These blocks might have been delineated into two stands rather than one stand to better represent the current and likely future stand conditions. This observation is a matter of refinement for consideration and not a significant finding requiring follow up action.

The current monitoring program is keeping pace (approximately 1100 ha/yr) with the harvest and renewal program. The surveys are producing reliable information that meets the requirements of the FMPM, FIM and the SFL. The MNRF validation program consists mostly of sampling a survey area at the same time in the aircraft with the Company operations forester. In addition, the District MNRF conducted ground surveys in 2017/18 to further its validation program on selected sites. This practice allows both parties to reach agreement on silvicultural effectiveness prior to submitting annual reports.

The province is working on a standardized method to measure silvicultural effectiveness that includes measurements using ground sample plots. The ocular methods used on the Dryden Forest are well suited for the scale and intensity of the forest management program currently in place.

4.7 ACHIEVEMENT OF MANAGEMENT OBJECTIVES & FOREST SUSTAINABILITY

The sustainability of the management of the Dryden Forest was assessed based on the direction given in the IFAPP. The collective achievement of objectives, a comparison of planned versus actual levels of activities, and the rationale for activities and operations that are not achieving target levels were used to assess whether management followed the principles of sustainability. The auditors also considered the quality of operations inspected during the site visits and information provided by all parties interviewed during the course of the audit.

Summary of the Trend Analysis

The Trend Analysis is a key document for understanding the history of operations on the forest and assessing the extent to which plan objectives have been met. The key trends described are consistent with those noted earlier in this report – with a more-or-less stable level of harvest relative to that planned over the past several plan periods and renewal and maintenance programs appropriately in proportion to the achieved harvest levels.

Key conclusions of the document are that the forest is being managed sustainably and that the plan's objectives are likely to be achieved. This audit found the Trend Analysis to be a useful and informative document. It was of considerable assistance in giving perspective to management of the forest over the past two decades and to the challenges faced by the local forest industry. The Trend Analysis also provides an overview of some of the assumptions made in the development of the LTMD but contains few recommendations for the next plan. This requirement should be addressed in the Year 10 Annual Report as is required by the FMPM. The audit team notes that the next plan will use regional forest units which will facilitate regional assessments, however it will create challenges in the identification of trends on the Dryden Forest unless care is taken to provide a "translation key" that can be used to provide some continuity between plans in terms of forest units used. Because the Dryden Forest consists of a number of separate blocks of land with a high degree of interspersed of patent land within them, the use of a spatial harvest model would be of great help to the next planning team, as it will facilitate effective ways of balancing the many uses of the forest.

One measure of management success required for inclusion by the IFAPP is a comparison of silvicultural success and regeneration success. Table 2 below provides this for the period 2011-2016. The total regeneration success is 100%, and the silvicultural success is 71%. The stands dominated by either pine, spruce or poplar had very high silvicultural success rates but success rates in the mixedwoods (IHM, MC1, MC2) were much lower. The post-treatment succession of mixedwoods is inherently harder to predict. The company has adjusted its SGRs to improve the predictions of post-treatment succession of mixedwoods. The audit team's field observations were consistent with those of the Trend Analysis.

Table 2. Regeneration results by Forest Unit (2011-2016). (Data summarized from the Trend Analysis report that considers the first five years of the 2011-2021 FMP).

Harvested FU	Projected Renewal FU (ha)	Other Renewal FU (ha)	Total Renewal FU (ha)	% Silvicultural Success	% Regen. Success
BF1	0	24	24	0	100
IHM	167	474	641	26	100
MC1	637	391	1028	62	100
MC2	432	496	928	47	100
Pj1	1740	0	1740	100	100
Po1	288	51	339	85	100
Pr1	19	0	19	100	100
SBL	104	0	104	100	100
SPU	295	102	397	74	100
Total	3682	1538	5221	71	100

Assessment of Objective Achievement

The Trend Analysis concludes that almost all of the plan's objectives are met, or on track to being met. Although this is mostly consistent with the conclusions of this audit, our review of the objectives found that several were of relatively little utility either because they were rather simple adaptations of indicators mandated by the FMPM without appropriate accommodation of the nature of the Dryden Forest, or because the metrics used as indicators were not actually indicative of the objectives they were intended to represent. This is addressed in **Finding # 12**.

In spite of some shortcomings in the framing of some objectives, critical objectives and targets are being achieved through implementation or have been achieved through the planning process. These include:

- maintenance of wood supply and the extent of the managed Crown forest;
- regeneration of harvest areas to FTG status; and
- maintenance of non-timber forest values and soil and water resources.

Assessment of Sustainability

A number of factors support a positive conclusion for this audit:

- **Harvest Level:** the actual level of harvest during the audit period was well below the maximum amount determined to be sustainable in the FMP, indicating that no concerns from overharvesting exist;
- **Renewal Activities:** The extent of renewal activities is consistent with, or exceeds those required given the level of harvesting;
- **Accurate Yields:** The broad consistency between the actual vs. planned harvest area and volume indicates that the timber yield projections in the FMP are generally accurate;
- **Quality of Operations:** The company's operations were well implemented. The field observations made by the audit team, discussions with Company and MNRF staff, and the excellent compliance record all contributed to a positive evaluation of operations;
- **Free-to-Grow:** The level of silvicultural success was high;

- **Compliance:** Over the audit period, the company achieved a high level of compliance in its operations;
- **Values Protection:** The AOCs and CROs were appropriate to protect the relevant values and were generally well-implemented in the field;
- **Planning:** The Phase II FMP is a high-quality document and the AWSs and Annual Reports conform to the requirements of the FMPM; and
- **LCAC:** The Local Citizens Advisory Committee is well co-ordinated, functions well and provides good-quality advice to the MNRF.

The audit team concludes that the Dryden Forest was managed sustainably during the review period.

4.8 CONTRACTUAL OBLIGATIONS

The SFL imposes a number of requirements on its holder, and DFMC was found to have met all of the associated contractual obligations. DFMC compliance is described in detail in Appendix 3. Key aspects of the company's performance relative to its contractual obligations include:

- The company met all its financial obligations related to trust accounts and Crown charges;
- Wood supply commitments as identified in the Licence were met, although the receiving mills were not consistently in need of the obligated supply;
- All planning, inventory, and monitoring commitments were appropriately addressed;
- Salvage harvesting and associated planning processes were undertaken as appropriate following natural disturbances (windthrow and insect infestations), which resulted in a total of almost 38,000 m³ of timber being salvaged during the first two years of the audit term (which is when the salvage took place). The salvage volume was equivalent to almost 30% of the volume harvested normally in those two years.;
- The company's silviculture standards and assessment program met its licence obligations; and
- The contractual obligations with respect to operational compliance planning and monitoring by the company were met.

Three topics related to contractual obligations are identified as Findings.

1. The previous IFA (undertaken in 2013) reported that there are no Class Y or Z lands on the Forest. Given that the previous IFA report has been tabled in the Legislature, the government has agreed that the SFL-holder has complied with the SFL requirements regarding Class Y and Z lands. Accordingly, Section 16 of the SFL should be revised to reflect the completion of these obligations during the next licence document revision. This is addressed in **Finding # 13**.
2. The SFL for the Dryden Forest is scheduled to expire March 31, 2023. It has not been extended in accordance with section 26(4) of the CFSA, even though the licensee has complied with the terms and conditions of the SFL during the term of the licence, as determined by previous IFA's. MNRF informed the audit team that an extension recommendation has been prepared, which is expected to reach the Minister in 2018 after being considered for approval by the Lieutenant Governor in Council. Because the anticipated licence extension has not yet happened, **Finding # 14** has been issued.

3. The 2013 IFA Action Plan and Status Report for the Management Unit was prepared, submitted and endorsed by the MNRF in a timely manner. However, the Corporate level of MNRF did not meet its commitment to complete the Provincial Status report on the mandated schedule. This is addressed in **Finding # 9**.

4.9 CONCLUDING STATEMENT

This audit of the Dryden Forest for the April 1, 2013 – March 31, 2018 period has identified 14 findings. The audit results are based on extensive review of field operations, considerable research by the audit team based on a wide variety of forest management documents at its disposal, interviews with company and MNRF staff, and interviews with LCAC members and input from Indigenous peoples.

Although the findings do address instances of non-conformance with the IFAPP, notable is the fact that none of the findings relate to systemic shortcomings of forest management operations. The audit team believes the forest is managed to a high level of professional integrity.

Most of the findings in this audit address responsibilities that are either jointly held by DFMC and the MNRF or are solely the MNRF's responsibility. No serious operational issues were identified that resulted in findings. Several topics related to planning were identified in this audit, including the need for improvement of some of the FMP's objectives, improved processing of amendments and another related to sign-off procedure for AWS revisions. The compliance performance during the audit term was very good, however, this audit identified two findings related to compliance – the need for more joint inspections and the need for MNRF to improve implementation of its Annual Compliance Plans. This audit also identifies two findings related to the MNRF's responsibilities for updating the company's Sustainable Forest Licence. The Findings of this audit that may be the most challenging to address both relate to the responsibilities of the auditees to interact with and facilitate the involvement of Indigenous communities in forest management. One finding draws attention to the inadequacy of direction in the Forest Management Planning Manual to produce an effective level of participation by Indigenous communities, and the second draws attention to the strained relationship between the MNRF and DFMC, and Indigenous communities on the Forest.

This audit also identified a Best Management Practice related to the provision of very high-quality presentations to the LCAC as educational experiences and enhancing the members' interest and knowledge.

The audit team concludes that management of the Dryden 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 Sustainable Forest Licence #542444 held by Dryden Forest Management Company Ltd. The forest is being managed consistently with the principles of sustainable forest management, as assessed through the Independent Forest Audit Process and Protocol.

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 2: Public Consultation and Indigenous Involvement</p> <p>Procedure 2.1.2.1: LCC Purpose and Activities –Review and assess whether the LCC met the purposes and conducted its activities in accordance with the applicable FMPM. Include the following:</p> <ul style="list-style-type: none"> • review minutes of LCC meetings, turnover of members, number of meetings held, frequency of obtaining a quorum, who expressed dissenting opinions, whether these opinions were addressed; • effectiveness of LCC involvement related to FMP values maps, desired forest and benefits meeting, management objectives, management strategy/long-term management direction, public consultation process; ... • effectiveness of the LCC at promoting the integration of all interests
<p>Background Information and Summary of Evidence: The Local Citizens Advisory Committee (LCAC) and MNRF maintain a running list of internal and external presenters to speak on topics related to the forest management planning process, and other topics of interest to LCAC members. Topics covered by presenters are far-reaching and have included: endangered species management, biodiversity monitoring, Bear Management Area quota information, soil nutrients, Indigenous consultation, emulating natural disturbance, nursery operations, and several others. For the majority of presentations, LCAC members' interests dictate the running list topics to be addressed in presentations.</p>
<p>Discussion: Presentations during LCAC meetings aim to educate LCAC members on technical forest management topics, and provide insight and information on local issues related to forestry and natural resource management. While technical forest management planning presentations are a common activity of LCC meetings elsewhere in the province, emphasis on discussion and sharing of information related to local interests outside of the planning process is not.</p> <p>LCAC members interviewed highlighted the high quality and strong benefits of these presentations. Some members noted that they are a significant draw for them to participate on the LCAC and attend meetings. In this way, the presentations supplement the need for other additional training, maintain existing LCAC member interest, and can act as a draw in attracting new members. These efforts, particularly related to specific local interests, go above and beyond the normally narrow mandate of the LCC, which is primarily focused solely on the forest management planning process.</p>
<p>Conclusion: Efforts by the MNRF to address topics of interest to LCAC members have been very successful in educating members in forestry and natural resource management issues, maintaining interest in participating in the LCAC, as well as drawing new members.</p>
<p>Best Practice: Efforts by the MNRF to arrange and facilitate presentations as a means to enhance the LCAC member experience is recognized as a Best Practice.</p>

Independent Forest Audit – Record of Finding

Finding # 1

Principle 2: Public Consultation and Indigenous Involvement

Criterion 2.5: Indigenous Involvement in Forest Management Planning

To examine the involvement of First Nations or Métis communities in the preparation and implementation of FMPs and associated benefits.

Background Information and Summary of Evidence: The four key Indigenous communities, with respect to the Dryden Forest, are those that are located very close to Dryden. These communities are Wabigoon Lake Ojibway Nation, Eagle Lake First Nation, the Aboriginal People of Wabigoon, and the Northwest Métis Council. The other communities with an interest in the Dryden Forest are more distant and typically place a greater priority on other Forests that are located closer to their communities.

During the development of the Phase II Planned Operations, MNRF sent letters of invitation to participate in Phase II planning to the seven First Nations, which were identified as being located in or adjacent to the Dryden Forest. Invitation letters were also sent to the Aboriginal People of Wabigoon, which is a small community largely populated by a mixture of Métis and First Nations people, and to representatives of two regional Métis Councils. There were four separate mailings of Invitations to Participate on April 4, 2014; August 28, 2014; October 31, 2014; and January 12, 2015. In this respect, MNRF exceeded its requirements as set out in the 2009 FMPM.

In response, Wabigoon Lake Ojibway Nation, Eagle Lake First Nation and Naotkamegwaning First Nation each named a representative to the planning team (PT). The Summary of Aboriginal Involvement (in Phase II planning) document prepared by MNRF reported that other communities that were notified (i.e. Wabuwaskang, Grassy Narrows, Lac Seul, and Mitaanigamiing First Nation, as well as the Aboriginal People of Wabigoon and the Northwest Métis Council) gave no indication that they wished to proceed with community involvement and did not give permission for the relevant Aboriginal Background Information Reports to be included in the Phase II FMP document. None of the communities requested customized consultation.

Three First Nations people – two from Eagle Lake and one from Naotkamegwaning attended FMP training in Thunder Bay. The PT representative from Eagle Lake attended the first PT meeting. Shortly thereafter, that person moved to a new position and no one from the community attended any other PT meetings. No other Indigenous community representatives attended any of the five subsequent PT meetings. There was a meeting held at the Eagle Lake community to discuss Phase II plan development and to identify values. Several elders in attendance identified cultural values near proposed forestry operations, which were mitigated by the Company in the final Phase II FMP. The Wabigoon Lake Ojibway Nation also expressed concerns with two blocks and one was dropped and the other deferred until values collection could be completed.

Discussion: The District MNRF met or exceeded all of the requirements in the FMPM with respect to seeking Indigenous participation in Phase II planning. However, the level of Indigenous involvement in Phase II planning was very low. Beyond the identification of some values associated with some planned harvest blocks, Indigenous involvement had little bearing on the planned outcome due to the lower than desired level of participation.

There are a variety of factors that contributed to this outcome, according to interviews conducted by the audit team with the Company, MNRF and representatives of Eagle Lake and Wabigoon Lake Ojibway Nation. Contributing factors include:

- Changes to staff and political representatives in Indigenous communities;

- Resource availability and priorities within communities that lead to little to no involvement in forest planning;
- Shortage of internal expertise in communities/ being overwhelmed by the technical complexity of forest management and planning;
- Finding that attending planning team meetings is daunting because the environment is not welcoming; and
- Feelings by Indigenous representatives that their comments are not considered seriously.

Community representatives indicated that they would like to participate in forest planning, however there are barriers as identified above. Eagle Lake has been seeking external funding for a forester and has been unsuccessful to date. Wabigoon Lake Ojibway Nation representative(s) stated that they have been disappointed in the level of engagement by the MNRF District. It is notable that during the time leading up to and including the Phase II planning process, the relationships between MNRF, the Company, and the Wabigoon Lake Ojibway Nation and especially Eagle Lake First Nation, were considered to be generally good.

The challenges associated with achieving more meaningful Indigenous involvement are significant; it is evident that meeting the 2009 FMPM requirements was not sufficient to induce effective participation. Opportunities to participate in Phase II planning were clearly provided and it is evident to the audit team that there is a great deal of interest at Eagle Lake regarding how the Forest is managed. Ultimately, it is up to each community whether they wish to participate in planning, yet the audit team also observed in the comments provided by the two communities that participating in FMP planning is a daunting prospect. The Company has offered to provide some training, however there has been no uptake. This training could help to address some of the barriers identified above but it may not be sufficient to change the perception that Indigenous concerns tend not to be addressed if doing so would involve making major adjustments. This perception was clearly described in correspondence from Eagle Lake after the harvest of block 11.199, as discussed in Finding #2.

The auditors note that the 2017 FMPM provides Indigenous communities with more opportunities for interaction during FMP development than were provided under the 2009 FMPM. This is positive. However, the auditors also observe that the additional opportunities are unlikely to tempt non-participatory communities since these do not address some of the more fundamental barriers to Indigenous participation as described above.

Conclusion: There was little participation by Indigenous communities in the development of the Phase II Planned Operations despite MNRF having undertaken the actions identified in the FMPM Requirements. The low level of Indigenous participation in forest planning reflects a combination of factors and significant challenges and barriers. Ultimately, the level of participation reflects decisions made by the communities. However, these decisions reflect a consideration of what the potential outcomes from participation might be. In the view of the audit team, to achieve a greater level of participation, different approaches may be required that lower the barriers to participation. In the view of the auditors, the MNRF and the communities share a responsibility to work to overcome these barriers if they would like to encourage greater participation in planning.

Finding: There are considerable barriers to the meaningful participation of Indigenous communities in management planning on the Dryden Forest.

Independent Forest Audit – Record of Finding

Finding # 2

Principle 2: Public Consultation and Indigenous Involvement**Criterion 2.5:** Indigenous Involvement in Forest Management Planning

To examine the involvement of First Nations or Métis communities in the preparation and implementation of FMPs and associated benefits.

Background Information and Summary of Evidence: All three relevant parties informed the audit team that the relationships between Eagle Lake and MNRF and DFMC are strained and have been for approximately one year. The two representatives of Wabigoon Lake Ojibways interviewed by the auditors also expressed disappointment with the state of the community's relationships with MNRF and DFMC, and the Northwest Métis Council representative that the audit team spoke with made similar comments. The audit team obtained the greatest level of evidence regarding the relationships with Eagle Lake, MNRF and DFMC, and this is discussed most extensively.

Eagle Lake First Nation

There is agreement on the part of Eagle Lake, DFMC, and District MNRF that there was a good working relationship that deteriorated sharply in November 2017 when the Company harvested a block along Ojibway Drive, which is the roadway into the community. The block is relatively small, at approximately 8 ha, and only 2-3 hectares are visible from the road, however there is no aesthetic buffer along the roadside and the cutover does mar the aesthetic of the approach into the reserve, as can be seen in the Figure below. The harvest of this block (Block #11.199) was the tipping point that has created a lot of mistrust and anger within Eagle Lake, transforming the previously good relationship into one that remained strained at the time of the audit.



The Company, MNRF and the First Nation visited the community in early 2017 to present and discuss the 2017-18 AWS. Block 11.199 was present in the harvest schedule. The Company and MNRF state that no concerns were raised at that meeting regarding that block. The group agreed to meet again to review three blocks that were scheduled for harvest along Highway 594 (which is close to the reserve) when the tree leaves were fully flushed.

This meeting occurred on June 26, 2017, and was attended by the Company General Manager, MNRF District Resources Management Supervisor, MNRF District Resource Liaison Specialist, and representatives of Eagle Lake. The meeting

involved a site visit to the 594 blocks. The Company believed that during the course of discussion at the meeting, it mitigated the concerns that were raised by Eagle Lake representatives regarding these blocks, and that it had community acceptance of the plan to harvest block 11.199 along Ojibway Drive because there were no comments made that specifically concerned that block. However, the Eagle Lake representatives saw it differently. They intended that the discussion of their concerns regarding cutting close to the reserve, the aesthetics of the harvest, and the traditional use made of areas close to the reserve would apply more generally to the area around the reserve, not just to the highway 594 blocks. Crucially, they believed that the Company and MNRF should have understood that the concerns also applied to block 11.199.

District MNRF staff understood the larger import of the Eagle Lake concerns. Following the June 26 meeting, the District Resource Liaison wrote an e-mail to the General Manager of DFMC (dated June 30) that set out his observations. While these observations were made concerning the highway 594 blocks (which were not harvested during the audit period), they are also relevant to the context of block 11.199. The e-mail stated, in bold, that “During my last two community visits with Eagle Lake First Nation, they made it very clear that they were opposed to any harvesting or logging operations along the HWY 594 blocks we visited last week”. The main concerns as reported by the MNRF Resource Liaison Specialist were:

- The proximity to the community of the proposed blocks;
- Planned harvest activities would ruin the aesthetics of the area;
- The planned harvest would infringe on their Aboriginal and Treaty rights to practice their traditional way of life, including berry picking, gathering medicines, camping, hunting); and
- The community relies on those areas for firewood collection.

(Some concerns that were raised were beyond the scope of the FMP, according to the Company.)

The Company harvested block 11.199 in November 2017, provoking outrage within Eagle Lake. In an undated letter written to the MNRF Deputy Minister some time between November 8 (when the harvest was discovered) and the end of 2017, the Chief stated the community was “shocked” when it discovered that block 11.199 was harvested (many community members were at a meeting out of province while the block was cut). The letter continued by stating that “The community expressed grave concerns about cutting too close to the community or community values.” In another letter from the Chief of Eagle Lake First Nation to the NW Region RD, the Chief stated that block 11.199 was harvested “despite clear concerns and opposition being expressed by the community several months prior”. This contrasts with the MNRF and Company experience that no comments were made specifically regarding block 11.199 and the MNRF DM informed the audit team that the Ministry would have been responsive had specific concerns been raised with respect to this block.

A meeting involving Eagle Lake representatives and District MNRF, and the MNRF Regional Director, was held on March 27, 2018 to attempt to rebuild the relationship, however at the time of the audit site visit in August 2018, little progress was evident.

Wabigoon Lake Ojibway Nation

The audit team spoke on two separate occasions with a representative of Wabigoon Lake Ojibway Nation (two different people were interviewed) and was informed that they were disappointed with their relationships with the MNRF District and with the Company. In their opinion, there is no real relationship with MNRF or the Company. The representatives stated that the community sees little of the Company and while they were optimistic that there would be more interaction with MNRF when the new District Manager arrived, they felt that little had transpired since then.

While MNRF and the community reps noted that the community was more involved on the Wabigoon Forest, the community representatives stated that they are desirous of there being more interaction and a better working relationship on the Dryden Forest. It was unclear to the auditors how much of a relationship existed on the Wabigoon Forest and to what extent this might mitigate the concerns expressed regarding the Dryden Forest.

In a telephone conversation with the auditors, the representative from the local Métis Council (the Northwest Métis Council) indicated that in his view, there was essentially no relationship between the Métis and the Company or District MNRF. There was no evidence that there had been meetings or other interaction with the Métis beyond the standard notifications.

Discussion: There has been a breakdown in the relationships between DFMC, District MNRF and Eagle Lake First Nation. While the harvest of block 11.199 was the trigger for the deterioration in the relations with Eagle Lake, the concerns go deeper than just the one block. For example, the Company informed the

audit team that it intends to harvest a block along highway 594, which Eagle Lake has indicated that they are strongly opposed to. The audit team is concerned that this situation appears destined to increase the level of conflict. Based on recent correspondence provided to the auditors by Eagle Lake, these and other concerns appear to have led the community to conclude that the Company and MNRF do not have respect for the community's rights and interests.

The MNRF District Manager informed the audit team that he considered the state of the relationship with Eagle Lake as the main challenge on the Dryden Forest. He has made it a priority to improve the relationship between MNRF and Eagle Lake, as well as with other communities; during the audit site visit the District Manager indicated that there were signs of progress. Both before and after the harvest of block 11.199, the District Manager made repeated (at least four) attempts to meet with the Chief and Council of Eagle Lake regarding forestry matters, without a positive response from the First Nation.. The March 27, 2018 meeting did not appear to lead to tangible results.

There is little evidence that there is much interaction between Wabigoon Lake Ojibway Nation and the District MNRF and DFMC, and based on the opinions offered by the representatives of that community, there is work to be done to strengthen the relationships. The Métis have their own challenges and needs that can be different from those of First Nations communities, and DFMC and MNRF have, in the view of the Métis communities, made little progress in developing a relationship with them. MNRF informed the audit team that MNO is adjusting its approach to consultation in the Dryden area by developing a Regional Customized Consultation Approach, which has been in place for since 2017 and which involves the local Métis Councils. MNRF District still provides the opportunity for local participation on planning teams but stated that they have been informed by MNO that the Métis would prefer to work on developing the customized regional approach.

Conclusion: The current situation of limited communication risks additional misunderstandings or disputes. The MNRF and DFMC are in a situation where it is difficult to work constructively with nearby Indigenous communities. Improved communication is required in order to begin to improve the relationships and (re)build the trust that underlies all successful relationships.

Finding: The relationship between Eagle Lake First Nation and the Company and MNRF has become strained during the last year of the audit period, while the Wabigoon Lake Ojibway Nation and Northwest Métis Council have very limited relationships with MNRF and DFMC.

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 3</p>
<p>Principle: 3 Forest Management Planning</p> <p>Criterion: 3.9.9 Phase II planned operations monitoring programs</p> <p>Procedure(s):</p> <ul style="list-style-type: none"> • review the Phase II planned operations text to determine how MNRF will conduct the district program for auditing forest operations and forest operations inspections • assess whether the monitoring programs to be implemented, including forecast level of assessment, are sufficient to assess the compliance and program effectiveness on the management unit.
<p>Background Information and Summary of Evidence: The forest management plan has all the required elements including a description of a monitoring program for regeneration and silvicultural effectiveness. The forecasted level of assessment was adequate to meet monitoring objectives. The level of assessment was achieved by both the SFL and MNRF.</p> <p>The plan describes using ocular aerial assessment methods for simple stand structures and ground survey methods (modified well-spaced free growing assessment methods) for complex stand conditions. During the audit period, only aerial survey/ocular methods were used by both the SFL and the MNRF to assess regeneration and silviculture success regardless of stand complexity.</p>
<p>Discussion: The aerial survey/ocular methods appeared to the auditor to be sufficient for the management program in place on the Dryden Forest in both simple and complex stands based upon field observations made during the audit. However, there may be good reasons for conducting ground surveys on a portion of complex stand types. The appropriate mix of survey methods and MNRF validation techniques can be made by the planning team. If the management decision is to rely exclusively on aerial observations then the plan should record this decision.</p>
<p>Conclusion: The monitoring section should be updated in the next forest management plan to ensure the program described in the plan better matches the program that will be implemented.</p>
<p>Finding: The silvicultural effectiveness monitoring program described in the plan does not fully align with the implemented program for monitoring complex stand types.</p>

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 4</p>
<p>Principle 3: Forest Management Planning</p> <p>Criterion 3.7: Phase II – Prescriptions for Operations</p> <p>To review and assess operational prescriptions for the Phase II planned operations.</p> <p>Procedure 3.7.2: Phase II planned operations production activities</p> <p>Assess the effectiveness of the plan author, planning team, chair and advisors through:</p> <ul style="list-style-type: none"> determining whether background information was sufficient for planning
<p>Background Information and Summary of Evidence: In 2009, a group of naturalists published the results of an ecological assessment that was undertaken on the Farabout Peninsula. Many provincially and regionally rare species were identified, including the following provincially rare species:</p> <ul style="list-style-type: none"> Northern Marsh Violet Slim-leaved Goosefoot Hooker's Orchid. <p>Hooker's Orchid is identified by Ontario's Natural Heritage Information Centre as S3 (Rare to Uncommon), the Northern Marsh Violet as S2/S3 (S2 is Very Rare) and the Slim-leaved Goosefoot as S1 (Extremely Rare). District MNRF staff confirmed that the presence of these species has been verified.</p> <p>Section 8.2.1.2 of the Phase II Planned Operations lists provincially rare species (S1 – S3 inclusive) found on the Dryden Forest and these three species were omitted. Discussion with MNRF staff indicated that this was an oversight since no operations were planned on the Farabout Peninsula during Phase II, or for that matter during the entire period of the 2011-2021 FMP.</p>
<p>Discussion: MNRF staff readily agreed that these three species should have been included and will be added to the background information for the 2021 FMP.</p>
<p>Conclusion: Three provincially rare species were inadvertently omitted from the background information in the Phase II Planned Operations. Because no operations were planned in the area where these species were found, there does not appear to have been any negative impact associated with the omission. These species should be added to this part of the FMP in the new 2021 FMP.</p>
<p>Finding: Three provincially rare species were omitted from the background information in the Phase II Planned Operations.</p>

Independent Forest Audit – Record of Finding

Finding # 5

Principle 3: Forest Management Planning

Procedure 3.13.1.2 Amendment Process & Rationale: Determine the frequency of plan amendments, and in consideration of information gained from procedure 1 above, assess whether reasons for the amendments are symptomatic of a gap in information or inadequate planning.

Background Information and Summary of Evidence: Over the audit period, 21 amendments were prepared, and 20 were approved. All but one of the amendments were categorized as Administrative. The timelines from the initial amendment request to categorization decision were under 15 days in all but one case. However, a review of the overall amendment timelines from request to final approval indicates that amendments are taking too long to review and approve. On average, amendments took 54 days from request to finalization, with eight (40%) taking over 50 days, and five (25%) exceeding 100 days. The longest amendment took 236 days from request to approval.

Discussion: The FMPM does not identify a timeframe for approval of amendments. This is so because there are a great variety of situations that can impact timelines. However, the circumstances related to the amendments reviewed did not require extraordinary processes (such as issue resolution, individual environmental assessments which were cited in MNRF's explanation for the reason that no prescribed timelines exist). The audit team recognizes the value of flexibility in allowing for thorough consideration of amendment requests, however, we also recognize that prolonged timelines for amendment approval can have implications on the efficiency of operations. For example, DFMC noted that Amendment #27 was significantly modified and reduced in scope because it was taking too long to receive approval. The review of timelines indicates that the backlog occurs after the categorization of the amendment. The audit team was informed that in some cases, timelines were prolonged because other Ministries or government departments were involved, or there were public interest concerns. However, this does not explain the majority of the backlogs, considering all but one amendment were considered Administrative. Administrative amendments, by their nature, should not involve complex review processes.

Conclusion: Many amendments are taking too long to process and approve. An internal assessment of the review process by MNRF would help understand reasons for the delays and identify opportunities for improvement.

Finding: Reviews of amendments to the FMP are often not completed and approved in a timely manner.

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 6</p>
<p>Principle 3: Forest Management Planning</p> <p>Procedure 3.14.2: Phase II planned operations monitoring programs: Revisions to the AWS must be consistent with the FMP...</p>
<p>Background Information and Summary of Evidence: A review of AWS revisions conducted over the audit period identified some inconsistencies in the final sign-off process.</p> <p>According to the AWS revision title, certification and approval pages, there were some instances where formal approval of AWS revisions by the MNRF Supervisor/District Manager was issued before the formal submission of the AWS revision and sign off by the Company R.P.F. For example, three AWS revisions were noted as formally approved by the MNRF Supervisor/District Manager 11, 12 and 17 days before the document was formally submitted for approval (AWS 1-15-16, 8-16-17 and 3-17-18, respectively).</p>
<p>Discussion: The difference between the approval date and the submission/preparation dates for the AWS revisions noted above could give the impression that final approval by the District Manager/MNRF Supervisor may not be based on a complete review of the final version of AWS revision.</p> <p>MNRF staff stated that all documentation was complete prior to the District Manager signing, and that the appearance of an inappropriate signing sequence is related to the late provision of signed approval by the SFL holder. This seems understandable, but even if it is the case, the sequence of signatures is inappropriate as it can easily be interpreted as premature approval by the MNRF. The FMPM relates that the MNRF's approval should be the final step in the process.</p>
<p>Conclusion: According to the AWS Revisions title, certification and approval page, the process for approving AWS revisions does not always appear to follow the appropriate submission and approval chronology. The signature of the MNRF District Manager should be the final step in the process so as to indicate that the appropriate sequence of steps in the approval process and was followed.</p>
<p>Finding: MNRF approval of AWS revisions has not consistently followed appropriate procedures regarding the sequence of the approval signatures for AWS revisions.</p>

Independent Forest Audit – Record of Finding

Finding # 7

Principle 3: Forest Management Planning

Criterion 3.3: Management Unit Description To review the appropriateness of the FMP management unit description ...

Procedure 3.3.2.1 Forest Resource Inventory (FRI) for the FMP. Assess (including achievement of FMPM checkpoint) whether the FRI has been updated, reviewed, and approved to accurately describe the current forest cover that will be used in development of the FMP including classification of lands by land ownership and land types including productive Crown forest land base.

Principle 4: Plan Assessment and Implementation

Criterion /Procedure 4.1: Plan assessment In the conduct of the field audit examine areas of the FMP that can be assessed in the field ...

Background Information and Summary of Evidence: The boundaries of some of the parcels of private land located within and/or adjacent to the Dryden Forest are inaccurately located within the mapping products used by MNRF and by the Company. These ownership products were delivered to the District by the Office of the Ontario Surveyor-General (OSG), which reports to the Minister of Natural Resources and Forestry. MNRF staff indicated that the errors were variable and were not predictable, which is to say that the errors could be a matter of a few metres to several hundred metres. Moreover, the errors were not always in the same direction. The errors generally only become apparent as forest operations are scheduled and laid out on the ground, and so the correction sequence involves the Company notifying MNRF which then notifies the OSG of the problem, and the OSG will fix it and send the corrected data back to MNRF. The OSG's turn-around time is usually less than two days. In July 2018, MNRF and OSG have jointly developed a checklist that guides them through the correction process and ensures that all of the relevant information is provided at each step so the process works smoothly.

This issue has been present on the Forest for some time, and the frequency with which it occurs varies depending on the level of harvest activity. Instances of inaccuracies are often more frequent when Annual Reports and Annual Work Schedules are being prepared and reviewed. As a very general approximation, intended to provide a sense of the scope of the issue, the number of occurrences was in the double-digits.

This issue, which has been present since 2016 and perhaps earlier, has implications for the Company. Where a harvest block is adjacent to a parcel of patent land, there is a requirement for operators to locate all patent land boundaries on the ground before the block is laid out and operations commence. Ideally, the operator can work with the adjacent landowner to locate the property boundary line on the ground, however when this is not possible, a surveyor may be required if the owner and contractor are unable to agree.

Discussion: The accuracy of legal boundaries in mapped products is essential for management planning and operational implementation, for example, for generating accurate areas for reporting of forest management activities and for preventing trespasses. There have been cases (although none during the audit period) where a failure to ground-truth the boundary has led to a trespass on private property.

Conclusion: It is important to ensure that mapped boundaries are accurate. It is not clear how these map product errors have made their way into the patent land boundary data and it appears that OSG, MNRF, and the Company have in place a process to manage the issue. The process appears to be working effectively, although it can be especially time-consuming for the Company if a boundary is difficult to locate or if the landowner does not agree with the Company on where it is located. While this may be a reasonable situation to be in, it seems to the auditors that OSG should be able to implement a more comprehensive global fix of the issue.

Finding: Some of the boundaries of parcels of patent land contained within the latest version of map products that were delivered to the Dryden District MNRF by the Office of the Ontario Surveyor-General are inaccurate.

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 8</p>
<p>Principle 4 Plan Assessment and Implementation</p> <p>Criterion: 4.7 Access</p> <p>Procedure 4.7.1 Review and assess in the field the implementation of approved access activities. Include the following.... determine whether the operations implemented were consistent with the locations in the approved FMP, AWS, conditions on construction... and use management (maintenance, access control, any decommissioning or reclamation provisions)....</p>
<p>Background Information and Summary of Evidence: In the course of site inspections the audit team saw no instances in which road surfaces had been site prepared and planted, although some planting along the shoulders of roads was seen. At 0.38 km/km² (as of the Year 3 AR) the density of primary and branch roads in the forest is higher than it is in most SFLs in the province, likely due to the proximity of the Forest to the town of Dryden. DFMC noted that road reclamation has only occurred on approximately 20 km of operational road during the audit period and cites the high recreational demand as rationale for not reclaiming more roads.</p>
<p>Discussion: The Dryden Forest is small, and historically has achieved a much higher actual harvest compared to planned than most forests in the province. This underscores the value of maintaining a productive land base. The FMP acknowledges the importance of maintaining the productive land base in several ways:</p> <ul style="list-style-type: none"> • There is a Condition on Regular Operations related to the loss of productive land; • Maintenance of productive area is an important component of the plan's objectives; • Road use management strategies (RUMS 2 and 4) for many existing branch roads includes the point that "road use surfaces will deteriorate naturally and be regenerated where practical"; • In its discussion on prescriptions for operations, the FMP indicates that "As harvested areas are regenerated, operational roads, landings and aggregate pits will also be regenerated where possible" <p>In summary, the FMP recognizes the importance of maintaining the productive area of the forest and also recognizes that the regeneration of road surfaces should contribute to this. The audit team acknowledges that regeneration of operational roads slated for reclassification is not appropriate, but even considering this and the recreational use of roads on the forest, there are likely many opportunities for regeneration of roads that are not being pursued.</p>
<p>Conclusion: The company is not actively regenerating very much area of road surface.</p>
<p>Finding: Active regeneration of roads is not being pursued so as to make a meaningful contribution to the company's efforts to maintain the productive land area of the forest.</p>

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 9</p>
<p>Principle 8: Contractual Obligations</p> <p>Procedure 8.1.9.2: Review the audit action plan status report and assess whether:</p> <ul style="list-style-type: none"> the status report was prepared in accordance with requirements it was prepared within 2 years following approval of the action plan, unless otherwise directed by the Minister (e.g. an interim status report may have also been required) ...
<p>Background Information and Summary of Evidence: Four of the five recommendations from the 2013 IFA for the Dryden Forest were issued to Corporate MNRF. While an Action Plan was submitted on September 5, 2014, the Status Report related to MNRF's corporate responsibilities for addressing recommendations of the 2013 audit was only provided to the Audit Team in late September of 2018. The Status Report is to be provided within two years of approval of the Action Plan, and therefore was provided 2 years late.</p>
<p>Discussion: MNRF's Transformation, which began in 2012, led to the creation of new branches, considerable shuffling of staff, the creation of new positions and some confusion about how various existing responsibilities would be addressed. The production of the Status Report was caught up in this milieu and not completed until considerably after its due date, hindering this audit's assessment of the extent to which the recommendations of the previous audit were addressed. Although many actions identified in the Status Report related to the Dryden Forest and others that were the subject of IFAs in 2013 are identified as 'complete' and/or 'no further tracking required', such a lengthy delay in the delivery of the Status Report reflects poorly on the importance that Corporate MNRF ascribes to attending to the responsibility of reporting on its obligations related to IFA recommendations.</p>
<p>Conclusion: The Corporate MNRF Status Report was released two years behind schedule. The delay seemed to be due to the large amount of organizational turbulence created a result of the MNRF's Transformation.</p>
<p>Finding: Corporate MNRF did not meet its obligation to produce the provincial status report for the 2013 IFAs according to the schedule in the IFAPP.</p>

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 10</p>
<p>Principle 6 Monitoring</p> <p>Criterion 6.1. District compliance planning and associated monitoring</p> <p>Procedure 6.1.1: Review the MNRF District Compliance Plans... and assess whether the actual level of the overall monitoring program was in accordance with the FMP/plans and whether it was appropriate based on evidence gathered through analysis of related criteria, including field audits.</p> <p>Criterion 6.2 SFL Compliance planning and monitoring</p> <p>Procedure 6.2.1 Review the ten-year compliance strategy and the Annual Plans of Action. Determine whether ... the actual level of the implemented overall monitoring program is appropriate and effective.</p>
<p>Background Information and Summary of Evidence: Over the audit term DFMC completed 124 compliance inspections as entered into FOIP. This is a reasonable number given the overall level of industrial activity. MNRF's compliance inspection activities are discussed in Finding # 11. FOIP records indicate that 11 joint inspections were carried out. Of the 11 inspections, ten were completed during two compliance flights within the space of a week in March of 2014 and one took place in 2015, and so there was only one joint inspection on the Unit over the last four years of the audit term.</p>
<p>Discussion: Policy Directive FOR 07 03 04 from the MNRF 2014 Compliance Handbook which establishes overall direction regarding the undertaking of compliance inspections notes that joint inspections are encouraged to be undertaken "from time to time as good business practice to promote the partnership aspect of the forest Compliance Monitoring program." The Policy Directive describes the benefits as calibration of operational standards, and clarification of issues and interpretation. The audit team believes that having only one joint inspection in the last four years of the audit term is insufficient to meet the intent of the policy directive. This is particularly so given the turnover in MNRF staff; the MNRF compliance inspector who participated in the 2014 inspections is no longer in that role, nor working on the Dryden Forest.</p> <p>MNRF staff have noted that they do visit the forest to review practices with DFMC staff occasionally, but these trips do not result in formal compliance inspection reports being submitted. While cooperative visits are undoubtedly a good idea, the lack of translation into official compliance reports reduces the ability of joint learning to be crystallized and makes tracking of these events difficult.</p>
<p>Conclusion: Too few joint compliance inspections have been conducted in recent years to meet the intent of the Compliance Handbook Policy Directive. More should be undertaken to calibrate the compliance interpretations of MNRF and industry inspectors. Best would be for regular joint inspections to be carried out and results captured in FOIP submissions.</p>
<p>Finding: The lack of joint compliance inspections is not consistent with the intent of the compliance planning documents to carry out effective monitoring.</p>

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 11</p>
<p>Principle 6 Monitoring</p>
<p>Criterion: 6.1 District compliance planning and associated monitoring.</p>
<p>Procedure 6.1.1: Review the MNRF District Compliance Plans in place during the term of the audit to determine how forest management activities were to be monitored for compliance by MNRF and assess whether the actual level of the overall monitoring program was in accordance with the FMP/plans and whether it was appropriate based on evidence gathered through analysis of related criteria, including field audits.</p>
<p>Background Information and Summary of Evidence: Complete Annual Compliance Operations Plans were not produced every year by the MNRF. The 2013 plan was developed using an earlier template (based on the 2010 Compliance Handbook) and is not comparable to the plans for the latter years of the audit term. The reports for 2014 and 2015 are incomplete in that they do not provide tracking of results. In the two years (2016 and 2017) for which tracking was included in the ACOP reporting, the reported number of compliance inspections was considerably less than planned. In 2016 no inspections were noted in the ACOP as carried out for tourism AOCs, wildlife AOCs, aggregates, fire prevention, chemical tending, and planting, in spite of planned intentions. Similarly, in 2017 fewer inspections were conducted than were planned.. For 2017 the ACOP reports that only nine of 29 planned inspections occurred. The ACOPs for both 2016 and 2017 acknowledge the underachievement, and the retrospective portion of 2017 plan that addresses achievements for that year notes that for many types of inspections, MNRF “recognize[s] the need to improve on this aspect in 2018”.</p>
<p>Discussion: MNRF staff note that the impacts of the transformation process, which began in 2012, affected the MNRF’s capacity to meet its compliance inspections as there was considerable flux in staffing. Staffing issues were noted as being responsible for the underachievement of meeting inspection targets as recently as the 2017 ACOP.</p>
<p>Conclusion: During the audit term, MNRF has not met expectations related to ACOP production or achievement of the target number of inspections identified in the ACOPs. Challenges in meeting targets and development of ACOPS were attributed to staffing issues associated with Transformation. Given that Transformation is now behind the MNRF and staffing has stabilized, MNRF compliance performance should improve going forward.</p>
<p>Finding: MNRF did not meet its obligations associated with the development of comprehensive district compliance plans or implementation of compliance targets identified in the plans.</p>

Independent Forest Audit – Record of Finding

Finding # 12

Principle 7 Achievement of Management Objectives and Forest Sustainability**Criterion: 7.2 Assessment of Objective Achievement.**

Procedure 7.2.2: ... for the current plan summarize in text form the auditors assessment of progress towards achieving objectives

Background Information and Summary of Evidence: As is required, the FMP contains a series of objectives related to a wide variety of forest values, including wildlife habitat, landscape pattern, forest composition, wood supply, Indigenous involvement, social values etc. In the audit team's assessment of the extent to which the objectives had been achieved, a number of concerns were identified. The concerns discussed here are focused on the quality of the objectives themselves and not related to the extent to which the objectives were achieved. The concerns include:

- The objective for landscape pattern is unrealistic. The FMP includes a desirable template that does not consider the social reality of the Dryden Forest. It is unrealistic to imagine that disturbances in excess of 5,000 or 10,000 ha, as are included in the desirable template are feasible. At plan start, 81% of disturbances were < 100 ha and only 1% were between 1,000 and 5,000 ha. The desirable template values for these size classes are 37% and 11%. Even the targets for the end of the 2011-2021 FMP of 67% and 3% seem a stretch. The FMPM notes that "A desirable level is a measurable amount ... for an indicator to be achieved and maintained over time". The desirable level for most, if not all, disturbance patch sizes is clearly not realistic nor could it be maintained over time.
- The objective for the area of habitat for forest-dependent species at risk (SAR) does not factor into plan achievement. The desirable level is "maintain preferred habitat for species at risk at or above 10% of the minimum range of the lower area projected by the bounds of natural variation range (BNV). However, this direction was not used because "no SAR were identified that could be modeled effectively in the SFMM model." This is an incorrect assertion and not consistent with other plans implemented in Ontario. For example, the FMP notes that Canada warbler and Olive-sided flycatcher (both forest-dependent SAR) exist on the forest and may be affected by forest management. The habitat relationships of these species are well known and could be incorporated into SFMM modeling, as was done in other plans of the same vintage as Dryden's (e.g. the Pineland Forest 2011 plan and the Spanish Forest 2010 plan).
- The target for LCAC involvement sets a low bar. The objective for LCAC involvement is "to have the LCAC effectively participate in the development of the management plan". This is an appropriate objective, but the measure used to determine success is a target of only having the LCAC effectiveness survey indicate at least 60% effectiveness in the development of the management plan. This seems too low a standard to qualify as successful for such an important consideration.
- The use of occurrence of non-compliances as a measure of success is not appropriate in all circumstances. For many forest values (natural resource features, resource-based tourism, forest operations, water quality and fish habitat protection, high-risk water crossings) the target for judging success is a high proportion of compliance inspections (95%) being assessed as in-compliance. However, for many types of forest activities, it takes a significant transgression to result in a non-compliance. To judge success in achieving objectives based on the lack of transgressions may not always be consistent with the intent of implementing operations to a high standard. In addition, this audit team is aware of circumstances on other forests where there appeared to be reluctance to identify issues as non-compliance as it would lead to a failure to achieve compliance-related targets.
- The use of minima as targets may reduce the quality of values. For a number of values, desirable and target levels are expressed using minima as benchmarks. For example, the old forest composition

desirable level is to “maintain total old forest area by forest unit at or above the minimum of the lower percentage projected by the BNV range”, and the desirable and target levels for the area of habitat of provincially and locally featured species is “maintain preferred habitat for featured species at or above 10% above the minimum range of the lower area projected by the BNV”. When minimum values are identified as targets, those minima become the aspirations and there is frequently little or only tempered desire to exceed them. (In addition, the accuracy of the model used to estimate the BNV for old forest is questionable, since the area of old forest in 11 of 14 forest units was exactly at the minimum BNV at plan start. In the face of potential inaccuracies in modeling, the use of minimum values as targets is even more questionable.) More appropriate targets in many cases would be to base the achievement not on minima, but on the mean, or some reasonable amount of variation around a measure of central tendency.

- The target density for the roads objective (to provide road-based access, land use and recreational opportunities...) is set at a minimum of 0.25 km/km². No demonstrable relationship is apparent between this density and the objective. Further, the objective makes no mention of impacts of roads on wildlife habitat and populations, for which there are demonstrable and calibrated relationships, nor of the impact of roads on the productive land base.

Discussion: Many of the topics for which objectives are to be included in the FMP are mandated by the FMPM. However this is not universally the case – there is discretion related to the inclusion of some objectives. Further, there is discretion for some indicators that are to be used and there is also discretion for the levels identified as desirable and targets. The audit team understands that in some cases there is relatively little wiggle-room available to FMP planning teams. However as this assessment has shown there is a need for better judgment in identifying appropriate values, objectives, indicators, and targets to align the logical path that joins meaningful objectives for future forest conditions to the measures that are to be used to provide useful and insightful assessments of the extent to which the objectives are achieved.

The audit team is aware that this situation is by no means restricted to the Dryden Forest.

Conclusion: There is a need to develop FMP objectives and measures of success that are better suited to the conditions of the Dryden Forest in future forest management plans. A detailed assessment should be undertaken of the quality and utility of the objectives, indicators and targets used in the next FMP.

Finding: Several of the FMP's objectives and their related indicators, desirable levels and targets are not appropriate or reasonable measures of the management goals set for the Forest.

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 13</p>
<p>Principle 8: Contractual Obligations</p> <p>The licensee must comply with the specific licence requirements.</p>
<p>Background Information and Summary of Evidence: Section 16 of the SFL contains the requirements that the Company is required to meet concerning the Class X, Y and Z lands that were identified when the licence was first issued. The Company has obligations with respect to each of these classes of lands.</p> <p>Class X lands are areas harvested on or after April 1, 1995. The SFL-holder is responsible for meeting silvicultural standards on these lands.</p> <p>Class Y lands are areas harvested prior to April 1, 1995 on which Eligible Silvicultural Work has been initiated using funds made available to the Licence Area from either the Special Purpose Account or the Forest Renewal Trust. The SFL-holder is responsible for meeting appropriate silvicultural standards on these lands.</p> <p>Class Z lands are areas harvested prior to April 1, 1995 on which no Eligible Silvicultural Work has been initiated using funds made available to the Licence Area from either the Special Purpose Account or the Forest Renewal Trust, but on which a tending treatment may be required to bring the area to free-to-grow status. The SFL-holder is responsible for conducting any necessary tending.</p> <p>Class X lands essentially represent lands that are harvested by the SFL-holder, and which are required to be renewed following the SGRs set out in the relevant FMP. Class Y and Z lands are legacy lands harvested prior to the creation of the SFL.</p> <p>Appendix 3 of the previous IFA (undertaken in 2013) reports that there are no Class X, Y or Z lands left on the Forest. The previous audit is not completely correct since any lands harvested by the SFL-holder since 1995 are technically Class X lands, although this terminology is not used in either the 2009 or the 2017 FMPM. However, the previous audit did conclude that the Company completed its obligations with respect to Class Y and Z lands. Given that the previous audit report has been tabled in the Legislature, the government has agreed with this conclusion.</p>
<p>Discussion: MNRF has not removed sections of SFL's that pertain to Class X, Y, or Z lands however by now, many Companies will have discharged all of their necessary obligations regarding the Class Y and Z lands. DFMC is one such company.</p> <p>The auditors believe that there is no need to continue with the Class X terminology since it no longer serves a useful purpose. There is no mention of Class X lands in either the 2009 or 2017 FMPM.</p> <p>While there are parts of Section 16 that entail important obligations that the SFL-holder must continue to meet (e.g. the requirement for the Company to follow renewal standards in the approved FMP), a considerable portion of Section 16 is no longer needed in the SFL document. The auditors believe that Section 16 can be substantially revised if not removed, with the paragraphs containing continuing obligations being revised and moved into other sections of the licence.</p>
<p>Conclusion: Now that the Dryden Forest Management Company has fully complied with the terms of the SFL in Section 16 regarding Class Y and Z lands, MNRF should consider revising section 16 in the Dryden Forest SFL to reflect the completion of Company obligations on Class Y and Z lands.</p>
<p>Finding: The conditions regarding Class Y and Z lands in Section 16 of the SFL have been addressed by DFMC and this section of the SFL has not been updated to reflect this.</p>

<p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 14</p>
<p>Principle 8: Contractual Obligations</p> <p>The licensee must comply with the specific licence requirements.</p>
<p>Background Information and Summary of Evidence: The SFL for the Dryden Forest is scheduled to expire March 31, 2023. It has not been extended in accordance with section 26(4) of the CFSA, which states that if the review conducted by the Minister every five years finds that the licensee has complied with the terms and conditions of the SFL, then “the Minister shall, with the approval of the Lieutenant Governor in Council, extend the term of the licence for five years”. The licensee has complied with the terms and conditions of the SFL during the term of the licence, as determined by previous IFA’s, and the licence should have been extended in accordance with recommendations in each of those IFAs.</p>
<p>Discussion: In discussion with MNRF’s Timber Allocation and Licensing Section, MNRF has conducted the CFSA section 26(3) review of the Dryden Forest SFL and has prepared the necessary documents for the Minister’s consideration of a proposed extension.</p>
<p>Conclusion: DFMC has complied with the terms of the licence and while MNRF should have extended the licence sooner, MNRF has indicated that the proposed licence extension is in process.</p>
<p>Finding: Corporate MNRF has not extended the term of the SFL since it was issued, despite recommendations in prior IFA’s to do so.</p>

APPENDIX 2 – ACHIEVEMENT OF FMP MANAGEMENT OBJECTIVES

Achievement to Date of 2011 Dryden Forest FMP Objectives and Indicators

Objectives& Indicators	Auditor Assessment	Auditor Comments
<p>1. Landscape Pattern: To emulate natural disturbance and landscape patterns characteristic of the Dryden Forest.</p> <p><u>Indicator 1a:</u> Forest disturbance frequency distribution (%) by size class.</p>	<p>The landscape pattern objective in the 2011 FMP arose from the NDPEG. The objective is to move the proportion of disturbance areas by size towards a template based on a modeled “natural” forest disturbance pattern. The FMP shows that the 2011 forest has an overabundance of disturbance patches in the smallest size class (< 100 ha) and a shortfall in all other size classes. The FMP projects that the forest will move closer to the template by the end of the 2011 plan term.</p> <p>The Trend Analysis indicates that the harvest allocations for the 2011 FMP projected some movement towards the template however the forest would not be all that close to the template. For example, the < 100 ha size class made up 81% of disturbances at plan start and was projected to reach 67% by 2021, closer to but still a considerable distance from the template value of 37%.</p> <p>The audit team anticipates that there will be some movement towards the template, but less than planned. The main limiting factors are the relatively high amounts of bypass and the fact that the full planned harvest is unlikely to be attained.</p> <p>Objective not achieved</p>	<p>The effort to mimic a natural disturbance regime, largely through harvesting, is a key tenet of conservation biology. However, the Dryden Forest is unlikely to be a very suitable candidate for approaching a natural disturbance template because of its size, its non-contiguous nature and the interspersed of private land throughout the Forest. In particular, the larger disturbance patches are socially and physically unattainable on the Dryden Forest, unless some of these patches overlap other adjacent forest management units. Patches in the 5,000-10,000 ha and > 10,000 ha size classes would seem to be unattainable. Areas in the mid-sized classes are attainable, but likely at lower frequencies that the template suggests.</p> <p>Overall, the audit team questions whether the objective is practical for the Dryden Forest. See Finding # 12 for an integrated discussion.</p>

Objectives& Indicators	Auditor Assessment	Auditor Comments
<p>2. Forest Composition: To maintain or move towards a natural range of forest composition and age distribution</p> <p><u>Indicator 2a</u> – Crown productive forest by Forest Unit (maintain at or above the minimum of the low area projected by the Bound of Natural Variation (BNV) by forest unit)</p> <p><u>Indicator 2b</u> – Crown productive forest by landscape class (maintain at or above the minimum of the lower interquartile ha range for each landscape class except balsam fir)</p> <p><u>Indicator 2c</u> – Amount and distribution of old forest (Maintain total old forest area by forest unit above the minimum of the lower % projected by BNV analysis)</p> <p><u>Indicator 2d</u> – Amount and distribution of old red and white pine forests (increase the combined PR1 and PRW old forest total area to a minimum of 60 ha)</p>	<p>Indicator 2a is for the area of each forest unit to be above the minimum value in the natural range of variation. Indicator 2b considers both age and broad forest species type, with the thresholds determined by the Ontario Landscape Tool, whereas indicator 2c is focused on old forest.</p> <p>The Trend Analysis indicates that Indicators 2a-2c are projected to be met according to the LTMD, with the minor exception of the SBL FU being slightly below the minimum area of the BNV. Interestingly, 6 of the 14 FU's are at the minimum point in the Natural Range of Variation in 2011, which raises questions in the minds of the auditors whether the BNV analysis was very realistic. Because the fairly large PJ1 and SBL FU's were included amongst those FU's at the lower limit of the BNV, the renewal of these FU's probably needs to be silviculturally successful in order to reduce the risk of reducing the area in these FU's below the minimum BNV. Also of interest is that the discussion around the objective never references the upper bound of the BNV.</p> <p>The part of the objective concerned with old forest amounts to an objective to increase the amount of old forest from the levels existing at plan start. Of the 14 FU's, only 3 were above the minimum of the BNV, and those three FU's that were above were the most valuable conifer FU's – the two jack pine FU's and the SPU FU. This situation reinforces the concern on the part of the audit team that the BNV analysis was not that realistic. Indicator 2d focuses on doubling the area of old PR1 and PRW area from 30 to 60 ha by the end of the plan term, and while the achievement of this indicator is highly dependent on the quality of the inventory, the progression of the</p>	<p>As discussed in the assessment of this objective, the auditors have some skepticism that the BNV has been very realistically assessed during plan development.</p>

Objectives& Indicators	Auditor Assessment	Auditor Comments
	<p>older forest in these two FU's will meet the objective unless there are stand-replacing disturbances in these two FU's. The auditors observe that it is difficult to tell from Table FMP-3 whether the area is the area of these two FU's in total Crown forest or just in the available Crown forest. It seems most likely that the total productive Crown landbase is under consideration for this indicator.</p> <p>The objective will likely be achieved by the end of the plan term.</p>	
<p>3. Wildlife habitat: To maintain forest function for wildlife habitat in the Dryden Forest.</p> <p><u>Indicator 3a:</u> Area of habitat for forest – dependent provincially and locally featured species (marten, moose, white-tailed deer, pileated woodpecker)</p> <p><u>Indicator 3b:</u> Area of habitat for forest-dependent species at risk (non modeled)</p> <p><u>Indicator 3c:</u> Area of habitat for other selected species (black-backed woodpecker, black bear foraging, lynx denning)</p>	<p><u>Indicator 3a</u> – Projected habitat levels are all within target and desirable bounds Target projected to be Achieved</p> <p><u>Indicator 3b</u> – No forest dependent species are modeled. However, forest dependent species occur that could be modeled. Unknown/Not Achieved</p> <p><u>Indicator 3c</u> – All desired levels are projected to be attained. Target Achieved</p>	<p>For Indicator 3b the Trend Analysis assessment notes that there are no forest depending species included in SFMM modeling. This is true, but there is knowledge and capacity for including some of these species (e.g. Canada warbler and olive-sided flycatcher). See Finding # 12.</p>
<p>4. Road Access: To provide road-based access, land use and recreational opportunities through road maintenance and development of access to areas planned for harvest and renewal within the plan period.</p> <p><u>Indicator 4a:</u> Kilometres of SFL road per sq. km of Crown Forest</p>	<p>There is not an explained basis for the desired level (0.25 km/km²). No assessment is provided in FMP-9 or AR-14 although the tables indicate that in the future assessment will be based on actual primary and branch road construction and decommissioning program.</p> <p>Objective cannot be assessed at this time.</p>	<p>This audit team questions the utility of the target for this indicator. Without some relationship between the density of roads and quality of recreational opportunities, the indicator is of little utility. This is addressed in Finding # 12.</p>

Objectives& Indicators	Auditor Assessment	Auditor Comments
<p>5. Wood Supply: To provide a predictable and continuous supply of wood products to the forest products industry from the Dryden Forest</p> <p><u>Indicator 5a:</u> Long-term projected available harvest area</p> <p><u>Indicator 5b:</u> Long-term projected available harvest volume by species group</p> <p><u>Indicator 5c:</u> Short-term projected harvest volume per year</p> <p><u>Indicator 5d:</u> Allocation of personal use timber harvest area in the FMP</p> <p><u>Indicator 5e:</u> Percent of the AHA planned for harvest by forest unit</p> <p><u>Indicator 5f:</u> Actual harvest area, by Forest Unit (% of planned harvest area)</p> <p><u>Indicator 5g:</u> Actual harvest volume by species group (% of planned harvest volume)</p>	<p>The first five indicators of this objective are based on planning outcomes, and they have been fully achieved. This is not a surprise, especially since the first two indicators had no quantitative targets and the third indicator had a readily achievable target. The desirable and target levels for Indicator 5d were also met in Phase I (three personal fuelwood areas designated) and the Phase II Planned Operations identifies five available areas. Table FMP-11 indicates that 99.6% of the AHA has been allocated as planned area, exceeding the target associated with Indicator 5e.</p> <p>For the latter two indicators, the targets were to harvest 98% of the planned area and at least 90% of the planned volume harvested.</p> <p>At the end of year 7, 44% of the ten-year planned area had been harvested (versus 70% if the Company was on track to harvest the full planned area), while on an annualized basis, 63% of the planned area has been cut. The Trend Analysis states that a higher harvest was planned for in Phase II than in Phase I which may help the Company meet the desired level of this indicator, however at this point the Company is not on track to meet it. The Company's performance on the volume side of harvesting is better, with there being 83% of planned volume cut on an annualized basis.</p> <p>The first five indicators of this objective have been achieved while the latter two have not been achieved to date.</p>	<p>Table AR-14 in the Trend Analysis assessed the level of achievement of indicators 5a – 5e and concluded that all had been achieved, which the auditors agree with.</p>
<p>6. Managed Crown Forest: To provide continuous social benefits resulting from the</p>	<p>Table FMP-3 reports that the area of available productive Crown forest is 105,687 ha, and the target</p>	

Objectives& Indicators	Auditor Assessment	Auditor Comments
<p>managed Crown forest available for timber production on the Dryden Forest.</p> <p><u>Indicator 6a</u>: Managed Crown forest available for timber production</p>	<p>in the FMP is to maintain at least 105,000 ha as available. Table FMP-5 shows a forecast reduction in the amount of productive Crown forest of 335 ha over 100 years – if this loss consisted of 100% available area, the indicator would be achieved. The FMP states that the unit is well-accessed, so that few losses of area for new roads are expected. During the first six years of the 2011 FMP period, 31.7 km of primary road and 12.4 km of branch road were constructed, which is estimated to have removed approx 130 ha from the available landbase.</p> <p>Indicator has been achieved.</p>	
<p>7. Indigenous involvement in planning: To work with local Indigenous peoples, whose communities are situated in or adjacent to the Dryden Forest, to identify and implement ways to enhance social and economic benefits to Indigenous peoples.</p> <p><u>Indicator 7a</u>: Representation on the planning team</p> <p><u>Indicator 7b</u>: Indigenous communities that contribute information to the planning process.</p>	<p>Considerable effort was made by MNRF and the company to comply with the requirements of the FMPM to achieve good levels of participation in planning. However, for complex issues related to community capacity, resource availability, lack of expertise and others, appropriate levels of involvement were not achieved.</p> <p>Objective was not achieved</p>	<p>The audit team believes that although the MNRF and company complied with the direction in the FMPM, it is not sufficient to produce an effective level of participation. This is addressed in Finding # 1.</p>
<p>8. LCAC Involvement: to have the LCAC effectively participate in the development of the management plan.</p> <p><u>Indicator 8a</u>: LCAC self-evaluation of its effectiveness in plan development</p>	<p>During interviews conducted during the audit, LCAC members expressed satisfaction with the management of the forest.</p> <p>The LCAC survey was completed prior to the submission of the draft plan. The survey indicated an 86% positive effectiveness.</p> <p>Indicator is achieved</p>	

Objectives& Indicators	Auditor Assessment	Auditor Comments
<p>9. Forest Renewal: To successfully regenerate harvest areas to Free-Growing status in a manner that is consistent with the regeneration standards outlined in the SGRs for the Dryden Forest</p> <p><u>Indicator 9a:</u> Regeneration Success: Percent of harvested forest area assessed as free-growing by forest unit</p> <p><u>Indicator 9b:</u> Silvicultural Intensity: Planned and actual percent of harvested area treated by silvicultural intensity.</p> <p><u>Indicator 9c:</u> Silvicultural Success: Planned and actual percent of harvested forest area assessed as free growing and successfully regenerated to the projected forest unit.</p>	<p><u>Indicator 9a</u> - 100% regeneration success is reported in Trend Analysis and verified to be true by field audit observations and interviews. The Company treats failed areas (rarely required) or waits until the forest reaches FTG status before reporting success. This is an unusual practice but given the scale of management and the GIS tracking system in place, there is little risk of area not being regenerated.</p> <p><u>Indicator 9b</u> - When prorated by actual harvest area the Company exceeded its target to meet 80% of planned silvicultural intensity with the exception of mechanical site preparation. There were many shallow sites that were planned for but did not require site preparation.</p> <p><u>Indicator 9c</u> - The target of 60% of the planned forest units identified in the SGRs will be attained as the Company achieved 70%</p> <p>Objective is Achieved</p>	<p>Indicators 9a) and 9c) are related to work completed prior to the audit term. The silviculture program under 9b) has been well executed over the audit period with renewal, tending and maintenance practices that will meet plan objectives. There is a notable improvement over the program in place ten years ago that required an emphasis on follow up tending. In addition, chipper debris piles are now managed in ways that enable regeneration. This is a credit to MNRF, the Company and their suppliers for applying the principle of adaptive management to improve performance outcomes.</p>
<p>10. Forest Values: To implement forestry operations in a manner that minimizes negative impacts on all identified resource users, protects all identified values.</p> <p><u>Indicator 10a:</u> Compliance with prescriptions for the protection of natural resource features, land uses or values dependent on forest cover (% of inspections in compliance)</p> <p><u>Indicator 10b:</u> Compliance with prescriptions for the protection of resource-based tourism values (% of inspections in compliance)</p>	<p><u>Indicator 10a:</u> One compliance report from 2014 identified several issues related to forest values in a new contractor's operation. The issues were not systemic. In addition, a small number of operational issues were identified during the audit term.</p> <p><u>Indicator 10b:</u> No compliance or operational issues related to protection of resource-based tourism values were identified.</p> <p><u>Indicator 10c:</u> Overall compliance level for the forest is > 95% based on the number of compliance reports submitted to FOIP.</p>	<p>As is described in Section 4.6 the company has a good compliance record.</p>

Objectives& Indicators	Auditor Assessment	Auditor Comments
<p><u>Indicator 10c</u>: Percent of forest compliance inspections in non-compliance by activity and remedy types (i.e. severity).</p>	<p>Objective is achieved</p>	
<p>11. Soil and Water Resources: To maintain productivity of soil function, and to protect water quality and fisheries habitat where forest management activities occur in the Dryden Forest</p> <p><u>Indicator 11a</u>: Compliance with management practices that prevent, minimize or mitigate site damage.</p> <p><u>Indicator 11b</u>: Compliance with prescriptions developed for the protection of water quality and fish habitat</p> <p><u>Indicator 11c</u>: Monitoring of high-risk water crossings for the protection of water quality and fish habitat.</p>	<p><u>Indicator 11a</u> - The field audit sample found no instances of site damage. The operating plans identify sensitive soils in advance of operations. These conditions are verified prior to operations. The operating procedures in place are effective in meeting these objectives. No non-compliances related to site damage are reported in FOIP.</p> <p><u>Indicator 11b</u> – No instances of transgressions were observed during the field audit. As is described in Section 4.6, a single FOIP report identified a number of non-compliances associated with an operation of a new contractor. MNRF and DFMC worked with the operator to help him better understand compliance expectations and performance requirements and no subsequent issues have been identified.</p> <p><u>Indicator 11c</u> – All high risk water crossings are monitored regularly by the company.</p> <p>Objective is achieved.</p>	<p>As is described in Section 4.6 the company has a good compliance record.</p>

APPENDIX 3 - COMPLIANCE WITH CONTRACTUAL OBLIGATIONS

Licence Condition	Licence Holder Performance
1. Payment of Forestry Futures and Ontario Crown charges	As of March 31, 2018, DFMC was up to date with payments to Forestry Futures Trust and there was a minor amount (\$146) of Crown dues owing. In general, during the audit period, the Company was current with Crown charges and Forestry Futures Trust payments at the end of each fiscal year. This licence condition has been met.
2. Wood supply commitments, MOAs, sharing arrangements, special conditions	<p>During the majority of the audit period, there were four wood supply commitments associated with the Dryden Forest. The commitment to provide timber to the Devlin Lumber mill was no longer valid since Devlin closed its sawmill permanently in 2005. Similarly, the commitment to Levesque's Nipigon mill was no longer valid since that mill burned in 2007 and has not been rebuilt.</p> <p>The remaining two wood supply commitments were carried over into an amended SFL that was amended by Order-in-Council on November 22, 2017. The commitment to the Weyerhaeuser pulp mill at Dryden remained with the mill when Domtar purchased the mill in 2007 and DFMC has complied with this commitment as it supplied the mill with an average of approximately 63,500 m³/year. Appendix E of the SFL does not specify a committed volume but the 2011 FMP, and the Phase II plan, specified that an average of 81,500 m³/year is planned to be used by Domtar's Dryden and Ear Falls facilities from the Dryden Forest.</p> <p>DFMC also supplied Oxdrift Tractor with an average of just less than 500 m³/year during the first six years of the plan period, which is below 7,000 m³/year, identified as the upper limit of the wood supply commitment in Appendix E. Oxdrift did not harvest any timber on the Dryden Forest during the audit term. The 2011 FMP reports that there is a pending wood supply commitment of 31,000 m³/year to the Weyerhaeuser TimberStrand plant in Kenora, which became formalized as a commitment in the amended SFL. DFMC has largely met this commitment by supplying an average of 28,000 m³ of poplar/year.</p> <p>Appendix F of the SFL contains a special condition that reflects a commitment made in DFMC's business plan approved by MNRF in 1998. The condition grants that Noopiming Anokeewin Inc. will be allocated 3.74% of the AHA and Eagle Lake First Nation 4.37% of the AHA. In 2000, the condition was expanded with the addition of a commitment of an allocation of 5% of the AHA to the Aboriginal Peoples of Wabigoon, representing a total commitment of 13.11% of the AHA. These three harvester operations are collectively referred to in the FMP as the OFRL group, and Table FMP-14 shows that they were allocated 794 ha to harvest during Phase I of the FMP, representing 13.11% of the planned harvest. Table FMP-</p>

Licence Condition	Licence Holder Performance
	14 of the Phase II plan also showed an allocation of 13.11 % of the planned harvest area to these three groups. The conditions in Appendices E and F of the SFL have been met during the audit period.
3. Preparation of FMP, AWS and annual reports; abiding by the FMP, and all other requirements of the FMPM and CFSA.	DFMC has prepared the Phase II Planned Operations document (2016-2021), Annual Work Schedules and Annual Reports as required, and have generally followed the intent of the 2011 FMP during the audit period. This condition has been upheld.
4. Conduct inventories, surveys, tests and studies; provision and collection of information in accordance with FIM.	The Company collects forest operation prescription, establishment and free to grow survey data to monitor the effectiveness of its silvicultural program. These data and depletion mapping from harvest and natural disturbances are collected and stored in a manner that is FIM compliant.
5. Wasteful practices not to be committed.	The Company generally met this condition of its SFL. The audit team did not see wasteful practices during its field inspections. On one block(11.168), compliance inspections found multiple examples of non-compliance with requirements to use merchantable timber – a compliance order was issued and the merchantable timber was removed and used, addressing the issue. This incident occurred in 2014, and there have been none reported since then.
6. Natural disturbance and salvage SFL conditions must be followed.	<p>Significant salvage harvest volumes were reported in 2013-14 and 2014-15, totaling almost 38,000 m³. The salvage was of an area that experienced severe blowdown from a windstorm on July 19, 2013. Amendment #12 was made to allocate the blowdown areas as a salvage cut.</p> <p>In 2012, Amendment #6 was made to provide for the salvage of a small 4 ha area that had experienced a snowdown event in 2005 and subsequently was attacked by sawyer beetles so that there was very little living material remaining. A total of 365 m³ was salvaged from this area in 2012-13.</p>
7. Protection of the licence area from pest damage, participation in pest control programs	There were no pest control programs during the audit period. MNRF is monitoring a jack pine budworm outbreak to the north of the Dryden Forest.
8. Withdrawals from licence area	This audit procedure was determined to be low risk and was not audited.
9. Audit action plan and status report	<p>The 2013 IFA report identified one recommendation (#3) to DFMC; it dealt with multiple vegetation control interventions on competitive sites. Documentation of the manner in which the recommendation was dealt with the DRMC status report addresses the topic well, and the audit team identified no concerns related to the topic in this audit - several examples illustrating how multiple vegetation controls have been considered on competitive sites were noted.</p> <p>The 2013 IFA identified four recommendations directed to Corporate or Regional MNRF on the following topics: 1) review of submission protocol for Environmental Registry Information notices; 2) synchronization of delivery of FRI with forest management planning schedule; 3) review of direction for SEM FTG assessments; and 4) extension of the SFL for a further five year term. The provincial status</p>

Licence Condition	Licence Holder Performance
	<p>report for the recommendations of 2013 IFAs was only provided to this audit team on Sept. 28, 2018 (see paragraph below). Based on the content of the status report and the audit team's assessment is that topics 1) and 3) have been successfully dealt with. MNRF also reports that efforts are in place improve the alignment of FRI and FMP schedules. The MNRF status report notes that the process to complete licence extension is in place, however it is not yet completed. The issue of licence extension is addressed in Finding # 14 of this audit.</p> <p>The 2013 IFA Audit Action Plan and Status Report for the Management Unit was prepared, submitted and endorsed by the MNRF Region in a timely manner. The MNRF did not meet its commitment to complete the Provincial Status report on the mandated schedule. This is addressed in Finding # 9.</p>
10. Payment of funds to Forest Renewal Trust	The renewal trust funds have been maintained at levels sufficient to conduct an effective program.
11. Forest Renewal Trust eligible silviculture work	KPMG conducted an audit and found minor variances on eligible expenses for overheads that requires follow up, the audit team feels these variances are immaterial in both size and setting. Cooperative SFLs' management fees and renewal trust fees are borne by shareholders.
12. Forest Renewal Trust forest renewal charge analysis	The Company completed a thorough analysis, The audit team field observations confirm that the charges are matched to the renewal program scale that is consistent with the planned requirements.
13. Forest Renewal Trust account minimum balance	The Company maintained an adequate minimum balance each year.
14. Silviculture standards and assessment program	The Company collects forest operation prescription, establishment and free to grow survey data to monitor the effectiveness of its silvicultural program.
15. Indigenous opportunities	<p>As discussed above under wood supply commitments and special conditions, Appendix F of the SFL requires that a minimum of 13.11% of the AHA be allocated to three Indigenous communities /harvesters. The 2011 FMP did allocate exactly 13.11% of the AHA to these overlapping licensees in the proportions specified in the SFL. The Company is in compliance with this section of the SFL (Section 20). All of the Indigenous OFRL-holders observed that there is no mechanism for them to increase their harvest allocation, which they would like to do. DFMC stated that all three OFRL holders elected not to become DFMC shareholders.</p> <p>The Wabigoon Lake Ojibway Nation operates a tree nursery and while DFMC has purchased seedlings from them in the past, they have not done so recently as the nursery operation did not submit a bid in response to DFMC's request for quotations. DFMC also noted that the Company does not do a lot of planting and they have had quality issues with the nursery stock in the past. There have been discussions with Indigenous enterprises about road-building and cone collection but nothing has moved beyond the discussion stage. While the DFMC manager informed the audit team that he frequently reminds Indigenous community members that his door is always open, there has been negligible advance</p>

Licence Condition	Licence Holder Performance
	in the realization of benefits from forest management by Indigenous people since the year 2000, when the third Indigenous OFRL was added to SFL conditions.
16. Preparation of compliance plan	This audit procedure was determined to be low risk and was not audited.
17. Internal compliance prevention/ education program	This audit procedure was determined to be low risk and was not audited.
18. Compliance inspections and reporting; compliance with compliance plan	The Company filed a total of 134 FOIP reports during the audit period, of which 10 were joint inspections with the MNRF, and reported three instances of non-compliance, which is a very good record. The amount of inspections was appropriate to the level of activity on the forest. The program that was carried out was consistent with the compliance plans.
19. SFL forestry operations on mining claims	This audit procedure was determined to be low risk and was not audited.
20. Obligations on Category 2 lands.	The Company has no remaining Class Y and Z lands as determined by the previous audit and this condition should be removed from the SFL. This is addressed in Finding # 13 .

APPENDIX 4 – AUDIT PROCESS

Overview

The Crown Forest Sustainability Act (CFSA) directs the Minister of Natural Resources and Forests 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 licence³. The 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 a number of Declaration Orders, the most recent dating from 2015⁴. Regulation 160/04 under the CFSA 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 170 individual audit procedures. The IFAPP, which is reviewed and updated annually by the MNRF, states that the purpose of the audits is to:

- *“assess to what extent forest management planning activities comply with the CFSA [Crown Forest Sustainability Act] and the Forest Management Planning Manual;*
- *assess to what extent forest management activities comply with the CFSA and with the forest management plans, the manuals approved under the CFSA, and the applicable guides;*
- *assess, using the criteria established for the audit, the effectiveness of forest management activities in meeting the forest management objectives set out in the forest management plan;*
- *compare the planned forest management activities with actual activities undertaken;*
- *assess the effectiveness of any action plans implemented to remedy shortcomings identified in a previous audit;*
- *review and assess a licensee's compliance with the terms and conditions of the forest resource licence; and*
- *provide a conclusion stating whether or not the forest is being managed consistently with the principles of sustainable forest management.*

The audit team may develop findings and best practices. Audit findings result from the comparison of audit evidence compared against the audit criteria. Findings may be the high-level identification of a non-conformance or a situation where the auditors perceive a critical lack of effectiveness in forest management activities, even though no non-conformance with law or policy has been observed.

Findings may be directed towards the Company and/or at the appropriate administrative level of the Ministry of Natural Resources (District, Region or Corporate) or they may not be directed towards any party. Auditees must address all findings through follow-up actions.

³ In some circumstances, the period between reviews may be up to seven years.

⁴ Declaration Order MNR-75: MNR's Class Environmental Assessment Approval for Forest Management on Crown Lands in Ontario, approved by Order in Council 1126/2015 on August 25, 2015.

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 the forest manager is simply meeting a good forest management standard*” do not qualify.

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 recommendation.

Risk-based Auditing Approach

In 2017, the auditing process was changed to incorporate aspects of risk management. The audit uses the widely-recognized concept that risk is a function of both the probability of an event occurring and the impact of the event should it occur. Those procedures for which non-compliance would result in a medium to high negative impact on sustainability were identified by the MNRF as mandatory, while the procedures associated with a low impact were identified as optional. Early in the audit process, the auditors reviewed evidence related to the optional procedures to evaluate the risk of non-conformance or negative outcomes associated with procedure. The auditors also considered the audit team's familiarity with the procedure and its general tendency to lead to non-compliance in previous IFA's. Where the likelihood was considered to be moderate to high, the optional procedure was audited.

Using this process, it was identified that 7 of the 75 optional procedures should be audited. The assessment of risk was reviewed and accepted by the Forestry Futures Committee. The optional procedures to be included in this audit are:

- 2.2.1 – Public consultation for plan and amendments;
- 3.13.1.2 – Frequency of plan amendments and the reason for amendments;
- 3.14.2 – Changes during AWS implementation;
- 6.1.1 – MNRF District compliance plans and monitoring;
- 6.2.1.4 – SFL's oversight role related to compliance
- 6.2.2.1 – Overlapping Licensee compliance responsibilities
- 6.2.2.2 –MNRF and SFL compliance responsibilities;

Audit Implementation

The audit commenced with the preparation of a detailed audit plan⁵, which described the results of the risk assessment, set out the audit schedule, described the procedures to be used during the audit and assigned responsibilities to members of the Audit Team. A pre-audit meeting was held on July 5 in Dryden with the lead auditor, the Company and the MNRF. The primary purposes of the meeting were to familiarize the auditees with the audit process, review the Audit Plan, and make progress in selection of sites to inspect in the field during the audit. Subsequent to the pre-audit meeting, there were

⁵ ArborVitae Environmental Services Ltd. Plan for the Independent Forest Audit of the Dryden Forest, June 8, 2018.

minor adjustments made to the selected sites due to access issues and to improve the balance of operations and sites.

Table 3. Audit procedures by principle and risk assessment outcome.

Principle	Optional			Mandatory	Comments
	Applicable (#)	Selected (#)	% Audited	Audited (#) (100% Audited)	
1. Commitment	2	0	0	0	The forest is certified to a third-party standard (Sustainable Forest Initiative) and procedures associated with the principle were determined to be low risk.
2. Public Consultation and Indigenous Involvement	5	1	20	3	The Forest is in very close proximity to the town of Dryden and review of the public consultation information in the FMP and Supplementary Documentation indicates a reasonable number of comments and information requests based on concerns of area residents. A precautionary approach is to include this procedure in the audit.
3. Forest Management Planning	14	2	14	13	Two procedures were identified for auditing – they relate to the frequency of plan amendments and changes during AWS implementation. The e-FMP web site indicated there were 21 amendments during the audit term. The FI Portal indicates 20 amendments were submitted and 15 were resubmitted. This raises the question of why such a high proportion needed to be resubmitted. Precaution suggests this procedure should be reviewed. The FI Portal also indicated 48 AWS revision submission and resubmissions during the audit term – a moderately high number. Precaution suggests this procedure should be reviewed.
4. Plan Assessment & Implementation	2	0	0	9	Neither of the two optional procedures was assessed as high risk, since bridging was to be completed before the audit period and roads funding has not been a topic resulting in findings in any of audits AVEs has conducted.
5. System Support	2	0	0	0	The forest is certified to a third-party standard and procedures associated with the principle were determined to be low risk
6. Monitoring	11	4	36	6	The four procedures identified for auditing all related to compliance auditing. At the audit outset the status of the District's Compliance plans was not clear and so the

Principle	Optional			Mandatory	Comments
	Applicable (#)	Selected (#)	% Audited	Audited (#) (100% Audited)	
					decision was made to audit this procedure. The remaining compliance-related procedures were selected to be audited based on the fact that compliance with operations is an important aspect of forest management and our experience with previous audits indicates that these procedures can be complex to assess with nuances associated with terminology/definitions and the shared responsibilities between MNRF and the Licensee.
7. Achievement of Objectives and Forest Sustainability	0	N/A	N/A	15	All procedures are mandatory and were audited.
8. Contractual Obligations	6	0	0	18	Optional procedures were related to contractual obligations that were either not applicable, linked to other parts of the IFAPP or for areas assessed as an acceptable risk.
Totals	40	7	18	64	

The focus of the audit was an intensive five-day site visit (Aug 20-24, 2018), which included document review, interviews and inspections of a variety of sites throughout the Forest where activities had been undertaken during the audit period. Ground-based tours took place on August 20 and 21, and were attended by staff of the MNRF District and Region and Company, as well as Forestry Futures Committee representatives and two representatives of the LCAC. The formal closing meeting for the audit took place on Sept. 4 by teleconference, at which the audit team reviewed its draft findings. In the one-week period following the closing meeting the audit team received comments on the draft recommendations and those have been considered in preparing this draft final report.

Sampling and Sample Intensity

The IFAPP requires that at least 10% of each major activity be sampled. Table 4 shows the total amount of each key activity that took place during the audit period, and the sample size and sampling intensity in the IFA. The audit exceeded the minimum sample size specified in the IFAPP for all activities, with the overall level of sampling ranging from 13% to 66% for key activities.

The IFAPP directs the auditors to verify in the field at least 10% of the areas reviewed in a specified procedures assessment undertaken by KPMG for the 2016/17 fiscal year. AVES verified in the field 15% of the eligible silvicultural activities undertaken by DFMC and its contractors/shareholders.

Examples of operations were examined in each major forest unit present on the Forest, representing a range of harvest years, seasons of operation, and silvicultural treatment packages. A number of sites where renewal activities had been conducted during the audit period were visited to evaluate the appropriateness and quality of these treatments and to perform an evaluation of their effectiveness. These included sites that were site prepared, seeded, and planted, and those that were naturally regenerated.

Table 4. Sampling intensity of the field operations, by key feature investigated.

Feature	Total in Audit Period	Total Sampled	Sample Intensity %
Harvest (ha)	4380	814	18.6
Mech Site Preparation (ha)	1640	319	19.5
Chemical Site Prep (ha)	70	46	65.7
Natural Regeneration (Clearcut)	1520	263	17.3
Planting (ha)	1240	256	20.6
Seeding (ha)	1060	161	15.2
Ground Spraying (ha)	360	113	31.4
Aerial Tending (ha)	860	206	23.9
Manual Tending (ha)	30	12	40.0
Spacing (ha)	270	81	30.0
Free-to-Grow Assess (ha) ¹	8520	130	13.0
2016/2017 FRT Areas (ha)	1332	202	15.2
Primary and Branch Rd. Const. (km)	11.4	4.8	42.1
New Crossings & Culverts (#)	16	4	25.0
AOCs (types)	63	8	12.6

The table 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 management was inspected at some sites. For example, at sites where harvesting had taken place, harvest practices, road construction, AOC protection, site preparation, and regeneration activities may all have been inspected. Finally, of the area figures shown above, it should be noted that we did not inspect every hectare of the blocks we visited – such a level of effort would be infeasible.

Input to the Audit from Indigenous Communities

The following First Nation communities are located within or adjacent to the Dryden Forest:

- Eagle Lake First Nation
- Grassy Narrows First Nation
- Lac Seul First Nation
- Mitaanijigamiing First Nation
- Naotkamegwanning First Nation
- Wabauskang First Nation
- Wabigoon Lake Ojibway Nation

The four following Métis Regional Councils have recognized interests in the Dryden Forest:

- Atikokan and Area Council
- Kenora Métis Council
- Northwest Council
- Sunset County Métis

Of these, the Northwest Council is based in Dryden. The Indigenous Community of Wabigoon Lake is not a recognized First Nation or Métis Council however it is given the same engagement opportunities by District MNRF as the above communities. The audit team spoke at length with representatives from Eagle Lake First Nation and Wabigoon Lake Ojibway Nation, since they are the two closest and the most active communities.

Wabigoon Lake Ojibway Nation

The two representatives who the audit team spoke with were knowledgeable about the community's forestry efforts and interests. Both representatives said that there had been essentially no interaction between DFMC and the community during the past three years. The community also said that the MNRF District Manager had met with the community several years ago and promised a better relationship. The community said it would like a customized consultation process because it did not benefit much from forestry, however there has been little interaction since that time and the community is disappointed with what is seen as a lack of follow up by MNRF.

One community rep said that in 2016 or 2017, one of the District staff came to the community to drop off AWS maps that had not been requested, and told the recipient that he would be happy to answer any questions by phone or e-mail. The community rep felt that the District staff person could have spent some time discussing the planned harvesting instead of just dropping off the maps.

A community representative also said that It is not a welcoming environment at MNRF planning team meetings – company and MNRF should be coming to the Chief and council so that everyone is on the same page.

In contrast, one of the representatives felt that Sioux Lookout District has been very pro-active and the relationship is going somewhere with that District – the community is hoping to use the Sioux Lookout experience as a template for relationship-building with other Districts.

Eagle Lake First Nation

The Eagle Lake reserve is located approximately 15 minutes outside of Dryden. The community has interests in three forests, including the Dryden Forest. Until late 2017, MNRF and DFMC felt that they each had a good relationship with the community however one incident in particular, has appeared to crystallize a lot of community frustrations with forestry and with MNRF and DFMC. The incident is a harvest undertaken on a relatively small area alongside Ojibway Drive, the road into the community. While the Company and MNRF contend that they informed the community about the planned harvest, and did not receive feedback, the community contends that it identified concerns that applied to the block that were ignored. The lack of any roadside buffer makes the block very obvious and community members are very upset about it. In

addition to its close proximity to the community, Eagle Lake also stated in correspondence sent to the MNRF Deputy Minister that there are potential values on the site and that it is close to an area where ceremonial activities take place.

Subsequent correspondence provided to the auditors, although written on a date that is outside the term of the audit, provides a list of concerns that were discussed when representatives of the Company, District MNRF, and Eagle Lake met in June 2017 to discuss and walk through the blocks planned for harvest on highway 594. These concerns included:

- A lack of respect for community values, interests and Elder traditional knowledge;
- Interruption in traditional land use;
- Proximity of forestry activities to community cultural sites (some of which are unidentified) and harvesting sites;
- Herbicide use in identified traditional harvesting areas;
- The need to protect the Farabout Peninsula and cultural sites located on the Peninsula;
- Cumulative effects of forestry and development on ELFN traditional territory; and
- Negative impacts on ecologically significant areas and trapping grounds.

The community felt that the Ministry and DFMC should have understood that these concerns were applicable to all potential harvest areas in the vicinity of the community, including the block on Ojibway Drive.

The community representative interviewed by the auditors expressed a concern that the community does not have forestry expertise, and so while MNRF and the Company may provide maps and meet with the community, they do not always understand the implications. The community also has not mapped all of its values yet and does not have the resources to do so expeditiously – requests for funding assistance have been turned down. The funds provided by MNRF during planning are insufficient.

Input to the Audit from LCC members

As part of the audit, auditors reached out to all LCAC members to obtain feedback regarding the functioning of the LCAC over the audit period. Interviews were conducted with 7 of the 10 LCAC members.

Some of the positive highlights noted by LCAC members interviewed include:

- Generally, LCAC members interviewed were of the opinion that the LCAC was functioning in accordance with their mandate;
- Members, MNRF and DFMC noted the LCAC was very dedicated and functional;
- In most cases, members noted that MNRF and DFMC were helpful in providing information, supportive during meetings, and accessible to contact with questions or for further clarification regarding the AWS, annual reports, and amendments etc.;
- The District Manager's frequent attendance at meetings was appreciated;
- Meetings are well-run and organized. Members are generally encouraged to express their views. Preparation of the agenda in advance and follow up on meeting minutes is very prompt;

- Generally, members felt there was a good balance of interests represented on the LCAC. Attempts by the District Manager to diversify the LCAC over the past few years were received very positively;
- Presentations by other Ministry experts or external speakers were noted as a highlight of the entire LCAC experience. Refer to **Best Practice #1**.
- Open houses are generally well-attended, and LCAC members make good effort to advertise these events, as well as promote the LCAC in general.

Specific issues or areas of improvement that were highlighted by some of the LCAC members interviewed include:

- Sectors identified as under-represented on the LCAC include: tourism, non-consumptive recreation, people with a logging background. Indigenous representation on the LCAC remains poor;
- The format of maps provided by the MNR/DFMC could be improved to enhance readability and understandability for non-experts;
- More time to review and consider amendment categorization would be helpful;
- More effort could be invested in public awareness of the LCAC and of forestry activities in general;
- There appears to be a disconnect between public information and the planning process - newspapers are not very effective at notifying the public of planning or operations;
- The rationale for upgrading roads is unclear;
- Details of proposed amendments should not be confidential. LCAC members are restricted from discussing impacts of amendments with their constituents, which makes it challenging to be able to comment on categorization on behalf of their constituents;
- Concerns about the reduction of rotation age to 50 years for some species, and the impacts on old growth forests, moose population and boreal species in general.

Input through Public Comment

As part of this audit's attempt to solicit public input, a notice was placed in the Dryden newspaper (the Dryden Observer) before the audit. A map of the forest was provided, a small number of questions were posed and contact information was provided. We received no input in response to the newspaper notice. We also deployed an on-line survey through the web site Survey Monkey. The survey asked 10 open-ended questions. We received seven responses to the on-line survey. Of the seven respondents, five expressed a favourable or generally favourable opinion regarding the quality of management of the forest, one was ambivalent, and one was highly negative. No concerns beyond those already known to the audit team were identified. Three of the surveys suggested sites/areas for the audit team to visit. The audit team visited two, and one was too vaguely identified to locate with confidence.

APPENDIX 5 – LIST OF ACRONYMS

ACOP	Annual Compliance Operations Plan
AOC	Area of Concern
AR	Annual Report
AWS	Annual Work Schedule
BF1	Balsam fir dominated forest unit
BNV	Bounds of Natural Variation
CFSA	Crown Forest Sustainability Act
CMX	Conifer mixedwood forest unit
CROs	Conditions on Regular Operations.
DFMC	Dryden Forest Management Company
FAP	Forest Aggregate Pit
FIM	Forest Information Manual
FMP	Forest Management Plan
FMPM	Forest Management Planning Manual
FN	First Nation
FRI	Forest Resource Inventory
FTG	Free-to-Grow
FU	Forest Unit
GIS	Geographic Information System
ha	hectares
IHM	Intolerant hardwood dominated mixedwood forest unit
PJM	Jack pine dominated conifer mixedwood forest unit
PJ1	Jack Pine dominated forest unit
km	Kilometres
IFA	Independent Forest Audit
IFAPP	Independent Forest Audit Process and Protocol
LCAC	Local Citizens Advisory Committee
LCC	Local Citizens Committee
m ³	cubic meters
MC1	Mixed conifer 1 forest unit
MC2	Mixed conifer 2 forest unit
MNRF	Ontario Ministry of Natural Resources and Forestry
MNO	Métis Nation of Ontario
OCL	Other conifer forest unit
ORB	Operational Road Boundaries
OSG	Ontario Surveyor-General
PO1	Aspen dominated forest unit
RPF	Registered Professional Forester
RUMS	Road Use Management Strategy
SAR	Species at Risk
SBL	Black spruce lowland forest unit
SBM	Spruce dominated conifer mixedwood forest unit
SPU	Spruce upland forest unit
SFL	Sustainable Forestry Licence
SFMM	Strategic Forest Management Model
SGR	Silvicultural Ground Rules
ToR	Terms of Reference

APPENDIX 6 – AUDIT TEAM MEMBERS AND QUALIFICATIONS

Auditor	Role	Responsibilities	Credentials
Mr. Chris Wedeles	Lead Auditor, Ecologist	<ul style="list-style-type: none"> • overall audit coordination; • oversee activities of other team members; • liaise with Company & MNRF; • lead preparation of audit report • review and inspect aspects of forest management related to environmental practices, roads and water crossings, Areas of Concern, etc. 	B.Sc., M.Sc. (Wildlife Biology); Associate member of the OPFA; 30 years wildlife and forest ecology and experience in Ontario; completed more than 45 previous independent forest audits; certified as an auditor by the Quality Management Institute.
Dr. Jeremy Williams R.P.F.	Lead Auditor, Harvest, Wood Supply and Indigenous Engagement Auditor	<ul style="list-style-type: none"> • review and inspect harvesting records and practices; • review aspects of forest management related to forest economics and social impacts; • reviews FMP modeling inputs and activities • Assess the Indigenous engagement 	B.Sc.F., Ph.D. (Forest Economics), R.P.F. More than 22 years consulting experience in Ontario related to forest management, planning, wood supply modeling, and forest economics; participated in more than 40 previous IFA assignments; certified as an auditor by the Quality Management Institute.
Mr. Laird Van Damme, R.P.F.	Silvicultural Auditor	<ul style="list-style-type: none"> • review and inspect silvicultural practices and related documentation; • review renewal /silvicultural success and FTG assessment; • review and inspect selected environmental aspects of forest management. 	R.P.F., M.Sc.F.; 30 years experience as a practicing forester, educator and consultant; primary areas of practice are in the disciplines of silviculture, forest management and forest research; completed ISO 14001 EMS Lead Auditor training course through the Quality Management Institute; served as a forestry auditor on approx. 20 previous IFAs and several certification audits;
Ms. Christine Korol	Planning & LCC Auditor	<ul style="list-style-type: none"> • review FMP and related documents to ensure compliance with FMPM and other regulations; • review plan development process for conformity with FMPM; • review the performance of the LCC 	B.Sc., M.F.C. Approved lead forest management auditor under the FSC system, and has conducted over 30 FSC forest management audits and evaluations, including 20 as the lead auditor. Previous experience on 4 IFAs.