



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

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PQC Code	E01E-Forestry, logging related
Contract Number	CA.3564583

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	2	Scope extension audit:	
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**Audit Summary**

**Introduction**

This report provides a summary of the second surveillance audit of the Spray Lake Sawmills (SLS) forest management operations in Cochrane, Alberta under the Sustainable Forestry Initiative (SFI) standard. The audit was conducted on November 7 to 10, 2022. Brian Callaghan, RPF, conducted the audit on behalf of Bureau Veritas Certification. Mr. Callaghan is a professional forester with more than 30 years' experience focusing on forest planning, timber supply, forest operations and resource assessment

**Audit Scope, Objectives and Process**

The scope of the audit was forest and land management activities conducted by Spray Lake Sawmills Ltd. on 444,825 hectares of Crown forest lands in FMA 0100038 and the new C5 FMA licensed to Crows Nest Forest Products (a Spray Lake Sawmills subsidiary). The area is very close to the City of Calgary and is a designated mixed-use area including oil and gas development, cattle grazing, recreation, and tourism. Recreational use is extremely high with an extensive network of hiking, riding, and motorized trails throughout the forests.

The objectives of the audit were to review Spray Lake Sawmill's SFI program documentation in accordance with the requirements of the SFI 2022, Section 2 Standard and verify the effective implementation of the SFI program. Specifically, two objectives of the audit were to:

1. Verify that the Program Participant's SFI Program is in conformance with the SFI Objectives, Performance Measures, and Indicators, and
2. Verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground.

The audit assessed conformance against the SFI Program Objectives in the 2022 Standard. During the audit all of the Objectives in the standard were examined. All performance measures and all applicable indicators were assessed within each Objective. There were no substitutions or modifications of SFI indicators.

Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as

provided by the most recent version of the Bureau Veritas Certification SFI Auditor Handbook available on the auditor access website.

### **Audit Plan**

The audit plan was prepared and distributed to the Company prior to the audit. The plan included approximately a day doing document review remotely and three days undertaking field work in both the FMA and in the C5 area. A copy of the audit plan is on file with Bureau Veritas Certification in Houston, Texas.

### **Company Information**

Spray Lake Sawmills is a softwood sawmill in Cochrane, Alberta which was established in 1943. The Company obtains its timber supply from Forest Management Agreement Area 0100038 and from the C5 Forest Management Agreement Area with the Alberta Government. The Company is privately owned by the Company president, who is supported by a general manager and six managers covering Woodlands, Human Resources and Environmental Health and Safety, Chief Financial Officer, Top Spray, and Sales.

### **Audit Results**

The audit included a review of all objectives and performance measures in the SFI forest management standard. Severe winter weather affected the field audit. The C5 area was not audited due to heavy snowfall (figure 1). Two active harvest blocks were visited, being the only places where areas were accessible due to stellar contractor plowing efforts.



**Figure 1. The Jumping Pound harvest site November 8 2022**

### **Objective 1-Forest Management Planning:**

The Company operates a mature operations planning process which includes an overarching management plan (the DFMP), a five-year plan, annual operating plans and block plans/prescriptions. The Detailed Forest Management Plan 2021 to 2030 was approved in April of 2021. This new plan is the result of more than four years of effort and included a variety of open houses and public meetings involving more than 700 citizens. In its eight chapters and eight annexes the plan covers all the requirements of the standard. Traditionally the harvest level has been approximately 75% of the “allowable cut” as documented in the most recent stewardship report. The new DFMP documents predicted vs actual harvest. The Company maintains their forest inventory by updating it annually

The operating groundrules identify the basic requirements for meeting renewal obligations. These are further refined in the DFMP for implementation

**Objective 2-Forest Health and Productivity:**

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

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

Fuel handling practices were found to have improved since the previous surveillance audit.

**Objective 3-Protection and Maintenance of Water Resources:**

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

Forest operations are prevented from working in and around riparian areas. A variety of buffers are used to protect riparian features, all are full reserves with no harvesting allowed. The Company has developed a Critical Habitat Assessment Tool which is used to record and assess water crossing sites and to determine the appropriate crossing type to utilize. This “app” is extremely functional and provides excellent documentation of crossing locations.

Spray Lake Sawmills employs an access strategy which minimizes disturbance to water courses and riparian areas. The use of box culverts on perennial, intermittent and ephemeral streams ensures that stream beds are not disturbed, and the banks are maintained. The Company is also making greater use of metal arch culverts which can be reused (Figure 2). The Company is very cautious around water.



**Figure 2. A reusable arch culvert installed on the Burnt Creek harvest.**

#### **Objective 4-Conservation of Biological Diversity:**

The forest management plan and the 5-year stewardship report outline the program in place to conserve biological diversity. Field visits in 2021 confirm that the plans are being implemented. The DFMP and groundrules outline retention requirements, and the buffers that must be applied around nests and dens.

Site visits confirmed that SLS contractors retained snags and living wildlife trees on all harvested areas. There is abundant coarse woody material of all species present (pine, poplar spruce) because harvesting is done via processing at the stump.

All known occurrences of species of concern are mapped. An annual download of sensitive sites and species occurrences is received by SLS from the Alberta Government to ensure the information remains current. All occurrences of species of concern are taken into account during planning and implementation and managed appropriately. Preharvest surveys are undertaken on every block which confirm boundaries, operational constraints, and identify the occurrence of species at risk such as the endangered white bark pine (*Pinus albicaulis*). SLS has a comprehensive program in place to protect species at risk, sensitive species, and special sites.

#### **Objective 6-Protection of Special Sites:**

During development of the 2007 DFMP, SLS identified a wide variety of sites that need special conservation effort and would be considered Forests with Exceptional Conservation Value. Management approaches are defined in the plan and were carried forward to the current plan. SLS has participated in regional land use planning efforts which have resulted in establishing parks and protected areas.

#### **Objective 7-Efficient Use of Fiber Resources:**

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

**Objective 8: Recognize and Respect Indigenous People's Rights:**

Spray Lake Sawmills has a written policy that recognizes and respects indigenous peoples Treaty rights and traditional uses. Extensive engagement with affected First Nations took place during the development of the 2021 DFMP. The consultation process included website open houses, where SLS shared the draft DFMP and requested input from First Nations communities.

**Objective 9-Climate Smart Forestry:**

The company has identified risks associated with climate change being – increased fire danger, shorter winter harvests season, and increased water flows. An adaptation plan has been prepared based upon the latest data and planning inputs and reflecting anticipated activity levels. The Company's efforts are contributing to the Alberta Climate Change Plan in an effort to reduce harmful emissions. SLS is well positioned with its temporary access approach and noninvasive water crossings they are maintaining water through the forest. They have been a longtime proponent of the Fire Smart program. Additionally, the Company replants harvested sites soon after harvest to their original species composition. Harvest operations avoid wet areas, habitat areas, and retain standing trees for habitat.

**Objective 10-Fire Resilience and Awareness:**

The Management plan (section 5.5) covers wildfire on the forest including historic frequency, landscape implications, and the role of fire in regenerating pine. The area is fire driven ecosystem with natural fire cycles in the range of 40 to 50 years, suppression techniques have lengthened. Given Alberta's history of catastrophic forest fires the Fire Smart program is very active in the rural communities of the area.

The Company does not use prescribed fire given the dangers present (high fuel loads, severe winds and dry weather). A full fire prevention and suppression program is in place with all contractors being trained and equipped with fire suppression equipment. The province undertakes fire detection activities and does the initial attack and fire control.

**Objective 11-Legal and Regulatory Compliance:**

Spray Lake Sawmills have an effective system for achieving regulatory compliance which includes: standard operating procedures, access to laws and regulations, contractual requirements, contractor training, and operations monitoring. Alberta Agriculture and Forestry undertakes regular compliance inspections. A review of the 2021 and 2022 Forest Act Contraventions identified that the company and its contractors had not been found in noncompliance with Alberta laws and regulations.

**Objective 12-Forestry Research, Science and Technology**

Spray Lake Sawmills is committed to utilizing management strategies and practices based on new research and monitoring results. To enable this, the Company supports a variety of research initiatives and technical studies that drive towards sustainable forest management. The new DFMP list 16 projects where Spray Lake Sawmills is involved ranging from individual creek monitoring to district-wide fire studies.

**Objective 13-Training and Education:**

The training program for staff and loggers meets the requirements of this objective. Staff have been designated as responsible for particular components of the SFI program and interviews showed a good level of understanding in this regard. Contractors participate in an annual training program, due to the COVID-19 pandemic training this year was provided to smaller groups often in the field. All of the seven contractors/operators interviewed demonstrated a solid understanding of the operating ground rules and had a working knowledge of both rare, threatened and endangered species and invasive species that could be found in the operating area.

**Objective 14-Community Involvement and Landowner Outreach:**

Spray Lake Sawmills is a member of the Western Canada SFI Implementation Committee (WCSIC). WCSIC financially supports groups with an interest in forestry related values and forest practices through an application process.

The Company maintains a public website that contains information regarding such things as invasive species, wildlife habitat considerations, insects and diseases and other ecological factors relevant to management on the forest. There is also a public comment/question form and the Company has a Facebook page. The Company holds annual collaborative planning sessions before plans are approved as well as hosts open houses.

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

**Objective 15: Public Land Management Responsibilities:**

The Detailed Forest Management Plan is available on the Company and government web sites. The auditors witnessed an active program of public consultation. A variety of open houses and meetings have been and are being held as part of the development of the new management plan.

**Objective 16-Communications and Public Reporting:**

The Company participated in the annual SFI survey and submitted its data prior to the deadline. A summary audit report for the 2021 surveillance audit can be found on-line at SFI Inc.

**Objective 17 -Management Review and Continual Improvement:**

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

### Findings

**Previous non-conformances:**

Three minor nonconformances were issued during the first surveillance audit.

- 1) The slip tank nozzles were improperly stored on seven pickups, Nozzles were neither in their holster or a containment vessel (PM 2.2 I 8) – training provided to contractors, no improperly stored nozzles found during the audit.
- 2) The three bridges inspected on the Ware Road lack bridge hazard markers. (PM 9.1) – Flashings were replaced on Ware Road in Nov 2021.
- 3) The advertisement in the Sept 30 edition of Cochrane Eagle includes SFI wordmarks which lack the registration symbol ® (PM 4.1 4.2) – Review procedure has been reviewed and affected employee trained.

**Non-conformances:** None issued

**Opportunities for Improvement:** None issued

**Notable Practices:**

- 1) The development and implementation of the Critical Habitat Assessment Tool is a significant advance allowing in the field documentation and assessment of water crossing sites (3.1.1)

**Logo/label use:**

The Company uses the SFI trademark promotionally. Required approvals were on file.

**SFI reporting:**

A copy of the Spray Lake Sawmills 2020 and 2021 SFI Forest Management report can be found online at the SFI Inc. website. The Company participates in the annual survey of members and provided their input in a timely fashion

**Conclusions**

A closing meeting was held on November 10 in the Company offices in Cochrane Alberta. The results of the audit were discussed as was the implementation of the SFI 2022, Section 2 standard. THE Company has been found in conformance with all aspects of the new standard and continued certification was recommended.

**Follow-up**

Not applicable.

**SEE SF61(s) FOR AUDIT NOTES**

Summary of Audit Findings:									
Audit Date(s):		From: Nov 7 2022				To: Nov 10 2022			
Number of SF02's Raised:			Major:			Minor:			
Is a follow up visit required:		Yes		No	X	Date(s) of follow up visit:			
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes		No		N/A	X	Date:	
Proceed to/Continue Certification		Yes	X	No		N/A		Date:	Nov 11 2022
All NCR's Closed		Yes		No		N/A	X	Date:	
Standard audit conducted against:									
1)	SFI 2022 Forest Management Standard			2)					
Team Leader (1):			Team Members (2,3,4...)						
Brian Callaghan			2) John Dunford (ANAB witness auditor)						
			3)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
<i>Forest Management on Spray Lake Sawmills Agreement Area 0100038 and from the Crows Nest Forest Products C5 FMA licenses with the Alberta Government</i>									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date		October 2023							
Audit Report Distribution									
jason.mogilefsky@spreaylaekssawmills.com									
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Clause	Audit Report
Opening Meeting	Participants: Jason Mogilefsky Rob Berndt (all SLS), John Dunford (ANAB) and Brian Callaghan (lead auditor) , Discussions: <ul style="list-style-type: none"> <li>➢ Introductions</li> <li>➢ Scope of the audit</li> <li>➢ Audit schedule/plan</li> <li>➢ Nonconformance types – Major / Minor</li> <li>➢ Review of previous nonconformances - 0.</li> <li>➢ Process approach to auditing and audit sampling</li> <li>➢ Confidentiality agreement</li> <li>➢ Termination of the audit</li> <li>➢ Appeals process</li> <li>➢ Closing meeting timing</li> </ul>
Closing Meeting	Participants: Jason Mogilefsky, Rob Berndt, Ed Kolcar (all SLS), John Dunford (ANAB) and Brian Callaghan (lead auditor) Discussions: <ul style="list-style-type: none"> <li>➢ Introductions and appreciation for selecting Bureau Veritas Certification.</li> <li>➢ Review of audit process - process approach and sampling.</li> <li>➢ Review of OFIs and System Strengths</li> <li>➢ Nonconformances - 0</li> <li>➢ Date for next audit.</li> <li>➢ Reporting protocol and timing</li> </ul>