



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

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Phone / Fax	403.851.3338
PQC Code	E01E-Forestry, logging related
Contract Number	6730048

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	3	Scope extension audit:	
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Audit Summary

Introduction

This report provides a summary of a surveillance audit of the Spray Lake Sawmills (SLS) against the SFI 2022, Section 2 Forest Management Standard. Jim Colla, Bureau Veritas Certification Lead Auditor, conducted the audit October 3-5, 2023. Mr. Colla is a career forester with over 45 years' experience and an EMS certified lead auditor.

Audit Scope, Objectives and Process

The scope of the audit was "*Forest Management on Spray Lake Sawmills Forest Management Agreement Area 0100038 and Crowsnest Forest Products Forest Management Agreement Area 2100047*". The audit goal was to verify continued conformance to the SFI 2022 Section 2 Forest Management Standard. Specifically, two objectives of the SFI audit were to verify that the SLS Program is in conformance with the audited SFI objectives, performance measures, and indicators; and verify whether SLS has effectively implemented the SFI Standard program requirements on the ground.

The opening meeting occurred on October 3, 2023, and took place SLS office in Cochrane, AB. Objectives for the audit were outlined and the audit process for collecting evidence and making audit findings was explained. Findings of non-conformance, opportunities for improvement, and appeals were also explained. The audit plan was discussed and agreed to, and the time and date of the closing meeting were also confirmed. There were no substitutions of SFI indicators. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the current version of the Bureau Veritas Certification SFI Auditor Handbook. Field notes and the SFI indicator checklist were completed in each audited region. Jason Mogilefsky, Forestry Manager, was the management representative for the entire audit.

Audit Plan

The audit was conducted October 3-5 on-site. The full detailed daily audit plan is on file with Bureau Veritas Certification at the Houston office.

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. 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. Spray Lake Sawmills announced on September 7, 2023, it has entered into a definitive agreement pursuant to which West Fraser Timber Co. Ltd., indirectly through a subsidiary, will acquire all of the company's issued and outstanding shares. The transaction is expected to close in the fourth quarter of 2023, subject to customary closing conditions and receipt of regulatory approvals.

Audit Results

The audit consisted of document and record reviews and interviews with staff and contractors. Three active harvest blocks were visited that represent a full spectrum of forest management activities SLS undertakes. This includes timber harvest; reforestation; road construction and decommissioning, including stream crossings; riparian and wildlife enhancement and protection; recreational use; protection and enhancement of conservation values and special sites. A remote log yard was also visited. The results of the audit are below.

Objective 1-Forest Management Planning:

SLS operates a mature operational planning process which includes a Detailed Forest Management Plan, which includes a five-year and annual operating plan and site-specific management unit prescriptions. The DFMP is valid from 2021 to 2030, it was approved in April of 2021. This 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 DFMP documents predicted harvests, SLS maintains updates their forest inventory annually.

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 Reforestation Standards system of surveys and assessment. Field 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 in 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 accelerated erosion or deep rutting 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.

Objective 3-Protection and Maintenance of Water Resources:

Spray Lake Sawmills must adhere to the Alberta approved forest management operating guidelines (OGR) government for all forest operations, including planning, harvesting and road works. The OGR's are designed to protect stream and water sources and minimize soil compaction and erosion. During the audit multiple water crossings of various configurations were observed, all but one was functioning as designed. Forest operations are precluded from working in and around riparian and wet areas. A variety of buffers are used to protect riparian features, all are full reserves with no harvesting allowed. SLS 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. Spray Lake Sawmills employs an access strategy which minimizes disturbance to water courses and riparian areas.

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 2023 confirm that the plans are being implemented. The DFMP and OGR's 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 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 recreational and other protected areas.

Objective 7-Efficient Use of Fiber Resources:

Not formally audited this surveillance.

Objective 8: Recognize and Respect Indigenous People’s Rights:

Not formally audited this surveillance.

Objective 9-Climate Smart Forestry:

Not formally audited this surveillance.

Objective 10-Fire Resilience and Awareness:

Not formally audited this surveillance.

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 2022-2023 Forest Act Contraventions demonstrated that SLS has not been cited for any deviations from applicable Alberta laws and regulations.

Objective 12-Forestry Research, Science and Technology

Not formally audited this surveillance.

Objective 13-Training and Education:

The training program for staff and loggers meets the requirements of this objective. SLS staff undergo continuing education training. SLS provides ongoing contractor training. All of the 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. SLS 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 in the forest. There is also a public comment/question form SLS maintains a Facebook page. SLS remains highly involved in the communities it operates in, by supporting educational, recreational, and athletic activities. On an annual basis the company contributes to multiple causes in the community. SLS 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:

Not formally audited this surveillance.

Objective 16-Communications and Public Reporting:

The Company participated in the annual SFI survey and submitted their data as required. A summary audit report for the 2022 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. SLS holds annual training sessions with staff and contractors in which changes to procedures because of the annual management review are discussed.

Findings**Previous non-conformances:**

No nonconformances were issued during the last surveillance audit.

Non-conformances:

NC04 PM2.2.8.h: Portable diesel fuel tanks for logging equipment are stored in pickup truck beds, several pickups were inspected, 8 of 9 nozzles were laying in the beds, and some diesel leakage into the beds was evident. This is a repeat of NC01.

NC05 PM3.1.1: On one block, there was no installed crossing in an ephemeral stream channel that required one per OGRs; the stream buffer is in place the adjacent stand has been cut and the road is actively being used for hauling.

NC06 PM17.1.2: SLS has a detailed internal audit and review program. While it is clear field sites are visited frequently, no substantive evidence of field observations was collected and reviewed by management at some level was provided.

Effective 11 November 2023, documented evidence was provided sufficient to confirm implementation of corrective actions and plans. NC04-06 can be considered closed.

Opportunities for Improvement: None issued

Notable Practices: None issued

Logo/label use:

The Company uses the SFI trademark promotionally. Required approvals and a license agreement is in place.

SFI reporting:

A copy of the Spray Lake Sawmills 2022 SFI Forest Management report can be found on-line at the SFI Inc. website. SLS participates in the annual survey of members and provided their input as requested.

Conclusions

A closing meeting was held in the field on October 5, 2023. The findings and observations were reviewed, and the confidentiality of audit results assured. The findings were not appealed. In the opinion of the auditor and with the closure of the noted non-conformance, Spray Lakes sawmills, Ltd. has developed and continues to implement an effective SFI program that meets the requirements of the SFI 2022, Section 2, Forest Management Standard. Continued certification is recommended.

SEE SF61(s) FOR AUDIT NOTES

Summary of Audit Findings:										
Audit Date(s):		From: October 3, 2023				To: October 5, 2023				
Number of SF02's Raised:				Major:		1		Minor:		2
Is a follow up visit required:			Yes	No	X	Date(s) of follow up visit:				
Follow-up visit remarks:										
NCs can be closed via document and record review and interviews, but must be checked next audit.										
Team Leader Recommendation:										
Corrective Action Plan(s) Accepted			Yes	X	No		N/A	Date:	16 Oct 2023	
Proceed to/Continue Certification			Yes	X	No		N/A	Date:	11 Nov 2023	
All NCR's Closed			Yes	X	No		N/A	Date:	11 Nov 2023	
Standard audit conducted against:										
1)	SFI 2022, Section 2, Forest Management Standard			2)						
Team Leader (1):			Team Members (2,3,4...)							
Jim Colla			2)							
Scope of Supply: (scope statement must be verified and appear in the space below)										
Forest Management on Spray Lake Sawmills Forest Management Agreement Area 0100038 and Crowsnest Forest Products Forest Management Agreement Area 2100047										
Accreditation's		ANAB								
Number of Certificates										
Proposed Date for Next Audit Event										
Date	October 2024									
Audit Report Distribution										
jason.mogilefsky@spraylakessawmills.com										
lorissa.love@bureauveritas.com										

Clause	Audit Report	
Opening Meeting	Participants:	Jason Mogilefsky (forest manager), other designated SLS staff and Jim Colla (lead auditor)
	Discussions:	<ul style="list-style-type: none"> ➢ Introductions ➢ Scope of the audit ➢ Audit schedule/plan ➢ Nonconformance types – Major / Minor ➢ Review of previous nonconformances - 0. ➢ Process approach to auditing and audit sampling ➢ Confidentiality agreement ➢ Termination of the audit ➢ Appeals process ➢ Closing meeting timing
Closing Meeting	Participants:	Jason Mogilefsky (forest manager), other designated SLS staff and Jim Colla (lead auditor)
	Discussions:	<ul style="list-style-type: none"> ➢ Introductions and appreciation for selecting Bureau Veritas Certification. ➢ Review of audit process - process approach and sampling. ➢ Review of OFIs and System Strengths ➢ Nonconformances - 3 ➢ Date for next audit. ➢ Reporting protocol and timing