

FSC™ CERTIFICATION SYSTEM

FOREST MANAGEMENT CERTIFICATION SURVEILLANCE AUDIT n°4 Public REPORT

Report finalisation date: July 27, 2019

Clergue Forest Management Inc.

(Vince Strack – vince.strack@clergue.com)

Forest location(s): Ontario, Canada

Certificate registration code: BV-FM/COC-407103

Date of issue: 2015-08-04

Date of expiry: 2020-08-03

Main Evaluation :	April 14-16, 2015
Surveillance 1	August 15-18, 2016
Surveillance 2	June 12-16, 2017
Surveillance 3	June 11-14 2018
Surveillance 4	June 17-20 2019

BUREAU VERITAS CERTIFICATION

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CONTENT

1 - Description and background of the applicant forest entity	3
1.1 - General description and identification	3
2 - Scope of certificate	3
2.1 - Certification application type and description of FMU(s)	3
2.2 - Product categories and main commercial timber:.....	5
3 - Description of evaluation	5
3.1 - Composition of the audit team	5
3.2 - Description of the audit program.....	6
3.3 - Interview and stakeholders input and treatment.	8
3.4 - Other evaluation techniques	10
4 - Update about any changes to the scope of the certificate	10
4.1 - Use of chemicals.....	10
4.2 - Number of accidents in forest work (serious/fatal) since the last audit.....	11
5 - Standard	11
6 - Observation.....	11
6.1 - Documents review.....	11
6.2 - Evaluation results with reference to the FSC referential / standard which have to be evaluated in surveillance audit.....	13
6.3 - Result regarding the correction of Non-Conformities (NC)	18
6.4 - Result regarding the resolution of complaints.....	25
6.5 - Result regarding previous observations	25
7 - Result of surveillance evaluations	27
7.1 - Synthesis on the conduct of the audit and closing meeting.....	27
8 - Records of Non-Conformities and observations and new ones raised during the audit	28
8.1 - Records of Non-Conformities.....	28
8.2 - Records of observations	29
9 - Proposals regarding the certification decision.....	30
9.1 - Proposal of conclusion on whether the candidate entity achieved or not the required level of conformance	30
10 - Certification decision	30
11 - Appendices	30

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

1 - Description and background of the applicant forest entity

1.1 - General description and identification

Forest Management company			
Name	Clergue Forest Management Inc.		
Address	85 Great Northern Road, Sault Ste. Marie, Ontario P6B 4Y8		
Telephone	705.942.7706		
E-mail	Vince.strack@clergue.com		
Web site	www.clergue.com		
President/Manager of the entity company	Mr. Mike Furniss		
Contact person (responsible) for FSC certification	Mr. Vince Strack		
FSC trademark responsible	Mr. Vince Strack		
Activity	forest management and logging		
Annual turnover:	525 000 US\$		
Category of forest management	Temperate forest and Boreal		
		Male	Female
Number of forest workers (including contractors):	Forest field activity ¹	113	8
	Administrative/office activity	8	5
	Industrial and transformation process (if relevant)	98	0

1. – Includes seasonal workers such as tree planter and tending crews

2 - Scope of certificate

2.1 - Certification application type and description of FMU(s)

2.1.1 - Certificate

	Single FMU	Multiple FMU	Group
Normal Certificate	yes		
Small SLIMF Certificate			
Low intensity SLIMF Certificate			

2.1.2 - Description of FMUs

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Surveillance Audit Report

Clergue Forest Management Inc.

Classification	Number of FMUs	Total forest area (ha ¹)			
		Privately managed	State managed	Community managed	Total
Less than 100 ha in area					
100 – 1000 ha in area					
1000 – 10 000 ha in area					
More than 10 000 ha	1	1 075 685			1 075 685
Meeting the eligibility criteria as SLIMF					
TOTAL	1	1 075 685			1 075 685

¹ 1 inch = 2,54 centimeters ; 1 foot = 0,3048 meters ; 1 yard = 0,9144 meters and 1 mile = 1,609344 kilometers

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Clergue Forest Management Inc.

2.2 - Product categories and main commercial timber:

List of Timber Product Categories available for sale as FSC-certified products				
Trade Name	Species (botanical name)	Product Type/ Nature (round wood, pulpwood,...)	Selling mode	FSC product claim
Roundwood	Black Spruce (Picea mariana) White Spruce (Picea glauca) Balsam Fir (Abies balsamifera) Jack Pine (Pinus banksiana) Red Pine (Pinus resinosa) White Pine (Pinus strobus) Trembling Aspen (Populus tremuloides) Balsam Poplar (Populus balsamifera) White Birch (Betula papyrifera) Yellow Birch (Betula alleghaniensis) Black Ash (Fraxinus nigra) Green Ash (Fraxinus pennsylvanica) Eastern White Cedar (Thuja occidentalis) Larch (Larix laricina) Sugar maple (acer saccharum) Red Maple (Acer rubrum) Red Oak (Quercus rubrum) American Basswood (Tilia Americana) American Beech (Fagus grandifolia)	W1.1 Roundwood	FOB	FSC 100%

3 - Description of evaluation

3.1 - Composition of the audit team

Evaluation Team (main assessment)	Notes and CV (put CV in appendices and sum up the notes from previous audits) of team member	MA	AS1	AS2	AS3	AS4
Team Leader	Brian Callaghan	X	X		X	X
Auditor 1	Sarah Bros	X	X		X	X
Team Leader	Sarah Bros			X		
Auditor 1	Matt Tormohlen			X		
Auditor 2	Laird VanDamme	X				
Auditor 3	Phil Shantz	X				

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Clergue Forest Management Inc.

3.2 - Description of the audit program.

3.2.1 - Surveillance audit schedule and last survey audit schedule

Date	Time	Activity	BVC representative	Company representative
June 17	08:30	Opening meeting of the audit : scope, objectives, potential findings, confidentiality, appeals, review audit plan	Callaghan, Bros	Strack Et.al.
	09:30	Site selection & Field Logistics	Callaghan, Bros	Strack Et.al.
	11:00	Document review, staff and stakeholder interviews	Callaghan, Bros	Strack Et.al.
	12:00	Lunch		
	13:00	Document review, staff and stakeholder interviews	Callaghan, Bros	Strack Et.al.
	16:30	Daily Debrief		
Date	Time	Activity	BVC representative	Company representative
June 18	07:00	Depart for Field Sites	Callaghan, Bros	Strack
	08:00	Field Site Sampling	Callaghan, Bros	Strack
	18:00	Daily Debrief in Wawa	Callaghan, Bros	Strack
		Overnight in Wawa		
Date	Time	Activity	BVC representative	Company representative
June 19	07:00	Depart for Field Sites	Callaghan, Bros	Strack
	08:00	Field Site Sampling	Callaghan, Bros	Strack
	18:00	Daily Debrief	Callaghan, Bros	Strack
Date	Time	Activity	BVC representative	Company representative
June 20	08:30	Final Document Review and Staff Interviews	Callaghan, Bros	Strack
	10:30	Confirm Audit Findings	Callaghan, Bros	
	11:30	Closing Meeting – Thanks, Findings, Next Steps	Callaghan, Bros	Strack
	12:00	Depart		

Statement of the total person days spent for assessment:

activity	Nb of man/day
Pre-evaluation or preparatory work	0.5
Audit activity on field	8
Stakeholder consultation	1.5
Report writing	2.0
TOTAL	12

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Clergue Forest Management Inc.

3.2.2 - Clear description of the sampling system employed to select FMUs or sites for evaluation and RATIONALE for their selection

Field sampling was focused on the active operations on the management unit. Over the past year two the major shareholders/licensees were not active on the forest and this limited the amount of recent activities available for review. In both operating areas, an initial block was chosen at random with additional sites being chosen relatively nearby. A total of seven blocks were inspected, four roads and six water crossings.

Date	Auditor	Site No.	Comments
18-Jun	Bros, Callaghan	Stop 1-Block 705	active harvest; viewed local ski trail; harvest block adjacent to EMA (HCV); also viewed bike trail (part of Bellevue Mountain Trail Assoc.); interviewed harvest contractor supervisor;
18-Jun	Bros, Callaghan	Stop 2 -CT5	Pr commercial thinning; interviewed harvesting contractor owner/operator Tessier Logging; checked H&S requirements, SAR, Annual OPs handbook & SOP booklets and knowledge, employee satisfaction, working alone, spill kits, fire extinguishers, forest fire pack pumps & filled, training records & start up meetings; checked fuel tanks for sticker requirements; viewed Goulais River Waterway Park (HCV) boundary reserve flagging; viewed wood turtle HCV
18-Jun	Bros, Callaghan	Stop 3-Block 751	active harvest; interviewed harvesting ctr Gary Heeran Construction owner/operator and employees; new contractor; checked H&S requirements, SAR, Annual OPs handbook & SOP booklets and knowledge, employee satisfaction, working alone, spill kits, fire extinguishers, forest fire pack pumps & filled, training records & start up meetings; checked fuel tanks for sticker requirements; viewed mobile welding shop for safety; discussed best practices;
18-Jun	Bros	truck	interviewed OLL Boniferno Operations Supervisor; discussed road maintenance responsibilities; discussed ability to harvest wood supply commitments; discussed markets; startup meetings with contractors
18-Jun	Bros Callaghan	Stop 4-Mile 38	permanent bridge on Mile 38 road; observed road maintenance work done by private land owner Prentiss & Carlisle on Mile 38 rd; discussed deficiencies of road grading, culvert replacement, flashings missing on bridge, gravel on bridge decking
18-Jun	Bros Callaghan	Stop 5-Block 621	observed cultural heritage value HCV; company identified when surveying old existing road for upgrade
19-Jun	Bros Callaghan	Stop 6-Block 315	2018 tree plant - visited SV3 active tree plant stop to view tree survival; discussed silviculture prescription that pesticides were not required on this site; discussed potential for FN site visit to demonstrate not all plants receive pesticide treatments
19-Jun	Bros Callaghan	?? Road	checked road washout; discussion with the FME re: course of action & road inspection schedule
19-Jun	Bros Callaghan	Stop 7-Block 341	2018 tree plant - viewed silvicultural prescription to plant PJ in site where removed SB; discussion on what areas would require follow up treatment with pesticide
19-Jun	Bros Callaghan	Stop 8-Hydro Line Rd	installed in 2018; checked culvert installation against government approval; discussed special conditions
19-Jun	Bros Callaghan	Stop 9-Block 110	installed in 2018; checked culvert installation against government approval; discussed work permit conditions; discussed lack of oversight by government

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

Date	Auditor	Site No.	Comments
19-Jun	Bros Callaghan	Stop 10-Block 110	installed in 2018; brook trout stream; installed outside timing window; work permit included special conditions; observed how FME met special conditions; discussion on quality of installation; discussion on no inspection by government
19-Jun	Bros Callaghan	Stop 11-Block 518	2018 removal of temporary water crossings; observed one removed crossing and rehabilitation; observed berm to prevent access through stream

3.3 - Interview and stakeholders input and treatment.

3.3.1 - Interview(s) of involved people met during audit.

Involved people			MA	AS1	AS2	AS3	AS4
category	name	Position					
Manager	Mike Furniss	Shareholder & Chair of the Board			X		X
	Dan Bowes	Shareholder & Chair of the Board		X			
	Chris Grant	Shareholder & Chair of the Board				X	
Employee(s)	Vince Strack	Operations Forester		X	X	X	X
	Will Byman	Planning Forester	X	X			
	Jason McLellan	Planning Forester			X	X	X
Shareholders	Mike Thompson	Bonniferro Millwoks	X	X	X	X	X
	Rolf Fuchs	Oper. Supervisor, Tembec		X			
	Chris Grant	General Manager, Tembec			X	X	
Sub contractors:	Dan Boisneault	Roads & Truck Supervisor, Henson & Tregonning Logging		X	X	X	
	Roger Blais	(FB operator),		X		X	
	Don Boisneau	(Excavator operator)		X		X	
	Dave Jennings	Rentech - Consumer		X			
	Wanita Chapman,	Safety Coordinator;		X			
	Gordie Chapman	dozer operator		X			
	Dave Robinson	Excavator operator & Michipicoten FN		X			
	Eric Kennedy	FB oper		X			
	Dan Perrault	Oper Supervisor, Chapman Logging		X			
	Phil Glave	Eagle Feather aviation		X			
	Pierre Dumas	Owner/operator			X		
	Don Fry	Oper. Supervisor, Dumas Logging			X		
	Laurier Jacques	Slasher operator, Dumas Logging			X		
	Jocelyn Morin	Skidder operator, Dumas Logging			X		
	Mark McNeil	Operations Foreman,			X	X	X

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

Involved people			MA	AS1	AS2	AS3	AS4
category	name	Position					
		Henson & Treggonning Logging/Longyear					
	Bill Gibbs	Independent trucker			X		
	Brian Cranston	Tractor operator, Henson & Treggonning Logging			X		
	Craig Corbett	Foreman, Con Construction			X		
	Rob Semczyszyn	Regional Manager, Prentiss & Carlisle			X		
	Dave Grenier	Gravel Truck driver, Con Construction			X		
	Will Byman, R.P.F.	Operations Supervisor, Prentiss & Carlisle			X	X	
	Jeremy Storozuk	Gravel Truck driver, COR Development			X		
	Mark Yurechuk	Forester, Prentiss & Carlisle			X		
	Cody & Cody	Tree Markers				X	
	Giuseppe Restuccia;	Plant Supervisor				X	
	Natalinia Restuccia	Cook				X	
	Joe Rossi	planter				X	
	Dave Pogue	Planter				X	
	Tim Mackenzie &	crewboss				X	
	Anastasia ??	planter				X	
	Bruno Johnston	planter				X	
	Andrew LaFarge	Operator					X
	Kevin Tessier	Logger – Owner Operator					X

3.3.2 - Stakeholders identification and consultation process

Stakeholders were first identified during the pre-audit and formally consulted prior to the recertification audit in March of 2015. For this surveillance, there have been no complaints with regards to the certificate received by either Clergue Forest Management or Bureau Veritas. Consultations included discussions with First Nations, forest workers, and recreationalists.

3.3.3 - Record of stakeholder received comments or complaints

Stakeholders reference (name / type)	date	Received comment or complaints	Theme (social, economy, environment)	Checked on site (YES or NO)	Answer from the certificate holder	Answer from Bureau Veritas
Institutions/individuals informed about the evaluation						
Ontario Wildlands League	27/6/19	Currently has no concerns about the Algoma Forest	Environment	No	N/A	Thanks for your input
Michipicoten First Nation	28/5/19					
Thessalon First Nation	28/5/19					
Mississauga First Nation	28/5/19					
Garden River First Nation	28/5/19					

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

Batchewana First Nation	28/5/19					
Missanbie Cree First Nation	28/5/19	Requested a meeting				
Metis Nation of Ontario	28/5/19					
MNRF Resource Liaison Specialist	28/5/19					
Individuals who were interviewed						
Cottager	10/6/19	Appreciates the access roads and water crossings	Social	Yes (drove the roads)	N/A	
MNRF Liason	28/6/19	NoNs.				
Missanbie Cree First Nation	19/6/19	Appreciates the efforts of FSC to get parties together, many of the bands issues are outside of FSC's scope.	Social/Economic	No	N/A	Thanks for your input
Metis Nation Ontario	23/7/19	Would like to enter into a data sharing arrangement with Clergue as a start to a relationship	Social/Economic	No	Agreement will be signed	Thanks for your input
Individuals who contributed information in writing						

3.4 - Other evaluation techniques

4 - Update about any changes to the scope of the certificate

There have been no changes to the scope of this certificate in the past year. No lands have been added or removed. There have been no changes with ownership or the administration and legal context of the forest. There have been no changes to the HCVs as reflected in the revised HCV report.

4.1 - Use of chemicals

Chemical pesticide name	Active ingredient of the chemical product	Reason for use	Approximate quantity used / year	Size of area treated annually

There have been no herbicide or pesticide applications on the forest in the past year. Trained contractors and operational procedures are in place if the need for vegetation control arises. Clergue Forest Management will only use chemicals which are not listed on the FSC list of highly hazardous chemicals. The Algoma Forest is not highly dependent upon use of chemical herbicides. Less than 20% of the annual harvest is in boreal softwood types where herbicide use is necessary.

FSC™ Forest Management Certification

Surveillance Audit Report

Clergue Forest Management Inc.

4.2 - Number of accidents in forest work (serious/fatal) since the last audit

There have been no serious or fatal accidents among the staff and contractors operating on the Algoma Forest over the past year.

5 - Standard

	Ref / n° management FSC national standard	Ref / n° checklist	Other documents if relevant
Main assessment	BVC FSC generic adapted FM standard for the Great Lakes St. Lawrence Forest Region	SF03 GLSL	FSC-STD-50-001 FSC-STD-20-006
Surveillance 1	BVC FSC generic adapted FM standard for the Great Lakes St. Lawrence Forest Region	SF03 GLSL	FSC-STD-20-007 FSC-STD-50-001 FSC-STD-40-004
Surveillance 2	BVC FSC generic adapted FM standard for the Great Lakes St. Lawrence Forest Region – March 2017	SF03 GLSL_April 2017	FSC-STD-20-007 (V3-0) FSC-STD-20-007b (V1-0) FSC-STD-50-001 (V1-2) FSC-DIR-20-007 FSC-Interpretations-General FSC-PRO-20-001_V1-0 FSC-PRO-30-001a
Surveillance 3	BVC FSC generic adapted FM standard for the Great Lakes St. Lawrence Forest Region – March 2017	SF03 GLSL_April 2017	FSC-STD-20-007 (V3-0) FSC-STD-20-007b (V1-0) FSC-STD-50-001 (V2-0) FSC-DIR-20-007 FSC-Interpretations-General FSC-PRO-20-001_V1-0 FSC-PRO-30-001a
Surveillance 4	BVC FSC generic adapted FM standard for the Great Lakes St. Lawrence Forest Region – March 2017	SF03 GLSL_April 2017	FSC-STD-20-007 (V3-0) FSC-STD-20-007b (V1-0) FSC-STD-50-001 (V2-0) FSC-DIR-20-007 FSC-Interpretations-General FSC-PRO-20-001_V1-0 FSC-PRO-30-001a

6 - Observation

6.1 - Documents review

FSC™ Forest Management Certification
Surveillance Audit Report
Clergue Forest Management Inc.

Administrative and legality

- Crown Forest Sustainability Act (1996)
- Forest Operations Inspection Program
- Sustainable Forest License #542257
- Algoma Policy and Procedures Manual 2019
- 2020 Forest Management Plan Terms of Reference
- 2020 Forest Management Plan Project Plan
- Clergue Website <http://www.clergue.com>.
- Boniferno Mill Works Safety Manual,
- Workplace Violence Prevention Policy.
- Domtar's Health & Safety Policy
- Domtar's Human Rights Policy
- Memorandum of Agreement (draft)
- RYAM Safety summary May 2019

Intern social issues

- Forest Management Plan, Section 2.5 Social and Economic Description
- Social Economic Impact Analysis
- Health and Safety Policy Program Manual
- Vision, Mission and Guiding Principles
- Domtar's Community Investment Policy
- Occupational Health & Safety Act
- Robinson Huron Treaty
- Robinson Superior Treaty
- Local Citizens Committee Report in 2010 FMP
- Local Citizens Report in 2015 FMP...
- 2015 Forest Management Plan Summary of Public Consultation

Environmental and HCV

- Algoma Forest HCV Report v7 (2019)
- Pre-Industrial Forest Condition Report
- 2010-2020 Forest Management Plan for the Algoma Forest (Phase I and II.....
- Species at Risk Act

Management & Harvesting

- 2010-2020 Forest Management Plan for the Algoma Forest (Phase I and II)
- Draft 2020-2030 Forest Management Plan
- 2018-2019 Annual Work Schedule
- Forest Management Planning Manual 2009
- Forest Information Manual 2009
- Ontario Tree Marking Guide
- Monitoring process
- 2017-2018 Annual Report
- Tree Marking Audits (various blocks)
- 2018-2019 Annual Compliance Plan
- Forest Operations Inspection Reports (Blocks 705, 751, 621, 518 319, 315, 110)

FSC™ Forest Management Certification

Surveillance Audit Report

Clergue Forest Management Inc.

6.2 - Evaluation results with reference to the FSC referential / standard which have to be evaluated in surveillance audit

PRINCIPLE 1: Compliance with law and FSC Principles

Clergue Forest Management continues to meet or exceed its legal responsibilities. They, along with the shareholder companies, undertake regular compliance inspections. There have been no reported incidences of timber theft in the past year. Review of annual reports confirm there is a reasonable compliance record on the Algoma Forest. Interviews with forestry workers, the forest manager and MNR confirm there is no evidence that illegal logging or other legal transgressions have occurred on the forest in the past year.

PRINCIPLE 2: Tenure and use rights and responsibilities

The status of tenure and use rights remain in compliance of the standard. The Sustainable Forest License with the province remains valid and in place. No complaints were received by Clergue Forest Management or Bureau Veritas regarding the Algoma Forest in the past year.

Evidence provided 2018 shareholder agreement and service agreements all contain dispute resolution mechanisms. The Shareholder Agreement has an additional mechanism that in the event an issue/dispute cannot be resolved within 30 days a party can request the dispute go to an Arbitrator under the provisions of the Arbitration Act, R.S.O. 1990, c. A.24, as amended. The service agreements have a two-step dispute resolution process (Section 15 of the Agreement). Also, the forest management planning process provides an Issue Resolution Process (IRP) in the event a stakeholder is unsatisfied with the normal consultation for values protection that involves meeting with the forest manager to resolve the issue during fmp planning. There have been no contract disputes initiated in the past year.

PRINCIPLE 3: Indigenous Peoples' Rights

The Forest Management Planning Process has mechanisms built into it that involve an assessment or update of Indigenous resources and tenure rights. The mechanisms include: participating on the Forest Management Plan planning team; opportunity for a special Native Consultation Process; the Native Values Identification and Protection process; and the development of Aboriginal Background Information Reports. All these processes are mandatory in Ontario and have been undertaken as part of the forest management planning process for the Algoma Forest. These processes used in combination provide a rigorous assessment process starting from the identification of indigenous resources and rights through to proposed operations, mitigations, consultations and resolution.

The 2020-2030 FMP for the Algoma Forest is currently under development and will contain updated reports on aboriginal background information for each of the First Nations and the Metis communities with interests on the FME. Interviews with MNRF and FME staff confirm identified values and traditional uses are protected through the FMP process.

A review of the minutes of the Aboriginal Task Team shows 3 of the 5 Indigenous communities with interests on the Algoma Forest are participating in the planning for the 2020 FMP. Interviews with the FME, and a review of Task Team minutes confirm the meetings also function as an opportunity for Indigenous communities to learn about forestry and the FME to learn about Indigenous values.

Auditors were able to interview 2 of the 5 Indigenous communities. There were no issues identified related to values protection. A review of inspections on forest operations did not have any infractions related to Indigenous values.

PRINCIPLE 4: Community relations and worker's rights

Clergue Forest Management has an office in Sault Ste Marie and operations throughout the Algoma Forest. Most of its contractors and suppliers are local businesses. The shareholders own mills locally which employ hundreds of citizens in the forest product industries. Clergue and its shareholders are active supporters of their communities sponsoring activities such as a boy scout tree plant.

Health and safety is a priority for all contractors and shareholders on the Algoma Forest. Each has a

FSC™ Forest Management Certification Surveillance Audit Report Clergue Forest Management Inc.

detailed safety policy and procedures, which includes PPE, safe operating procedures, emergency procedures and evacuation plans. Visits to three contractor operations found all employees to be using their PPE, all companies had a safety plan, and all were provincially certified. The forest manager is responsible for ensuring the Clergue personnel are properly trained in safety procedures. Annual training includes safety aspects and all employees have had first aid training. Auditors confirmed that all the appropriate documentation was found on site. It was noted that one operator recently lost all certifications and healthy & safety certificates in a fire and was in the process of replacing those documents.

Effective safety policies are in place and enforced via regular tail-gate meetings and, inspections by job foreman are communicated to the FME. Additionally, site visits completed during this audit determined effective implementation of safety policies on active logging jobs. Spill kits, first aid kits and fire extinguishers were present on all inspected jobs. All workers were wearing appropriate PPE and

Clergue Forest Management is required to prepare a new forest management plan every 10 years. This planning process requires a public consultation period where any organization or community located on or near the Forest are able to provide input on proposed activities. Individuals are notified of this option via a large mailing communication (ie Invitation to Participate) at the beginning of the planning process and on the Ministry's online Environmental Registry. There are several open house opportunities provided stakeholder comment. Stakeholders have opportunities to review the draft plan and are notified of plan approval.

PRINCIPLE 5: Benefits from the Forest

Activity on the Algoma Forest was constrained over the past year. Two shareholders did not harvest on the forest in the past year and demand and price for pulpwood has been low. Utilisation of the available harvest area continues to be in the 50% range.

Harvest operations were found to have little or no waste left after harvesting. Residual stand damage was found to be minimal on all sites. There were no site disturbance related finding.

The actual harvest has been approximately 3,000 ha or 50% of the available. Harvest volumes have been below 200,000 m³ or approximately 1/3 of the available harvest volume. Figure 1 displays the planned and actual harvest areas from the current (2010) plan. All forest units are being under harvested as per the management plan.

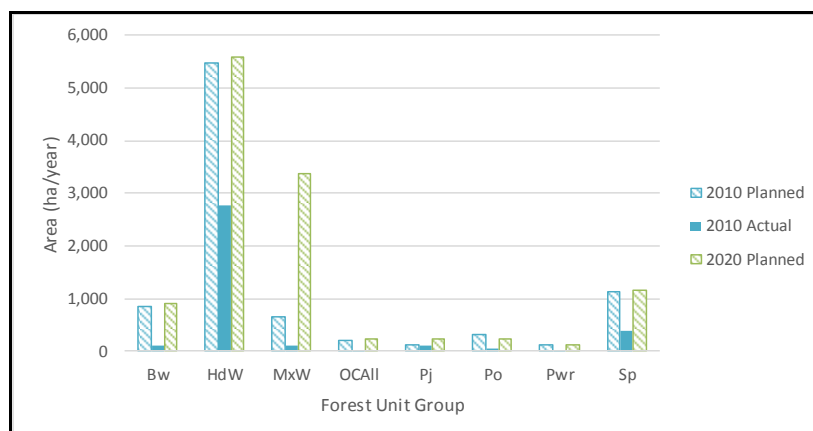


Figure 1. Planned vs Actual Harvest Area by Forest Unit

PRINCIPLE 6: Environmental Impact

Clergue Forrest Management Inc. regularly review and update the Species at Risk (SAR) list for their

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

forest. The organization has done extensive work with MNRF Biologists to ensure that up to date SAR Guidebooks are available and personnel are trained. All contractors had up to date (2019) Species At Risk guidebook on site during active harvests. Area of Concern prescriptions are in place for all SARs and known occurrences are mapped with their prescriptions on all operational maps. Plans exist and appropriate AOC prescriptions have been developed for all of the species that have been identified as occurring or may occur on the Algoma Forest. Precautionary prescriptions were developed where there was no direction in government guides.

The organization continues to effectively manage AOC areas. The organization has additionally, updated the SAR guidebook and provided to contractors, along with extensive training to personnel. Harvest units with SAR habitat or occurrence identified as high risk. The organization has done extensive mapping of AOCs, to include streamside management zones, SAR habitat, inoperable slopes and poor soils. All these attributes were observed on harvest activity maps for visited sites.

The forest management plan provides objectives and indicators to establish desired forest conditions. Area is maintained by forest type and age through time that would occur naturally on the forest. Natural disturbance guidelines are followed throughout the management process. The 2020 FMP provides objectives and indicators to establish desired forest conditions. Area is maintained by forest type and age through time that would occur naturally on the forest. NDPEG guidelines are followed throughout the management process.

The new 2020 FMP has an updated road management strategy. The road management strategy developed in the FMP included meeting with MNRF regarding access management, and has developed road decommissioning plans. The company has also developed objectives to minimize the footprint of new roads in the forest. Field observations included road decommissioning, water crossing removals and planted branch roads as methods of reducing road footprint on the forest. Roads are planned in consideration of values, limiting access to HCVs and maintaining remoteness.

Forest operations prescriptions are made by a professional forester. Prescriptions for all harvesting include specifications for residual standing trees including a species priority list. Habitat features such as calving areas, mineral licks, and dens must be protected. All partial cuts were marked by certified technicians and operators were in full compliance with the prescriptions. All clearcut harvest are designed to emulate fire by leaving peninsulas and interior patches along with residual standing trees and clumps.



Figure 1. Clear cut harvest with residual trees, patches and peninsulas.

During the audit 4 sites which had been recently harvested or were currently being harvested were examined. Auditors found good performance in the harvest areas; residual stand damage was low, there were no signs of site disturbance or soil compaction, plenty of downed woody debris was found, and there was excellent leave tree retention (Figure 2). All clear-cuts observed by the audit team had residual trees, patches and downed woody debris that conforms to MNRF Stand and Site Guide. Field observations found full compliance with guidelines and regulations for riparian and wetland

FSC™ Forest Management Certification Surveillance Audit Report Clergue Forest Management Inc.

protection

During the audit road conditions were observed throughout the forest. Road grading practices have significantly improved, as a result,

Principle 7:

This Principle was not directly audited. It is to be noted that the new 2020 Forest Management Plan is in the draft stage and is expected to be approved on time for operations beginning April 1 2020.

PRINCIPLE 8: Monitoring and Assessment

Annual reports provide an annual public disclosure of the timber harvested by species, products and area. The reports also include an assessment of how the forest is growing. The provincial government has an extensive requirement for assessing forest growth through their growth and yield program of permanent sample plots, the FRI program and regeneration surveys. The Forest Operations and Inspection Program (FOIP) monitors environmental impacts of forest management activities against the metrics identified in the HCV Report and FMP targets for wildlife, social, economic and ecological objectives. FOIP is implemented by shareholders and overlapping licensees on their operations on the management unit. They must submit their inspections to the forest manager (Clergue) for approval with oversight provided by the MNRF. There have been no non-compliances registered in FOIP for the past three years.

Annually the forest manager carries out a renewal charge analysis to determine the best renewal rate for the year based on forecast harvest levels. The costs of renewal are an additional cost paid into the Renewal Trust Fund for the Algoma Forest by the Shareholders or overlapping licensees. The renewal charge is calculated on a cost/m³ of wood harvested.

Mile 38 Road is a primary access road on the forest. During the audit it was observed that on a portion of the road (approx. from km 10 to km 24) that recent road work had been undertaken including road grading and water crossing replacement. The results were that large false ditches have been established on the road (which will trap and funnel water). Two of the water crossing were extremely poorly installed: banks were too steep and unstable, culverts were too short and possibly too small for the water flow. The result was that banks were eroding into the creeks they were mean to protect.



**Figure 2, Water crossing repaired by a third party, note the steep banks and unstable slopes that come from using a short pipe.
46.99028, -84.33972**

FSC™ Forest Management Certification Surveillance Audit Report Clergue Forest Management Inc.

The work was not done by the certificate holder or their contractors. The work had been done by an adjoining landowner as authorized by the Ministry of Natural Resources & Forests. The Organisation was not directly involved, though they were aware of the work. In Ontario sustainable license holders do not have exclusive rights on primary access roads, a number of parties (e.g. Hydro, Neighbouring landowners) can get authorization from the government to improve or repair roads. In the organization's road use strategies and the Overlapping License agreements this road was not due for inspection for 1 to 3 years, This schedule could have potentially left these crossings in place in their current condition for up to three years. A more robust monitoring strategy would have immediately identified the deficiencies of the work undertaken. A minor nonconformance was issued.

PRINCIPLE 9: Maintenance of high conservation value forests

The HCV report was updated in 2019 to make it more accessible, with updated formatting and editorial revisions. A gravesite was also identified as a new HCV.

The Company continues to monitor the Intact Forest Landscape (IFL) in the northwest part of the forest. This area of conservations reserves and pine barrens connects to Pukasaw National Park forming a large relatively undisturbed portion of Lake Superior coast line. No changes have occurred to the area so its status as an Intact Forest Landscape is secured. Clergue Forest Management is in compliance with the requirements for IFLs.

A minor nonconformance (NC-13) has been issued in 2018 for the Company to update their website with the most current version of the HCV report. This nonconformance was closed with the positng of the new HCV on the website June 7 2019.

PRINCIPLE 10: Plantations

Not Applicable

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

6.3 - Result regarding the correction of Non-Conformities (NC)

n°	Indicator	Status	Date recorded	Text of the NC	Objective evidence and justification of their classification of major or minor	Opening and closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
1	1.1.5 (500-01)	Minor	April 16/15	The High Conservation Values poster does not correctly present one of the FSC trademarks in violation of FSC-STD-50-001 and Organisations Trademark Procedure.	Absence of a logo approval for the HCV poster This was classed as a minor due to isolated nature of the non-conformance, the existence of proper use on other documents and the fact that a contractor prepared the document..	April 15 2016	Closed	HCV poster approval received June 2 2015	April 14 2016
2	4.4.8	MINOR	April 16/15	There is no mechanism to record issues/complaints/feedback from stakeholders with Clergue Forest Management. There is no formal procedure for recording and transmitting concerns to the responsible party	The forest planning system has a formal process for recording issues/comments. It became apparent that casual or non-planning comments or complaints are not formally recorded. Classed as a minor as it does not jeopardize the criteria or sustainability. Informal processes have been in place	April 15 2016	Closed	Examined communications log and found it to be adequate	April 14 2016
3	6.1.10	MINOR	April 16/15	MOU 934 and MOU 802 had some instances of questionable tree marking practices (e.g, By wildlife	Field observations on a variety sites showed marked trees left uncut, therefore compromising the	April 15 2016	Closed	Examined tree marking on blocks 701, 343 and 340. Better marking was	April 14 2016

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

n°	Indicator	Status	Date recorded	Text of the NC	Objective evidence and justification of their classification of major or minor	Opening	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
				trees marked for removal, marked trees in intermittent stream and inaccessible slopes). These blocks and MOU 613 also had many marked tress not cut that could have been cut, hence indicator performance is partly compromised as per 6.1.10 “The manager implements conditions necessary to achieve the intent of the silvicultural and harvest prescriptions	silvicultural prescription. Classed as a minor as it has little impact on broader sustainability and the practice was found on only one licensees harvest blocks.				bserved and all marked timber had been removed	
4	6.7.4	MINOR	April 16/15	Leaky logging equipment found on the forest.	Field Observations as follows; MOU 746 Leaking equipment, empty hydraulic pails, MOU 934 chain oil and grease containers, MOU 802 leaking slasher; fuel tank not up to TDG regs and SOP requirements Rated as minor since the bulk of the leaky equipment belonged to one contractor. None of the leeks were compromising water quality.		April 15 2016	Closed	In examining three active operations no leaking equipment was found. The offending contractor is no longer on the forest	April 14 2016

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

n°	Indicator	Status	Date recorded	Text of the NC	Objective evidence and justification of their classification of major or minor	Opening and of	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
5	3.2.2	MINOR	April 16/15	Mississauga First Nation was not included in forest management planning for the 2015 Phase 2 FMP	The invitation to participate in forest management planning is an MNR responsibility although the SFL holder can provide suggestions to MNR. Clergue recognized this deficiency in 2014 and communicated with Mississauga and held a meeting with the Lands and Resources Director for the community. Reviewed e-mail communications and the revised invitation to participate. Rated as a minor since the legal requirement falls on the Crown		April 15 2016	Closed	Reviewed e-mail communications and the revised invitation to participate	April 14 2016
6	7.3.1	Minor	Aug 18 2016	Some Forestry workers interviewed did not have copies of the most up-to-date SAR booklets.	This was an observation (3) in the 2015 audit which still persists and has been declared a minor nonconformance as it has not resulted in impacts to forest sustainability or impaired SARs		Aug 17 2017	Closed	Reviewed evidence provided, including on site interviews with forestry workers during SV2 audit, and determined the non-conformance has been addressed.	Aug 3 2017
7	6.3.12	Minor	Aug 18 2016	In Block 139 a temporary water crossing was	Assessed on site inspections and comparison		Aug 17 2017	Closed	Reviewed evidence including aerial	July 14, 2017

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

n°	Indicator	Status	Date recorded	Text of the NC	Objective evidence and justification of their classification of major or minor	Opening and of	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
				installed when road use plans changed, a brush matt was used instead of a pipe. The change in status and approach was not communicated effectively through out organisation. The crossing type used could/may result in deleterious materials enter the wáter course before its removal.	to the block plan it was discovered that the crossing was not as planned. Interviews with contractor staff conformed the fact that the change had not been communicated nor approved. This is an isolated incident which occurred on a relatively new contractor. Additionally there has been no impact on the stream in question				photography and determined the necessary remedial action had been completed.	
8	3.2.1	Minor	Sept 18 2016	Clergue has not fully met the intent of the FSC Standard for communication with First Nations.	Interviews with Indigenous communities with traditional use area on the Algoma Forest commented that the Background Information Reports are incomplete. Additionally there were comments that there is too little communication between individual First nations and Clergue and that there were few economic benefits for FNs from the Algoma Forest. This was rated as a minor		Sept. 17 2017	Closed	Reviewed evidence provided and determined the non-conformance has been addressed satisfactorily.	Sept 15, 2017

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

n°	Indicator	Status	Date recorded	Text of the NC	Objective evidence and justification of their classification of major or minor	Opening and of	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
					as it was the first such incidence in the past 10 years and does not reflect the longer-term communication which has occurred.					
9	3.1.2	Minor	June 16, 2017	Evidence presented by the forest manager (email correspondence) covering the last 12 months indicates some efforts are being made with two communities (Michipicoten, Garden River) but that work does not fully meet the intent of this Indicator. A minor non-conformance is issued to fully address this Indicator.	A review of the planning for the 2015 Phase II FMP showed not all indigenous communities with interests on the Algoma Forest were part of the planning team. In preparation for the 2020 FMP, an Aboriginal Task Team has been struck but not all communities are represented because of the government process of who should be invited to an FMP planning team. Interviews with 3 indigenous communities stated they have no relationship with CFMI. The non-conformance is minor as most affected indigenous communities are members of either the planning team and/or Indigenous Task Team.		June 16, 2018	Closed	Reviewed aboriginal task team minutes, develop indigenous relations policy, undertook a variety fo meeting and workshops with the FNs	June 14 2018

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

n°	Indicator	Status	Date recorded	Text of the NC	Objective evidence and justification of their classification of major or minor	Opening and Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
10	3.3.3	Minor	June 16, 2017	Interviews, conducted with indigenous communities has identified the use of herbicides on the management unit is, in their culture, an issue. Interviews with the forest manager and government representatives confirm little work has been done to address their concerns.	The communities interviewed stated they do not feel the company is hearing them on this issue as the forest manager continues to use herbicides against aboriginal wished. Additionally, the company has not reached out to them either individually or as a collective group through the North Shore Tribal Council to discuss this issue. The issue of herbicide use is a long-standing issue and although the manager is developing relationships with most communities, more effective effort could be made on this issue and for this reason the non-conformance is classified as minor.	June 16, 2018	Closed	Reviewed aboriginal task team minutes, develop indigenous relations policy, undertook a variety fo meeting and workshops with the FNs	June 14 2018
11	4.2.5	Minor	June 16, 2017	Proper placarding and proper storage of fuel apparatus are required by Provincial regulations.	Several fuel trailers were observed as not being properly placarded and not having required "holsters" for the fueling apparatus.	June 16, 2018	Closed	Inspected tanks in the field, reviewed petroleum handling course materials	June 14 2018
12	6.3.9	Minor	June 16, 2017	Ensure that all forest roads are properly crowned and graded effectively.	All forest roads appeared to be well constructed and maintained, with very	June 16, 2018	Closed	Inspected more than 50 km of road. Maintenance	June 14 2018

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

n°	Indicator	Status	Date recorded	Text of the NC	Objective evidence and justification of their classification of major or minor	Opening and of	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
					minimal evidence of erosion noted. During last year's surveillance audit, it was noted that "false berms" were being created on the edges of roads during grading. An observation was raised as a result. This practice was again witnessed during this audit. The creation of false berms during grading does not allow rainwater to properly drain from the road surface and increases the likelihood of significant surface movement and erosion. An observation was written to this indicator in previous audit and is now elevated to a minor NC.				practices are markedly better	
13	9.1.3	Minor	June 14 2018	A check of the FME's website found the most current version of the HCVF Report (V6) is not posted. The HCV report on the FME's website is dated 2010.	Reviewed Clerge website. It is the opinion of the audit team that the intent of this Indicator has not been met and have issued this minor non-conformance as it does not affect forest sustainability and represents a small		13/6/19	CLOSED	Examined website and found revised HCV report https://clergue.com/	7/6/19

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

n°	Indicator	Status	Date recorded	Text of the NC	Objective evidence and justification of their classification of major or minor	Opening and of	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
					administrative oversight.					

6.4 - Result regarding the resolution of complaints

Stakeholders reference (name / organisation / type)	Date	Received complaints	FSC criteria-indicator	Checked on site (YES or NO)	Answer (+Date)		
					Client	lead auditor	Bureau Veritas Certification

6.5 - Result regarding previous observations

n°	Date recorded	Text of the OBSERVATION	Objective Opening evidence	Status (closed, still open, upgraded to minor NC)	Evidences for closure
7	June 16, 2017	Consider creating an annual summary of new occurrences so that more effective monitoring can occur on a regional level.	The organization effectively identifies known occurrences of HCVs such as wood turtle, blanding turtle and Virginia White Butterfly habitats. This information is seen as dynamic as new occurrences are documented each year.	Closed	SARs occurrence register

FSC™ Forest Management Certification Surveillance Audit Report

Clergue Forest Management Inc.

7 - Result of surveillance evaluations

MAIN ASSEMENT – APRIL 13-16 2016	
Number of NC closed	none
Pending NC	none
New NC raised	NC 1 to NC 5 – see appendix C
Certification Decision	renew
SURVEILLANCE 1 - AUGUST 13-17 2016	
Number of NC closed	NC1 – 5 refer to Appendix C
Pending NC	none
New NC raised	NC6-8 refer to Appendix C
Certification Decision	Continue certification
SURVEILLANCE 2 DATE	
Number of NC closed	NC6-8 closed refer to Appendix C
Pending NC	none
New NC raised	NC9-12 refer to Appendix C
Certification Decision	Continue certification
SURVEILLANCE 3 JUNE 10-14 2018	
Number of NC closed	NC9-12
Pending NC	none
New NC raised	NC 13
Certification Decision	Continue certification
SURVEILLANCE 4 JUNE17-20 2019	
Number of NC closed	1 nc13
Pending NC	None
New NC raised	1 nc14 (BPC001) Refer to App C
Certification Decision	Continue certification

7.1 - Synthesis on the conduct of the audit and closing meeting

A closing meeting was held on June 20 2019. At the closing meeting, the audit team discussed their findings of the audit. Issues related to the appeal of findings and confidentiality were discussed. Based upon the results of the audit the audit team recommends continued certification

8 - Records of Non-Conformities and observations and new ones raised during the audit

8.1 - Records of Non-Conformities

n°	Indicator	Status	Date recorded	Text of the NC	Objective Opening evidence and justification of their classification of major or minor	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non- conformities	Closure date
14	8.1.2	Minor	20/6/19	Under the organization's road use strategies and the Overlapping License agreements on Mile 38 road it was not due for inspection for 1 to 3 years. This schedule could have potentially left these crossings in place in their current condition for up to three years. A more robust monitoring strategy is needed which would have immediately identified the deficiencies is necessary on active primary roads	Mile 38 Road is a primary access road on the forest. During the audit it was observed that on a portion of the road (approx. from km 10 to km 24) that recent road work had been undertaken including road grading and water crossing replacement. The results were that large false ditches have been established on the road (which will trap and funnel water). Two of the water crossing were extremely poorly installed: banks were too steep and unstable, culverts were too short and possibly too small for the water flow. The result was that banks were eroding into the creeks they were meant to protect. The work was not done by the certificate holder or their contractors. The work had been done by an adjoining landowner as authorized by the Ministry of Natural Resources & Forests. The	19/6/20			

FSC™ Forest Management Certification
Surveillance Audit Report
Clergue Forest Management

					Organisation was not directly involved, though they were aware of the work.				
					Physical inspection of the road and sites. Interviews with the Overlapping Licensee, Clergue Staff,				

8.2 - Records of observations

New observations raised during the audit, or pending

n°	Date recorded	Text of the OBSERVATION	Objective Opening evidence

9 - Proposals regarding the certification decision

9.1 - Proposal of conclusion on whether the candidate entity achieved or not the required level of conformance

The certificate holder is in continued conformity with the certification requirements and their certificate should be maintained

10 - Certification decision

The HUB decides that the FSC FM certificate of the Clergue Forest Management Inc., Canada, remains valid. The minor non-conformity shall be closed 19.06.2020.

Issued July 27, 2019; reviewed the 30.10.2019.

FM certification technical manager,

Lead Auditor,

Krzysztof Wypij



Brian Callaghan

11 - Appendices

- A. SF02s
- B. Checklist(s)
- C. HCV report