



**FSC Certification Report for the
2006 Annual Audit of:
THE NIPISSING FOREST
under the
Sustainable Forest Licence
of
NIPISSING FOREST RESOURCE MANAGEMENT**

Certificate Number: SCS-FM/COC-00055N

**Under the
SCS Forest Conservation Program
(An FSC-Accredited Certification Program)**

**Date of Field Audit: September 24-26, 2006
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Section 2.0 (Surveillance Decision and Public Record) will be made publicly available on the SCS website (www.scscertified.com) no later than 60 days after the report is finalized.

1.0 GENERAL INFORMATION

1.1 CONTACT INFORMATION

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1.2 General Background

This report covers the third annual surveillance audit of the Nipissing Forest under the Sustainable Forest Licence (SFL) of Nipissing Forest Resource Management Inc. (NFRM) pursuant to the FSC (Forest Stewardship Council) and SCS (Scientific Certification Systems) guidelines for annual audits as well as the terms of the forest management certificate awarded by SCS in May 2003 (SCS-FM/COC-00055N). All certificates issued by SCS under the aegis of the FSC require, at a maximum periodicity, annual audits to ascertain ongoing compliance with the requirements and standards of certification.

NFRM is owned by a group of shareholders which are R. Fryer Forest Products Ltd., Goulard Lumber Ltd., Tembec Inc. (Mattawa Division), Hec Clouthier and Sons Inc., and Grant Forest Products (Englehart). The SFL, under the Crown Forest Sustainability Act, is administered by the Ontario Ministry of Natural Resources (OMNR), North Bay District Office. There are also 11 independent operators that have overlapping licence agreements with NFRM (four of which are First Nation or Aboriginal Communities).

Pursuant to FSC and SCS guidelines, annual/surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or corrective action requests
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior audit
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

At the time of the September 2006 annual audit, there were 2 open Corrective Action Requests and 4 open Recommendations, the status of NFRM's response to which was a major focus of the annual audit (see discussion, below for a listing of those CAR's and their disposition as a result of this annual audit. In addition, there was a major storm event in July 2006 that caused massive blowdown in the uniform shelterwood white pine stands. The salvage effort was a focus of the 2006 annual audit.

1.3 Guidelines/Standards Employed

The May 2004 Draft 1.0 Version of the FSC Canada Standards for Well Managed Forests in the Great Lakes St. Lawrence Forests of Ontario and Quebec was utilized to evaluate the management of the Nipissing Forest. The 2004 draft standard is currently under review and is available in the revised form as a September 2006 Consultation Draft on the FSC Canada website (www.fscanda.org). This consultation draft was not utilized in the annual audit in 2006, since it has not been adopted at this time. This would be the standard, if approved, which would be utilized for the recertification audit currently scheduled for 2008.

1.3 Chain of Custody Certification

SCS conducted a joint forest management and chain of custody certification evaluation of the Nipissing Forest. The chain of custody scope covers the stump to mill gate. That is, chain of custody begins with the severing of a standing tree to produce a merchantable log and ends with that log leaving the custody at the log yard gate.

During the fieldwork for the forest management evaluation, the team investigated the manner by which NFRM can maintain chain of custody over the logs that leave the forest gate to assure that only logs from the Nipissing Forest would carry the certified status. The team noted that NFRM and the shareholder are subject to the MNR bill of lading system used on all Crown lands. There are four copies of the transport tickets, noting the number of logs or weight, and where the load originated. The MNR and contractors control these. Tickets are held by the trucker and accompany the load of logs to the mill to verify load specifications, after which a copy is given to the mill and to the MNR; also the logging and trucking contractors each keep a ticket. Regardless of where the logs are transported, their origin can be traced with the ticket system. With this legally required bill of lading, the potential of contamination with uncertified logs is eliminated at least until the logs reach the log yard/sawmill.

It was concluded on review of the chain of custody procedure that the chain of custody certification awarded to NFRM to cover logs that leave "forest gate" to "sawmill log yard gate" should be retained.

2.0 SURVEILLANCE DECISION AND PUBLIC RECORD

2.1 Assessment Dates

Since the 2005 annual audit, there were audit activities undertaken on the following dates:

- On June 15, 2006 Peter Street inquired to SCS as to the potential of logs from land removed from the Nipissing Forest land base, such as for road right-of-way expansion, to be sold as certified wood.
- On August 23, 2006 Peter Street and audit team agree to dates of the 2006 annual audit for NFRM.
- On September 11, 2006 Peter Street of NFRM provides audit team of Walter Mark and Peter Higgelke with a summary of actions for the past year.
- On September 19, 2006 Peter Street of NFRM advised Dave Wager of SCS that the Temagami Crown Management Unit would likely be amended to the Nipissing SFL. Peter Street sought to determine the procedure for future audits of NFRM pending the amendment of the Temagami Unit to the SFL, with the expressed desire of having the Temagami Unit included in the FSC Certificate.
- On September 24-26, an SCS audit team (Mark and Higgelke) conducted the annual audit of NFRM, including on-site inspections of field operations as well as extensive interviews with NFRM management, field personnel, and consultants.

The Annual Audit of the NFRM required a total of 10 person days. This time was broken down as follows:

- Pre-audit preparation, including review of standards, review of past audit reports, preparation of templates and review forms, and review of documentation provided by NFRM – 2 person days.
- Conduct field audit of NFRM - 5 person days
- Consultation with stakeholders – 0.5 person days
- Preparation of Draft Annual Audit Report – 2 person days
- Review of comments and revision of Annual Audit Report – 0.5 person days

2.2 Assessment Personnel

For this annual audit, the team included Dr. Walter R. Mark and Peter Higgelke, who served as co-team leader. Peter Higgelke was a member of the certification audit team for the Nipissing Forest in 2002 and has served on the past two annual audits. Dr. Mark has participated as a member of the audit team for the past two annual audits on the Nipissing Forest.

Dr. Walter R. Mark: Dr. Mark is a professor of forestry at California Polytechnic State University, San Luis Obispo and former Director of Swanton Pacific Ranch, the University's FSC Certified school forest. Dr. Mark specializes in forest health and silviculture. Dr. Mark is a consultant for Scientific Certification Systems and is responsible for the audit. Dr. Mark is a registered professional forester in California (RPF No. 1250) with over 35 years of forestry experience in the public forestry and higher education sectors. He acted as lead for the 2004 and 2005 Nipissing Forest Annual Audits. He has served as audit team leader for several certification, recertification and annual audits over the past three years.

Peter Higgelke: Consulting Forester, Managing Partner of KBM Forestry Consultants Inc. (Ontario). As a principal in KBM, Mr. Higgelke specializes in forest auditing, forest management planning, forest inventory, wildlife habitat supply analysis modeling, business plan preparation, timber harvesting, and forest renewal prescriptions. Mr. Higgelke is a registered professional forester in the province of Ontario, Canada. He has advised First Nations on forest management, forestry negotiations and economic development. In the past he lectured at Lakehead University on integrated forest resources management and GIS applications in forestry. Peter was a member of the SCS team that performed the original FSC certification audit of NFRM in 2002 and participated in the first two annual audits.

2.3 Assessment Process

The scope of the 2006 annual audit, as with all annual audits, included: document review, auditors spending time in the field and office, interviewing management personnel, consultants, and as appropriate, interacting with outside stakeholders.

An FSC Certification Annual Audit was conducted starting on Sunday, September 24, 2006 and concluding on Tuesday, September 26, 2006. The field stops were selected by Walter Mark and Peter Higgelke from maps and block activity descriptions provided by NFRM. Stops were selected to look at activities directly related to open CARS and Recommendations, as well as to review a spectrum of activities conducted since the last annual audit. The scope of activities during the current field season has been impacted by the salvage operations resulting from the July 17, 2006 storm related blowdown, which occurred over a gross area of approximately 20,000 ha of the Nipissing Forest. Due to the large blowdown event that occurred in July 2006, most of the field audit sites were located at the west end of Lake Nipissing, the McConnell Lakes area, and the Matawa area.

Day One – Sunday September 24, 2006

The audit started off with a meeting of the audit team members Walter Mark and Peter Higgelke with the general manager of the Nipissing Forest, Peter Street. The general purpose and objectives of the annual audit were discussed, the open CARS and Recommendations were reviewed, the documentation provided and still needed was discussed, and items to be specifically visited in the field audit were determined.

Table 2.3.1.a: Day One Itinerary

Activities	Licensee/Contractor	Comments
Meet with Nipissing Forest general manager, Peter Street at Nipissing Forest Management Offices	NA	Review open CARS and Recommendations Review documentation provided as evidence of action on CARS and Recommendations. Reviewed outcome of

	lawsuit
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Discussions about concerns over the general economic condition of the forest industry in Ontario and the potential impact on the Nipissing Forest including the impact on operators and shareholders were held. The shareholder list was provided to the audit team. The schedule for the next two days and the field sites to be visited were determined. The CARS and Recommendations that remain open from previous audits were reviewed and the lines of evidence provided were reviewed for completeness.

Day Two – Monday, September 25, 2006

The Monday portion of the audit started in the NFRM offices with a meeting with Tom Clark of CMC Ecological Consulting to discuss the progress on the High Conservation Value Forest effort on the Nipissing Forest. This was followed by field audit portions of the audit. Field audit team included the following NFRM staff: Peter Street, Tom McLean, Frank Simard, John Yarlasky, Mark Lockhart, and Michelle Laliberte.

Table 2.3.1.b: Day Two Itinerary

Activities	Licensee/Operator	Comments
Meet with Tom Clark at NFRM Offices	NA	Review progress on review and updating of HCV's relative to Recommendation 2005.1
Bridge issues on DOKIS First Nation haul road	DOKIS	Looked at a bridge that was preventing hauling of loads of logs off First Nation cutting areas due to revised load limits. Also looked at the Hardy Creek Bridge that needed work to be safe for log hauling.
East Road stream crossing and cross drainage repairs	Grant Forest Products	Reviewed installations of stream crossings and cross drainage structures that had been replaced by Grant Forest Products using funding from the MNR for upgrades to primary and secondary forest roads
White pine salvage in Block 101	Fryer Forest Products	Viewed salvage operations from July 2006 blowdown event. Area of salvage had been harvested previously in 2003 and there had been some rutting issues then. Operator pulled out when that occurred. No rutting issues were observed at site. AOC's were discussed with the operator and he

		displayed a good knowledge of them and what the limitations were.
Riding Stable Road stream crossing and cross drain installations	Grant Forest Products	Reviewed installations of stream crossings and cross drainage structures that had been replaced by Grant Forest Products using funding from the MNR for upgrades to primary and secondary forest roads

Day Three – Tuesday, September 26, 2006

On Tuesday morning the audit team split up to cover more field sites. Peter Higgelke went with Ian Kovacs of NFRM and Walter Mark went with Peter Street and Tom MacLean.

Table 2.3.1.c: Day Three Itinerary

Morning Activities (Walter Mark)	Licensee/Operator	Comments
TEMBEC's Mattawa Mill	TEMBEC	This mill had been operating at a 50/50 ratio of softwood and hardwood. They are now switching to predominately hardwood, with the softwood milling switching to Fryer Forest Products. This is in part driven by the contract for hardwood FSC certified paper from the TEMBEC Temiskami pulp mill.
Red Pine pre-commercial thinning along Highway 533	NA	This was an old MNR plantation which is planned for white pine restoration in the future.
NEBIE Research Plots	Forest Ecosystem Science Group	Visited a variety of NEBIE stands to contrast activities and outcomes: Natural discussion centered around growing stock and marking guidelines Basic looked at cut and the market for pulp. The major problem is to mark the stand to the specifications, usually too light. Elite is a thin from below strategy with site preparation of mineral soil to favor yellow birch reproduction. This site also included a Canada yew under planting to help in increasing an alternative product

		from the forest. Improvement cuts in yellow birch at various levels of thinning. This included growth plots.
Canada yew growth and harvest study	Tom Noland	Study undertaken to determine the impact of harvest at various levels on growth and re-growth and sustainability of harvest of Canada yew

Morning Activities (Peter Higgelke)	Licensee/Operator	Comments
Block 94 - Matachewan License area - Hardwood selection and shelterwood cut	Janveaux Forest Products	This visit focused on hardwood selection harvest and shelterwood cut with special consideration to rutting, aggregate pits, and identification of AOC concerns in the field by marking crews. In this case resources were identified during marking and later evaluated for accuracy and protection measures. The operator was present on site and a discussion of aggregate pit requirements occurred. The operator knew the regulations well and had implemented them.
Matachewan block visited during the certification audit in 2002, the area had been site prepared with a D7 blading.	NA	This site was a revisit to determine the impact of the extensive mechanical site preparation. The regeneration of red and white pine, white spruce, and tamarack was doing well and the site did not appear to have suffered from the extensive mechanical site preparation.
Unscheduled stop	Unknown	On the return drive, an encounter occurred with a log loader with operator and a chainsaw operator slashing tree lengths into log lengths. The chainsaw operator lacked a number of safety wear items including hard hat, ear protection, eye protection and orange vest. Ian Kovacs of NFRM

		immediately instructed this person wear all required safety gear.
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The audit team met up at lunch and the proceeded to additional field sites in the afternoon. NFRM staff members Peter Street, Tom McLean, and Ian Kovacs were present to provide documents and answer team questions.

Afternoon Activities	Licensee/Operator	Comments
Slash piled for burning	NA	Along the road in to the afternoon cutting blocks, slash piles were observed. These piles were prepared for burning in the fall in the off season by firefighter crews. To burn slash piles, a Fire Boss II must be present. The crew includes 3 FN members in the 4-person crew. They are all firefighters in their off-season.
Block 129 white pine salvage of July blowdown		This site was in the middle of site preparation for planting when the blowdown event occurred. Various levels of site preparation will be required in the future. Planting will be 80/20 red and white pine to rehabilitate in some sites. Will observe natural regeneration in other areas to assess planting needs in the future. Observed impact on AOC for Goshawk nesting site.
Block 129 white pine blowdown unsalvaged.	NA	This site was visited to get an understanding of the extent of the blowdown and the condition of the stands prior to salvage operations. This clearly demonstrated the importance of salvage operations to future forest conditions.

2.4 Status of Corrective Action Requests and Recommendations

Condition 2003.6:

<p>Within 3 years of award of certification, NFRM must develop, assure funding for, and implement an ongoing actual forest inventory system to supplement and test accuracy of modeled growth rates and regeneration estimates. The highest priority for this inventory is in complex forest types such as the mid-tolerant hardwoods.</p>
<p>Company Action/Auditor Observation:</p> <p>NFRM has made good progress toward meeting the overall condition as evidenced by its participation in the NEBIE Project with particular emphasis on yellow birch stands. Growth and yield plots have been established to examine impacts of spacing and group selection. Site preparation methods are also being evaluated in these plots. Some changes in marking, especially for retention of overstory red oak and yellow birch, while removing understory, have been implemented. The re-measurement of the growth and yield plots is taking place this year. New growth curves have been developed as a result of this input.</p> <p>NFRM also continues to support Wayne Smith in his work on establishing a system of permanent plots and to look at silvicultural effectiveness monitoring. NFRM conducted an inventory of all white pine stands on the forest to obtain stage of management information on the stands that had not been harvested since 1989 and has incorporated this data into the growth models. Funding for this was requested through the Forestry Futures Committee; however, the request was not funded. NFRM has updated their FRI database with all regeneration surveys, tending surveys and free-to-grow survey data. New silvicultural effectiveness monitoring efforts have been implemented, using the techniques developed by Doug Maki on the Sudbury Forest. NFRM has demonstrated that this inventory data is used to supplement and test the accuracy of the modeled growth rates and regeneration estimates.</p>
<p>Reference: FSC 5.6, 6.3, 7.1, and 7.2</p>
<p>Status at October 12, 2006:</p> <p>This condition is closed, since the original condition provided for 3 years for compliance. The effort that NFRM has made toward fulfilling this condition is obvious. The FRI inventory data for the Province does need to be updated and Recommendation 2006.1 relates to this effort.</p>
<p>Condition 2003.8:</p> <p>In the absence of the province completing the gap analysis to identify its network of representative protected areas, NFRM must, within one year from award of certification, take necessary steps to engage in the candidate selection process. It is recommended that the process uses the Room to Grow report as a reference and includes: identification of candidate areas; delineation of candidate areas on maps; strategies and timelines; and removal of the candidate protected areas from the landbase for the 2009 Plan. If is not necessary for NFRM to recalculate the AHA for the 2004 Plan, however, the 2009 Plan must be adjusted accordingly.</p>
<p>Company Action/Auditor Observation:</p> <p>NFRM has worked hard to resolve this issue through an agreement with the MNR to accept the Provincial Parks proposal to complete the gap analysis. This agreement has been reached and now the gap analysis can be completed to complete the network of representative protected areas. The analysis for the Nipissing Forest is completed and under review at the MNR prior to release to the forest. The results should be available with implementation proceeding by the 2007 annual audit.</p>
<p>Reference: FSC Criterion 6.4</p>

Status at October 12, 2006:
This condition is closed with Recommendation 2006.2 written to require implementation of the appropriate gap analysis candidate areas.

Recommendation 2004.1
NFRM should demonstrate continued efforts to reaching agreements or other arrangements with all First Nations on the Nipissing Forest.

Company Action/Auditor Observation:
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In 2004 NFRM had developed and finalized an agreement with the Antoine First Nation. At that time no others would sign. Meetings were held with the other First Nations and through discussions about the issues, NFRM found that the sticking point was that the agreement did not permit the First Nation signee to sell or subcontract its allocation. The agreement was subsequently modified and Matawa and Dokis First Nations have now also signed. NFRM contacted Antoine to discuss the agreement modification and the agreement with the Antoine First Nation was modified to match. This is very commendable progress in the area of agreements with the First Nation groups. NFRM has indicated that First Nations cannot be forced to sign agreements. We feel that NFRM should continue to work to achieve signed agreements with all FN groups. The Nipissing First Nation has not signed an agreement; however, they now have a new chief and NFRM is pursuing an agreement with the Nipissing First Nation.

NFRM met three times in the past year, since the 2005 annual audit, with the North Bay Aboriginal Group and MNR to discuss selected topics of interest to First Nations. Topics of discussion to date include native values, harvesting of ground hemlock, the Independent Forest Audit, the Temagami/Nipissing Forest Amalgamation, and the FMP process. NFRM has done an exemplary job of working with the First Nations as desired in the FSC Standards. NFRM should continue to work with the First Nations to provide opportunities in harvest allocations and other ways, such as funding of the archaeology study of a creek area, expansion of the Aboriginal Ranger Program, and working with the First Nation to establish Canada yew harvesting contracts.

Reference: FSC Criterion 3.1, 3.2, 3.3, and 3.4
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Status at October 12, 2006
This recommendation has been addressed

Recommendation 2004.3
NFRM should work more closely with the OMNR to obtain accurate data related to land ownership and the establishment of LUP's. NFRM should also continue to use the new boundary location methodology to prevent future trespass conflicts.

Company Action/Auditor Observation:
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This problem seems to have been resolved through efforts to work with the MNR to get better and more timely information on LUP's. The database was recently updated through the NRVIS Ownership data. NFRM has made some substantial efforts in this area. They have implemented a procedure to write to every adjacent landowner to attempt to achieve a sign-off on and boundary agreements where possible. Written evidence of negotiations with neighbours was provided. This procedure has worked well to avoid boundary conflicts.

Reference: FSC Criterion 2.1 and 2.3
Status at October 12, 2006
This recommendation is has been addressed.

Recommendation 2005.1
NFRM should undertake a broad based consultative process to gain support for the HCV process on the Nipissing Forest. The HCV identification, management, and monitoring of the HCV's must be fully integrated into the forest management planning process.
Company Action/Auditor Observation:
The process has not been totally completed due to the planning timeline for the Nipissing Forest. The HCV's have been fully implemented on the ground and mapped in the GIS database. They will be fully incorporated into the 2009-2014 forest management plan, which is the first opportunity within the FMP planning schedule. This incorporation is already in the process plan for the 2009-2014 FMP preparation. Protection for the HCV's is provided through the 2004-2009 Forest Management Plan and the report prepared by Tom Clarke for NFRM. The HCV report was revised to include comments received on the Sudbury Forest HCV draft report. This revision expanded the areas included as HCV's when compared to the draft report. Continued efforts to provide adequate consultative input as part of the FMP review process for the 2009 planning effort is underway at this time. Consultation is being sought from the World Wildlife Fund, Nature Conservancy, Ontario Nature, Wildlands League, Ducks Unlimited, and Sierra Club Canada. The gap analysis that is currently in the final preparation will also be reviewed for appropriate HCV resources.
Reference: FSC Criterion 9.1, 9.2, 9.3, and 9.4
Status at October 12, 2006
This recommendation has been addressed

Recommendation 2005.2
NFRM should develop and implement a plan to locate skid trails to minimize rutting potential. Operators need to be educated about skid trail location and rutting to enable determination by the individual of rutting potential and to discuss alternatives with the forester, such as relocation or halting work on an area until conditions change. NFRM should consider implementation of a higher standard for rutting in AOC's especially those near watercourses, RSA's, cottages, HCV's, and adjacent to parks.
Company Action/Auditor Observation:
The SCS Team went to field sites where rutting potential existed, including past and active operations, on the field tour. Discussions about the rutting included the current policy of a higher standard than required by the FSC standards; however, even higher standards seem to be appropriate, particularly in sensitive areas on the forest. No skid trail location problems were observed on the forest and improved guidance by the foresters working with the operators seemed to be producing better skid trail planning and layout.
Reference: FSC Criterion 6.5
Status at October 12, 2006
This recommendation has been addressed

2.5 General Observations

According to the NFRM Trend Analysis Report there was an overall decline in utilization of harvest area during the 2004 FMP, which has contributed to these figures missing targets set forth in the FMP. The softwood lumber dispute with United States continues to result in poor markets for red and white pine forcing Tembec to drop one shift at its mill in Mattawa. Compounding the problem was limited markets for SFP sawlogs (again markets continued to suffer as a result of the softwood lumber dispute), and a large area allocated in the plan with low volume/low quality material. While markets for white birch and dense hardwood pulp continued to increase in strength, the price was too low to support additional volumes being harvested in these areas. Another major factor in the current market is the large amount of white and red pine blowdown from a July 2006 storm event. This resulted in blowdown on approximately 20,000 ha of the Nipissing Forest. Salvage operations have resulted in large amounts of high quality red and white pine logs on the market. The price for red and white pine has further declined as a result. The renewal rate on pine was reduced to assist in the salvage operations; however, this does raise some questions for future funding for re-establishment efforts. All of this has contributed to a declining timber industry in the area.

The shareholders in the SFL now consist of Grant Forest Products, Fryer Forest Products, Goulard Lumber, Tembec, Inc., and Clouthier. These shareholders now hold 86.6 percent of the harvesting rights on the SFL. Of the independent operators, four have surrendered their harvesting rights and two new operators acquired harvest rights, and the total harvest right of independent operators is 5.3 percent. First Nations harvesting rights have grown to 8.1 percent. Some concerns over the ability of NFRM to implement the activities in the 2009 FMP do exist because of the shortfall of harvests.

NFRM has undergone some staffing changes since the last annual audit. Two new personnel were hired and there was a reorganization of staff responsibilities. Mark Lockhart, R.P.F. was hired as the Planning Forester, and Tom McLean, R.P.F. was hired to head the silvicultural team. The overall staff was organized into three teams under the general manager: Harvesting and Roads, Planning, and Silvicultural. This seems to have been a very effective transition and has increased the monitoring efforts, which was the subject of one of the CAR's from 2003. The vehicle compensation package for employees has been revised and the employees seem satisfied with the new agreement.

A lawsuit filed against NFRM was settled in its favor since the 2005 annual audit occurred. There are no other disputes of this type against NFRM.

The Workplace Safety and Insurance Board dispute over the appropriate rates to charge for NFRM employees has been resolved (pending an Appeal Hearing), with a repayment schedule and amount agreement. The repayment agreement was reached on September 12, 2006.

2.6 New Corrective Action Requests and Recommendations

No new Corrective Action Requests were issued as a result of the 2006 annual audit.

Background/Justification: The current FRI data is over 10 years old and is not adequate for planning. The NFRM effort to update the data for the forest as they obtain monitoring information has provided an adequate base up until now. Future planning badly needs updated FRI data. This lack of up-to-date data will negatively impact any future planning efforts on the forest.	
Rec 2006.1	NFRM should work with the MNR to obtain updated FRI information for the forest.
Reference	<i>FSC Criteria 8.2.4</i>

Background/Justification: NFRM has made good progress toward meeting the overall condition for the completion and implementation of the gap analysis. The efforts resulted in the Ontario Parks completing the gap analysis and providing that information.	
Rec 2006.2	Within one-year of the receipt of the gap analysis report from the MNR, NFRM should implement the appropriate resource protection areas based on the candidate areas identified.
Reference	<i>FSC Criteria 6.4</i>

Background/Justification: The July blowdown had an impact on as much as 20,000 hectares of uniform shelterwood pine stands. This has accelerated the area of harvest and resulted in a large volume of high quality pine logs in the market. The long-term impact of this event and the resulting salvage operations must be incorporated into the work planning and the harvest area determinations for future operations. The assessments for site preparation and regeneration efforts also need to be done. NFRM and the MNR have responded very well to the conditions caused by the storm blow down. This is allowing for the recovery of values that would otherwise be lost and to the restoration of the pine stands where blow down was extensive. This has caused a major disruption in the annual work schedule and the planned and actual harvest levels.	
Rec 2006.3	NFRM must show how the large salvage operations associated with the July 2006 blow down, have been incorporated into the planned harvest areas for the future and demonstrate the impact on the future harvesting levels. This should be done prior to the development of the annual work schedule for 2007.
Reference	<i>FSC Criteria 5.6, 6.3, 7.1, and 7.2</i>

2.7 General Conclusions of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that NFRM's management of the Nipissing Forest in Ontario, Canada continues to be in strong overall compliance with the FSC Principles and Criteria, as elaborated by the draft 1.0 version of May 2004 Standards for the Great Lakes and St. Lawrence Forests. That is, and while there remains aspects of the management program that are somewhat deficient

relative to the standard of certification, the SCS audit team has concluded from this annual audit that NFRM's forest management program is in general conformance with FSC Principles 1 through 9 (Principle 10 is not applicable as NFRM's operations are classified as "natural forest management" under the FSC definitions). As such, continuation of the certification is warranted.

3.0 DETAILED OBSERVATIONS

This section is divided into two parts: Section 3.1 details the determining of conformance and non-conformance with the elements of the standard examined during this audit. Section 3.2 discusses any stakeholder comments.

3.1 Evaluation of Conformance

The auditors chose to focus on Principles 5 and 9.1-9.3, but also covered numerous other criteria, during this surveillance audit:

Draft FSC Standards for Well Managed Forests in the GLSL Forests of Ontario and Quebec Version 1.0, 5/2004

Note: this document omits verifiers, applicability notes, and intent statements, annexes, and other information contained in the full standard.

REQUIREMENT	C N U	COMMENT/CAR
P1 Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.		
C1.1 Forest management shall respect all national and local laws and administrative requirements.	C	
1.1.1. The applicant, staff and/or contractors understand the legal and administrative obligations regarding forest management and a system is in place whereby staff are kept up-to-date with new regulations. (See Appendix 1 for a listing of relevant provincial and national legislation).	C	The spring training program for operators and shareholders covers all of the regulations and obligations.
1.1.2. The applicant should have a satisfactory record of compliance with agencies responsible for enforcement of forestry practices	C	The compliance reports for the year were provided in the evidence. There were 9 MNR not in compliance reports issued from June 2005 to September 26, 2006.
C1.2. All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.	C	
1.2.1. The applicant demonstrates he/she is in good standing with government agencies with respect to tax requirements including but not limited to: Revenue Canada (income tax and GST); Ministry of Revenue or Provincial treasury (PST, stumpage fee accounts); Municipalities (property taxes); Workplace Safety and	C	The current tax bill and payment record were included in the evidence package

Compensation Board; Licensing bodies such as Natural Resources.		
C1.3. In signatory countries, the provisions of all binding international agreements such as CITES, ILO Conventions, ITTA, and Convention on Biological Diversity, shall be respected.		
1.3.1. Applicants understand the legal and administrative obligations with respect to relevant international agreements (see Appendix 2 for list of relevant international Agreements Canada is signatory to)		
C1.4. Conflicts between laws, regulations and the FSC Principles and Criteria shall be evaluated for the purposes of certification, on a case by case basis, by the certifiers and by the involved or affected parties.		
1.4.1 Situations in which the applicant's compliance with the laws and regulations conflicts with the compliance with FSC Principles, Criteria or indicators are documented provided to FSC Canada		
1.4.2 The applicant works with the appropriate regulatory bodies and FSC to resolve discrepancies between laws/regulations and FSC Principles and Criteria		
C1.5. Forest management areas should be protected from illegal harvesting, settlement and other unauthorized activities.	C	
1.5.1. A system exists for documenting and reporting to the appropriate authorities instances of illegal harvesting, settlement, occupation or other unauthorized activities	C	No trespass events occurred since the last annual audit.
C1.6. Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria.	C	
1.6.1. The forest manager can demonstrate a commitment to comply with these regional standards for the length of the current management plan and has declared their intention to protect and maintain the integrity of the forest in the long term.	C	This is part of the FMP for the Nipissing Forest. The Province has decided that all Crown Forests must be third party certified.
1.6.2. The applicant demonstrates a long-term commitment to adhere to the FSC Principles and Criteria.	C	NFRM staff have participated in FSC Canada meetings to assist in review of standards and to provide input on issues.
P2 Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.		
C2.1. Clear evidence of long-term forest use rights to the land (e.g., land title, customary rights, or lease agreements) shall be demonstrated.	C	
2.1.1. Property boundary lines are established and delineated before harvesting begins so as to be unambiguous and acceptable to neighbouring landowners.	C	NFRM has implemented a new procedure to assure that conflicts over boundaries do not arise. The NRVIS land ownership database has been updated.
C2.2. Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.		
2.2.1. Customary tenure or resource use rights held by communities are identified and documented.		

C2.3. Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.		
2.3.1. Resource conflicts with adjoining landowners or other resource users are resolved or being addressed in a systematic manner	C	The one law suit over harvest allocations was resolved in NFRM's favour. There was one complaint about traffic on the San Dam Road related to a shareholder's road maintenance operations. This was resolved by the shareholder.
2.3.2. The owner and/or manager is not involved in outstanding disputes of substantial magnitude on the applicant forest involving a significant number of interests.	C	See comments in 2.3.1.
P3 The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected.		
C3.1. Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies.	C	
3.1.1. The applicant keeps abreast of and, in the management plan, is able to demonstrate a good working knowledge of the Indigenous communities, their legal and customary rights and their interests related to forest lands within the forest management planning area.	C	NFRM met jointly three times with MNR and the First Nations since the 2005 audit.
3.1.2. The applicant obtains agreement from each affected Indigenous community verifying that their interests and concerns are clearly incorporated into the management plan. Such agreement will also include: <ul style="list-style-type: none"> ▪ A description of the roles and responsibilities of the parties; ▪ The interests of the parties; ▪ A description of appropriate decision-making authorities for all parties; ▪ A dispute resolution mechanism; and ▪ Conditions under which consent has been given and under which it might be withdrawn, if any. <p>This agreement is not intended to abrogate or derogate from their Aboriginal and Treaty Rights.</p>	C	All but one of the First Nations have signed an agreement. Efforts are renewed to obtain signatures from the last group.
3.1.3. The applicant participates in and/or supports the efforts of the affected Indigenous communities to develop the financial, technical and logistical capacity to enable them to participate in all aspects of forest management and development. This could include (but is not restricted to) activities ranging from planning and decision-making to the establishment of businesses or the pursuit of employment related to forest management.	C	Three meetings with the First Nations were held since the last annual audit. A number of items were covered of interest to the First Nations; including, FMP process and participation, Aboriginal ranger program, native values, the proposal for the amalgamation of the Nipissing and Temagami Forests.
3.1.4 The applicant has jointly established with affected and interested Indigenous communities, opportunities for long-term economic benefits where that is the desired	C	See comments in 3.1.2.

objective.		
3.1.5 A dispute resolution process for addressing and resolving grievances has been jointly developed with the affected Indigenous communities and is being fairly implemented.		
C3.2. Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples.		
3.2.1. The applicant makes use of an existing assessment or, in the absence of an assessment, undertakes a joint assessment of Indigenous resources and tenure rights with the affected Indigenous communities.		
3.2.2. Based on the results of the assessment, the applicant develops management activities outlined in the management plan to ensure that Indigenous resources are not threatened or diminished.		
C3.3. Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified in cooperation with such peoples, and recognized and protected by forest managers.		
3.3.1. The applicant supports the efforts of the affected Indigenous communities to conduct land use studies and mapping which result in an Indigenous areas of concern protection agreement, addressing information sharing, protection, mitigation and/or compensation, and confidentiality measures for Indigenous traditional values and uses.		
3.3.2. The applicant supports the efforts of the affected Indigenous communities to monitor the impacts over time of forestry activities on the values identified in the Indigenous areas of concern protection agreement.		
3.3.3. Where Indigenous communities have indicated that forestry operations on particular blocks or sites are creating a threat of serious environmental, economic, or cultural impact, the applicant suspends or relocates forestry operations or until disputes are resolved. Examples of serious threats could include: <ul style="list-style-type: none"> • Destruction of burial sites, spiritual sites, spawning areas, medicinal areas; • Severe disruption of livelihood; • Damage to community water supply; and, • Severe disruption of food chain to the community. 		
C3.4. Indigenous peoples shall be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations. This compensation shall be formally agreed upon with their free and informed consent before forest operations commence.	C	
3.4.1. The applicant enters into an agreement with the affected Indigenous communities which compensates for the use of traditional knowledge that leads to the: <ul style="list-style-type: none"> • Commercial use of a forest species, in particular 	C	This item is covered in the agreement that all but the Nipissing First Nation have signed. See 3.1.2.

<ul style="list-style-type: none"> • non-timber forest products; • Improved management plans; or • Improved operations. 		
P4 Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.		
C4.1. The communities within, or adjacent to, the forest management area should be given opportunities for employment, training, and other services.	C	The NFRM staff participate in and host a wide variety of educational and training programs throughout the year; including, college groups, foreign visitors, local environmental groups, and research organizations.
4.1.1. The applicant emphasizes the procurement of goods and services from local suppliers and communities, at reasonable prices and delivered within a reasonable time frame, using a fair and open process.		
4.1.2. According to its means, the applicant contributes to local and affected communities in a manner that builds capacity and enhances quality of life.	C	NFRM contributes to many local organizations to assist in providing support funds. Staff members can recommend organizations to be included in the donations.
4.1.3. According to its means, the applicant contributes to local and affected communities in a manner that builds capacity and enhances quality of life and community stability.	C	See 4.1 and 4.1.2.
4.1.4 Local processing and manufacturing opportunities are investigated and pursued where viable.		
4.1.5. Management policies and practices strive to obtain a balance between investment in human employment and education and investment in technology.	C	See 4.1 and 4.1.2.
4.1.6 Total remuneration packages for forest workers, including wages and other benefits (health, retirement, worker's compensation, housing, food, profit sharing), are fair and compare favourably with prevailing local standards.	C	NFRM recently upgraded the vehicle allowances for the employees. The rest of the package is competitive.
C4.2. Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.	C	
4.2.1. On large tenure, the applicant has developed and is implementing a program of worker safety. The safety program is periodically reviewed for currency and completeness. The program includes, but is not limited to: <ul style="list-style-type: none"> • a comprehensive safety policy; • compliance and safety monitoring schedules and procedures; • monitoring the condition and functionality of plant and equipment; • regular review of work schedules and hours of work; • the provision of appropriate safety equipment for forest workers and woodlands staff (e.g. hardhats, eye protection, gloves, hearing protection, suitable footwear, etc.); • identification of safety training needs and the provision of safety training; and • the identification of safety coordinators and specifications of their responsibilities. 	C	An extensive manual on worker safety has been prepared and is in the offices. One case of a worker not wearing proper protective equipment was observed. The worker was employed by a contractor and not directly by NFRM, nevertheless, the NFRM employee stopped and advised the worker that the protective gear was required to continue working.

4.2.2. The applicant and contractors hold adequate public liability and employers liability insurance.		
C4.3 The rights of workers to organize and voluntarily negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labor Organization (ILO).		
4.3.1. The rights of workers to organize and voluntarily negotiate with their employers shall be guaranteed as outlined in the Canadian Labour Code and/or provincial Labour Codes and at a minimum comply with ILO Conventions 87 and 98.		
C4.4. Management planning and operations shall incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups directly affected by management operations.		
4.4.1. Harvest operations and road designs are modified so as to minimize aesthetic externalities and noise, especially in the vicinity of high use areas (e.g. cottaging, canoeing).		
4.4.2. Adjacent landowners and local resource users that may be directly affected by forest operations are provided with notice, and their concerns considered prior to commencement of harvesting and operations.		
4.4.3. Employees and contractors are given an appropriate opportunity to participate in and give feedback on management decisions and policy formulation that may affect them.	C	The 2006 Annual Contractor Meeting was held on May 1, 2006.
4.4.4. Local communities , community and non-government organizations, forest workers, and the interested public directly affected by forestry activities are provided with meaningful opportunities to participate in forest management planning. The applicant demonstrates that all input was considered and responded to.		
4.4.5. The applicant shall demonstrate through documentation that significant efforts were made to contact Indigenous forest users and communities affected by or interested in forest management in the area under certification; that efforts were made to work with Indigenous forest users and communities to become involved in identifying and addressing forest-related issues; that Aboriginal and treaty rights were recognized consistent with the requirements of Principle 3, and agree that Indigenous peoples' participation will not prejudice those rights.	C	This is one of the topics covered in the periodic meetings with the First Nations.
4.4.6 On Crown lands, a public participation process is used to supplement the requirements of 4.4.4. The applicant openly seeks representation from a broad and balanced range of interested parties and invites them to participate. The public participation process uses clearly defined ground rules that contain provisions on: • content;	C	The LLC for the forest is very active and engaged in the forest operations. The First Nations meet on a regular basis with NFRM and had their own meeting during the FMP process.

<ul style="list-style-type: none"> • goals; • timelines; • internal and external communication; • resources (including human, physical, financial, information and technological, as necessary and reasonable); • roles, responsibilities and obligations of participants, including their organizations; • conflict of interest; • decision-making methods; • authority for decisions; • mechanism to adjust the process as needed; • access to information (including this standard); • the participation of experts, other interests and government; and • a dispute resolution mechanism. <p>The participants have been involved in the development of, and agreed to, the terms of reference. The applicant establishes and maintains a list of interested and/or contacted parties, including those that chose to participate, those that decided not to participate and those that were unable to participate. The list shall contain names and contact information.</p>		
<p>4.4.7 On Crown lands, the public participation process is meaningfully integrated with the forest management planning process. Areas of integration include:</p> <ul style="list-style-type: none"> • participating in the development and assessment of alternative strategies; • participating in the development/writing of forest management plans; • participating in the review and evaluation of monitoring results; • helping with the resolution of resource use conflicts (e.g., trapping, remote tourism, etc); and • observing the certification audit. <p>The forest management plans demonstrate consideration of recommendations from public participation and general agreement with the comments from the public participation process.</p>	C	See 4.4.6
<p>C4.5. Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.</p>		
<p>4.5.1. The applicant exercises due diligence in avoiding circumstances in which damage may be caused to property, rights, resources or livelihoods.</p>		
<p>4.5.2. The applicant’s operator training courses and materials stress practices which avoid the occurrence of</p>	C	There was a contractor spring training course hosted by NFRM to address this issue. The agenda was provided to the auditors.

environmental damage (e.g. damage to the site, residual timber, watercourses or sites of cultural significance).		
4.5.3 The applicant has a process in place for fairly resolving disputes with other resources users and the general public that result from forest planning and operations.	C	There is a process for dispute resolution that includes a bump-up to the MNR. No bump-ups occurred in the current year, although the one lawsuit was resolved in NFRM's favour.
4.5.4 There is a track record of successfully resolving disputes to the satisfaction of both parties in a timely manner.		
P5 Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.		
C5.1. Forest management should strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest.	C	The declining softwood markets cause some concern for the economic viability of the forest industry in the area.
5.1.1. The applicant has the resources to implement the management plan(s), and all associated forest management activities (including road building, harvesting, renewal and tending, restoration, monitoring and mitigation of negative impacts, habitat management, etc.).	C	Reduced harvest levels from those planned may interfere with the implementation of all the aspects of the FMP.
5.1.2. The applicant's forest management operations are economically sustainable and capable of supporting a level of reinvestment sufficient to ensure the long-term survival of the organization/company.		
C5.2. Forest management and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.	C	
5.2.1. The applicant seeks the optimal or "highest and best" value for forest products.	C	This was repeatedly demonstrated in the sites visited. High utilization standards and high value products are the standard of operation.
5.2.2. Local and/ or value-added processing of forest products is encouraged and facilitated where it is economically viable.	C	This was observed during the audit by the wide variety of products from the forest and the number of local processors involved.
C5.3. Forest management should minimize waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.	C	
5.3.1. All harvested merchantable and marketable timber is utilized unless left on-site to provide structural diversity and wildlife habitat or for silvicultural reasons.	C	Utilization standards are extremely high in the Nipissing Forest.
5.3.2. On-site processing sites are limited in size and number and all by-products are used for other consumptive uses or properly disposed of.		
5.3.3. Harvesting and silvicultural operations are conducted in such a way as to reduce to acceptable levels the damage to the residual stand, including non-merchantable/non-marketable trees and trees being left for future harvest.	C	This was examined carefully on all field sites to determine the level of residual stand damage. There was little residual stand damage observed at any site visited during the audit.
C5.4. Forest management should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.	C	
5.4.1. Non-timber forest product opportunities are	C	The Canada yew harvesting study is aimed at sustainable harvest.

investigated and pursued if viable.		
5.4.2. Forest product types are diversified and the use of under-utilized species is promoted.	C	The entire yellow birch study is aimed at better utilization.
5.4.3 Recreational activities are identified, and monitored to minimize environmental damage.		
C5.5. Forest management operations shall recognize, maintain, and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries.	C	
5.5.1 The applicant demonstrates a commitment to reduce the external costs (externalities) associated with forestry operations		
C5.6. The rate of harvest of forest products shall not exceed levels that can be permanently sustained.	C	Recommendation 2006.1 was issued on this criterion.
5.6.1 The applicant demonstrates that the analysis and calculation of harvest rates of forest products is based upon: <ul style="list-style-type: none"> • A precautionary approach that reflects the presence and quality of information and assumptions; • Credible growth and yield information; • A recent inventory; • Sensitivity analysis of the assumptions that go into the Annual Allowable Cut (AAC) calculation particularly where there is greater uncertainty of the assumptions, where data are weaker, or where the outcome is highly sensitive; • Areas available for harvest; • Natural succession pathways; • Success of silvicultural treatments; • Credible estimates of the rate and extent of natural depletion; • Operational constraints; • Forest projection/habitat/wood supply model runs extending considerably (at least 100 years) into the future; and, • Future forest condition objectives as identified in the forest management plan. 	C	The allowable and actual cuts for the past several years and the projections for the future were reviewed in the Trend Analysis document and in numerous discussions with the planning forester.
5.6.2 The applicant demonstrates that the analysis and calculation of harvest rates of forest products accurately reflects the requirements under other indicators.	C	This was discussed thoroughly with the new planning forester.
5.6.3 The wood-supply modelling exercise in which sustainable harvest levels are identified has been subjected to peer review.	C	The Trend Analysis reflects this and was reviewed in the IFA
5.6.4 Actual harvest rates for timber, averaged over the five most recent years, do not exceed the planned average level.	C	A bigger concern is the under harvesting when comparing the actual rates to allocated rates.
P6 Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.		
C6.1. Assessments of environmental impacts shall be completed -- appropriate to the scale, intensity of forest management and the uniqueness of the affected resources -- and adequately integrated into management systems. Assessments shall include		

<p>landscape level considerations as well as the impacts of on-site processing facilities. Environmental impacts shall be assessed prior to commencement of site-disturbing operations.</p>		
<p>6.1.1. A methodology for impact assessment is in place. Applicants operating on Crown land and/or large holdings should base the methodology for impact assessment on the principles of adaptive management</p>		
<p>6.1.2. Applicants operating on Crown have assembled relevant current inventory information to serve as regional and landscape level context for impact assessment.</p>		
<p>6.1.3. An inventory exists of site-specific environmental/ecological values sensitive to impacts by forest operations.</p>		
<p>C 6.2. Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g., nesting and feeding areas). Conservation zones and protection areas shall be established, appropriate to the scale and intensity of forest management and the uniqueness of the affected resources. Inappropriate hunting, fishing, trapping, and collecting shall be controlled.</p>	C	Newly implemented HCV effort covers this area along with AOC requirements.
<p>6.2.1. VTE Species Vulnerable, threatened, and endangered species, communities and associated habitats, listed by COSEWIC, federal endangered species legislation/policy, relevant provincial agencies, and regional level efforts, are identified and managed in accordance with existing strategies or recovery plans. Where strategies or recovery plans are not yet developed, a precautionary approach is taken to protect known occurrences of rare species, biotic communities and their habitats. (See Appendix 1 for a listing of relevant regulations and lists).</p>	C	See comments under 6.2.
<p>6.2.2. Rare & Uncommon Species Special prescriptions are prepared to address the special status and unique characteristics of rare and uncommon species and ecosystems including:</p> <ul style="list-style-type: none"> • For rare/uncommon tree species or tree species at the edge of their natural range, cutting only takes place where successful regeneration is demonstrated and viable populations exist. • For rare/uncommon plants, wildlife and ecosystems, appropriate buffer zones or harvest modifications are applied in order to ensure their protection. • Width of the buffer and management practices are appropriate to the sensitivity and size of the ecological feature. 	C	See comments under 6.2.
<p>6.2.3. On large forest operations, the manager has established a desired target for the future distribution and</p>	C	White pine restoration targets are clearly defined.

<p>abundance of white pine consistent with site conditions, historical abundance and the scale of the forest being managed using the following standards:</p> <ul style="list-style-type: none"> • White pine is managed so as to increase its relative abundance and to conserve genetic diversity. • Where white pine is being cut successful regeneration must be demonstrated. • Old growth white pine stands (>120 years) are not cut where they represent less than 10% of the white pine working group in the area covered by the management plan.¹ • Isolated stands of white pine (> 1 km from another similar sized stand) that are encountered that have less than the estimated effective breeding population (100 mature individuals 50 yrs or greater), are only harvested if adequate natural regeneration is present within the stand or white pine seed from the appropriate seed zone (OMNR 1997c) is available and is used to successfully regenerate (free to grow) an equivalent site within the seed zone. • Isolated individual white pine are only harvested where they are showing signs of severe decline and are hazardous to forest workers. 		
<p>6.2.4. On Crown land and on large forest operations remnants pockets of late seral stage, old growth, or mature natural forests that display no known signs of past logging activities or other human disturbance should be retained.</p>	C	
<p>6.2.5 Other Features for Wildlife The guidelines for conifer retention, supercanopy trees and mast retention in both the tolerant hardwood and conifer silvicultural guides are followed (Relevant Ontario and Quebec' silvicultural guidelines) including:</p> <ul style="list-style-type: none"> • Conifer Cover - all conifers (excluding balsam fir) are retained where there are fewer than 10 large conifers/ha (large = >40 cm). • Conifers retention shows preference for clumps of trees, larger trees (>40 cm) and longer lived species (e.g. hemlock, Cedar). • Supercanopy Trees -- at least one supercanopy tree (trees 60cm+ that emerge above the main canopy) is retained per 4 hectares of forest (where available). • Mast Tree Retention – 7 or 8 Mast producing trees/ha >25 cm DBH (preferably >40 cm) are retained. 		<p>The NFRM has a clear and well defined strategy for increasing white pine and red pine old growth components on the forest. The implementation of this strategy has been progressing. The extensive blowdown that occurred has reduced some of the effectiveness of the implementation.</p>

¹ As with all of the standards in this document, common sense should prevail when interpreting them. The goal is to conserve mature white pine where it exists and to increase the relative abundance of the species. For example, in instances where the choices for conserving mature white pine are to protect a 200 ha stand of 110 year old pine or protect a 50 ha stand of 120 year old pine, the logical choice would be to protect the former.

<ul style="list-style-type: none"> • A diversity of mast trees are retained where available (e.g. red and white oak, beech) • Retention favours trees greater than 25cm dbh where available • Retention favours trees with large, vigorous, well rounded crowns 		
<p>6.2.6 Snag/Cavity Trees & Downed Woody Debris To maintain sufficient snags, cavity trees, and large woody debris, the following standards apply:</p> <ul style="list-style-type: none"> • As many snags/ha are left standing as possible within the safety considerations of the Occupational Health and Safety Standards • Downed woody debris is not ploughed into windrows² • A minimum of 6 snags/cavity trees per ha. are retained with an emphasis on favouring quality cavity trees over quantity • The retention of cavity trees emphasizes leaving a mixture of alive, partially dead and dead trees (trees 20 cm or greater dbh with potential use by cavity nesters) and snags. 	C	The marking rules related to snags, cavity trees, and other wildlife trees were reviewed in detail in the NEBIE research area.
<p>C6.3. Ecological functions and values shall be maintained intact, enhanced, or restored, including: a) Forest regeneration and succession. b) Genetic, species, and ecosystem diversity. c) Natural cycles that affect the productivity of the forest ecosystem.</p>	C	
<p>6.3.1 Forest management and silvicultural prescriptions are appropriate to the ecosite on the property under assessment and based upon a demonstrable understanding of vegetation and soil types and the use of a Forest Ecosystem Classification (FEC), Ecological Land Classification (ELC), or soil classification system if available.</p>	C	Site specific prescriptions are prepared for all operations in the forest. These were provided as part of the field site review package for the audit team.
<p>6.3.2 Forest management and silvicultural prescriptions emulate natural disturbance patterns and processes of the ecosites and follow accepted guidelines and practices.</p> <p>For selection system:</p> <ul style="list-style-type: none"> • Aim is to maintain a mixed age distribution and sufficient regeneration to restock the forest, while allowing sufficient growing space for the residual stems. • On average, there should not be more than a 1/3 reduction in basal area of the stand. • The target residual basal area of the ideal tolerant hardwood stand is 16 m²/ha - 22 m²/ha for trees 10cm (4") in diameter and up for twenty year cutting cycle. Variations from this are justified (in written form) on sound silvicultural principles. 	C	This is covered under the NDPEG as implemented on the forest. The audit team visited sites where the NDPEG was implemented and determined the guidelines were implemented appropriately.

² Some exceptions exist such as site preparation for white pine shelterwood systems.

<ul style="list-style-type: none"> • Large trees (50 + cm Diameter at Breast Height/DBH) are retained in sufficient numbers (7-20/ha) depending upon site quality. • The target residual basal area may be reduced below 18m²/ha - 20 m²/ha on appropriate eco-sites where mid-tolerant species, such as oak, black cherry and ash, are being targeted for regeneration (for 20-year cutting cycle). • In the use of group selection for mid-tolerant and intolerant species, the size of the forest opening does generally not exceed twice the height of the forest canopy. • Tree removal favours the retention of high quality stems with consideration given for species diversity and wildlife habitat. • Tree removal focuses on managing all diameter classes within the forest. • Trees to be removed are marked such that the post-cutting stump mark is evident. • Diameter-limit-cuts and other forms of highgrading are not used on the property. • Tree marking is conducted by licensed/certified tree markers (or equivalent). <p>For clearcutting system:</p> <ul style="list-style-type: none"> • The frequency, dispersion and size of clearcuts emulates historical disturbance patterns as closely as possible and forest manager must show how this was developed. • Clearcuts have irregular perimeters. • An average of 16 stems/ha of dominant and/or co-dominant leave trees are retained on-site. • In clearcuts greater than 5 ha, operators leave scattered clumps of live trees. <p>For shelterwood/cut systems:</p> <ul style="list-style-type: none"> • Shelterwood cuts follow the MNR silvicultural guidelines with the following additions: • Shelterwood regime is used to secure the regeneration and to reverse historic declines of mid-tolerant species - e.g. yellow birch, oak, white ash, basswood, black cherry, hickory and red and white pine. • Shelterwood regime is only used where mid-tolerant species are present in the stand or are suited to the eco-site. • Overstory removal cuts are scheduled so as to minimize damage to regeneration. • Consideration for seed year should be demonstrated when scheduling seed cuts. • Even-aged management systems for tolerant hardwoods are only used when they are considered in a landscape context. Issues to be addressed 		
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<p>include current stand conditions, ecosite characteristics, surrounding forest cover, and the frequency of naturally occurring stand replacing events and the extent to which they are being suppressed.</p> <p>Exceptions to these indicators are allowable in circumstances where restoration is first required.</p>		
<p>6.3.3 Provincial most current guidelines for the management of moose, deer, pileated woodpecker, herons, and forest nesting raptors are applied. For small parcels of forest (<1,000 ha), the landscape level requirements for these standards do not apply however the stand level requirements do.</p>		
<p>6.3.4. In areas of fragmented forest, particularly in Site Region 6, efforts are made to maintain connectivity of forest cover including:</p> <ul style="list-style-type: none"> • Where possible, corridors have a minimum width of 300 m and a minimum 70% canopy closure (>10m height). • Connectivity corridors should be designed to encompass such areas as riparian corridors, ravines or ridgelines. 		
<p>6.3.5. A road plan exists detailing planned road construction, access, and proposed road decommissioning</p>		
<p>6.3.6. Roads are closed and/or access controlled unless it can be demonstrated that there are significant economic or recreational benefits to leaving them open:</p> <ul style="list-style-type: none"> • Removable bridges used to control access to sensitive areas. • Forest manager takes reasonable steps to stop unauthorized activities when necessary (e.g. posting signage, use of gates, etc). 	C	<p>This continues to be an area of concern of local residents and NFRM. Road closure determinations are made by the MNR and are not effectively enforced.</p>
<p>6.3.7. Riparian buffers With respect to riparian areas, Crown Land Guidelines should be followed for all flowing streams.</p>	C	<p>Appropriate AOC's were clearly marked for all operations visited during the audit.</p>
<p>C6.4. Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the scale and intensity of operations and the uniqueness of the affected resources.</p>	C	
<p>6.4.1.i Standard for Crown Land: a) In the absence of the province completing its network of representative protected areas based on a peer reviewed gap analysis, parties seeking certification on Crown land must: b) Make use of a peer reviewed gap analysis, and ensure protection from logging for those areas that have been identified as Candidate representative protected areas. c) Specially designated areas (e.g. Areas of Natural and</p>	C	<p>Ontario Parks has completed the assessment and the report is expected at any time. Recommendation 2006.2 relates to implementation of the gap analysis study results.</p>

<p>Scientific Interest, Environmentally Sensitive Areas and similar designations in Quebec).</p> <p>d) At the time of certification, the forest manager shall have in place a strategy & timeline for contributing towards achieving representation.</p> <p>e) Delineate on maps, and address in the management plan, the location of candidate areas and related strategies and timelines.</p> <p>f) Remove protected candidate areas from the landbase area when calculating the annual allowable cut (AAC).</p>								
<p>6.4.1.ii Standards for Private Land Certification:</p> <p>a) The applicant is aware of the adequacy of representation at a landscape level and demonstrates consistent efforts to contribute to landscape level representation goals. Examples of such efforts could range from the employment of land securement techniques (easements, restrictive covenants, land trusts) to simply not logging them.</p> <p>b) Periodic audits by the certifier are used to assess progress and to help set protection targets for the following audit.</p>	NA							
<p>C6.5. Written guidelines shall be prepared and implemented to control erosion; minimize forest damage during harvesting, road construction, and all other mechanical disturbances; and to protect water resources.</p>	C							
<p>6.5.1. Residual Stand Damage Major damage to the residual stand, as defined in the categories provided in Appendix XIII is confined to 10% or less of the stand. An equivalent system may be used that sets an equally high standard for residual stand damage (e.g. Crown system of assessment with major damage to stems confined to 10% or less of the stand – combination of both acceptable growing stock and unacceptable growing stock).</p>	C	Residual stand damage was very minimal in the field sites visited.						
<p>6.5.2. When forest operations cross permanent water courses Provincial Crown Land Guidelines are followed:</p>								
<p>6.5.3. Crossing Seasonal Water Courses Seasonal watercourses (including seeps & ponds) are only crossed where unavoidable and the number of crossings is restricted. Where crossing is unavoidable and the crossing is temporary, water crossings do not impede water flow or disturb fish habitat, and the site is returned to its pre-harvest condition as soon as possible.</p>								
<p>6.5.4. The performance on rutting meets or exceeds the following standard</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Standards for Skid Trail & Landing Rutting</th> </tr> <tr> <th style="text-align: left;">Rutting Category</th> <th style="text-align: left;">Max. Cumulative Distance of Rutting per Trail System to Landing</th> </tr> </thead> <tbody> <tr> <td>Moderate: 16 cm to 30 cm (6.1” to 12”) of rutting</td> <td>Can be maintained over the entire system. However, skidding operations should stop when first signs of rutting occur on branch trails.</td> </tr> </tbody> </table>			Standards for Skid Trail & Landing Rutting		Rutting Category	Max. Cumulative Distance of Rutting per Trail System to Landing	Moderate: 16 cm to 30 cm (6.1” to 12”) of rutting	Can be maintained over the entire system. However, skidding operations should stop when first signs of rutting occur on branch trails.
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Moderate: 16 cm to 30 cm (6.1” to 12”) of rutting	Can be maintained over the entire system. However, skidding operations should stop when first signs of rutting occur on branch trails.							

Major: 31 cm to 60 cm (12.1" to 24") of rutting	480 m (1,600'). If greater than 480 m then cease operations at that site. Can include up to 120 m of extreme rutting.	
Extreme: rutting greater than 61 cm (24.1")	120 metres (400'). If greater than 120 m then cease operations at that site.	
Source: adapted from standards used by the Algonquin Forest Authority		
	C	NFRM has adopted the higher standard of the Ontario Parks for rutting. They also participate in a group trying to establish a ground disturbance project to look at the impacts and make recommendations
<p>6.5.5. Haul Road, Skid Trail, and Log Haul roads: Skid trails and landings are well planned and designed to minimize soil erosion and removal of forest cover:</p> <ul style="list-style-type: none"> • Skid trails t cover not more than 20% of the forested area for selection cutting and 30% for shelterwood systems. • Landings and haul roads cover not more than 2% of the forested area. • Landings are limited to less than .15 ha in size, a 3% slope, and are stabilized to prevent erosion. • Landings make use of existing/past forest openings where possible. • Skid trails are spaced at roughly 50 metres for selection system when terrain allows. • As a general rule, haul roads are built at grades less than 10%, skid trails at grades less than 15%. • Haul roads and main skid trails are flagged or otherwise marked prior to harvesting. • Trail system avoids wet spots, seeps, poorly drained areas, and intermittent streams wherever possible. • Small woodlots in agricultural areas use open fields for haul roads wherever possible. • Stream crossings are minimized. • Skid bridges are removed following harvest. 	C	This has been an issue in isolated circumstances in past audit visits. The actions taken to provide better contractor training and oversight appear to be producing better results on the ground.
<p>6.5.6. Soil Erosion</p> <p>On sloped roads and skid trails susceptible to erosion, water bars are installed as soon as logging is completed or when operations are suspended during wet periods.</p>		
<p>6.5.7. Mechanical Site Preparation</p> <p>Mechanical site preparation is used judiciously to secure regeneration and to minimize soil compaction, erosion and the displacement of organic nutrients and consistent with the following requirements:</p> <ul style="list-style-type: none"> • Mechanical preparation is limited to slopes less than 35 % (if site preparation is required to secure regeneration on slopes greater than 35%, logging should not occur). • Mechanical preparation on moist and wet soils is avoided or seasonally timed to coincide with dry periods. 	C	One specific site where mechanical site preparation was used extensively in the past was visited to determine the impact of this site preparation technique. There did not appear to be any negative impacts on the site visited. Mechanical site preparation is fairly limited in the Nipissing Forest and is usually associated with pine restoration efforts.

<ul style="list-style-type: none"> • Spot scarification for individual seedling establishment is preferred to large area scarification (can vary depending upon regeneration target). • Surface organic mat and underlying mineral soils are mixed rather than simply removing organic layer (may vary depending upon regeneration target). • Windrowing of organic layer and DWD does not occur unless it is required for site preparation intended to return the forest to an original species component or where the risk of wildfire requires preventative action. 		
<p>C6.6. Management systems shall promote the development and adoption of environmentally friendly non-chemical methods of pest management and strive to avoid the use of chemical pesticides. World Health Organization Type 1A and 1B and chlorinated hydrocarbon pesticides; pesticides that are persistent, toxic or whose derivatives remain biologically active and accumulate in the food chain beyond their intended use; as well as any pesticides banned by international agreement, shall be prohibited. If chemicals are used, proper equipment and training shall be provided to minimize health and environmental risks.</p>	C	
6.6.1. Chemical Pesticides prohibited by the FSC under Criterion 6.6 are not used.	C	The use of chemicals on the forest was reviewed for the year since the last audit. The only pesticide used was Vision for tending of regeneration.
6.6.2. The use of herbicides is limited to those situations where the goal is to regenerate or restore forest cover to formerly deforested sites (e.g. agricultural lands) or with such silviculturally challenging species as oak and white pine and underrepresented forest types across the landscape.	C	Herbicides are used for pine restoration efforts.
6.6.3. Company demonstrates continuous reduction of herbicide use with the eventual goal of a complete phase-out of their use over time.	C	This goal is stated clearly, with the exception of the use for pine restoration efforts.
6.6.4. The use of insecticides is limited to extreme circumstances where they are necessary to control major insect outbreaks.	C	There may be some use over the next year to control the Jack pine budworm outbreak.
6.6.5. Target specific pesticides (herbicides & insecticides) may be used to control invasive exotic species for a prolonged period if necessary.	C	No invasive exotic control projects were executed since the 2005 audit.
<p>C6.7. Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in an environmentally appropriate manner at off-site locations.</p>		
6.7.1. Biodegradable oil and other biodegradable products are used when available, and an active recycling program is in place for oil and plastic products.		
6.7.2. A policy exists, and is implemented, related the disposal of any inorganic wastes and substances.		
6.7.3. Applicants operating on Crown Land or large	C	This is covered in the contractor training program that took place in

forest operations have in place training programs for staff handling chemicals.		spring of 2006.
C6.8. Use of biological control agents shall be documented, minimized, monitored, and strictly controlled in accordance with national laws and internationally accepted scientific protocols. Use of genetically modified organisms shall be prohibited.	C	
6.8.1. The introduction of genetically engineered species is prohibited except to allow for restoration efforts of native species (such as elm, American chestnut, and butternut) damaged by introduced organisms.	C	None have been introduced.
6.8.2 Biological control agents (e.g. Bt) are used only where other non-chemical pest control methods are, or can reasonably be expected to be ineffective. The rationale for the use of biological control agents is documented and based on scientific evidence.	C	There is a growing Jack pine budworm problem. The provincial approach is to use Bt insecticides for control. There is a high probability of use in the coming season. No viable alternative that meets FSC restrictions is available.
C6.9. The use of exotic species shall be carefully controlled and actively monitored to avoid adverse ecological impacts.	C	
6.9.1. The use of exotic species is strictly controlled and monitored for adverse environmental impacts and their establishment limited to former deforested sites/agricultural lands. Only species known to be non-invasive are to be used.	C	No exotic species are utilized.
C6.10. Forest conversion to plantations or non-forest land uses shall not occur, except in circumstances where conversion: a) Entails a very limited portion of the forest management unit; and b) Does not occur on High Conservation Value Forest areas; and c) Will enable clear, substantial, additional, secure, long-term conservation benefits across the forest management unit.		
6.10.1 Forest conversion to plantations or non-forest land uses (except roads required for access) will not occur on High Conservation Value Forest (HCVF) areas.	C	Land use patterns demonstrate that the productive forest land base is being retained and non-forested areas are not increasing.
6.10.2 A maximum of 5% of the productive forest area will be available for conversion to plantations.		
6.10.3 Should any conversions of natural forest to plantations occur, it will only be done if there are demonstrable long-term, sustainable conservation benefits to the forest.		
6.10.4 The applicant does not convert forest to non-forest land (beyond that permitted in approved plans for roads, trails, landings, gravel pits and camps).		
6.10.5 Management actions are undertaken to convert all non-forest areas (landings, gravel pits, etc.) back to forest once the non-forest use has ceased.		
6.10.6 Where there are holders of overlapping tenure outside of the forest sector, the applicant works with other tenure holders to limit conversions of productive forest land to non-productive forest land uses.		
P7 A management plan -- appropriate to the scale and intensity of the operations -- shall be written, implemented, and kept up to		

date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.		
<p>C7.1. The management plan and supporting documents shall provide:</p> <p>a) Management objectives. b) description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands. c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories. d) Rationale for rate of annual harvest and species selection. e) Provisions for monitoring of forest growth and dynamics. f) Environmental safeguards based on environmental assessments. g) Plans for the identification and protection of rare, threatened and endangered species. h) Maps describing the forest resource base including protected areas, planned management activities and land ownership. i) Description and justification of harvesting techniques and equipment to be used.</p>	C	
<p>7.1.1. For cases in which the forest is on Crown land, stakeholders and other interested parties have been provided with opportunities, through a publicized and open consultative process, to provide input into the development of plan objectives and strategies throughout the plan development process.</p>	C	The consultative process for the FMP and the AWS is extensive and involves opportunities for the general public and the First Nations.
<p>7.1.2. A description of the forest resources to be managed, environmental limitations, land use and ownership status, and socio-economic conditions, including:</p> <ul style="list-style-type: none"> • History of ownership and management of the forest, as much as reasonably can be known by the owner/manager. • An inventory and description of forest resources. • A profile of adjacent lands 	C	The current FMP covers all the requirements.
<p>7.1.3. The rationale for rate of annual harvest and species selection including:</p> <ul style="list-style-type: none"> • Projections of yields, growth levels and harvest volumes must be justified by clear evidence in the form of historical data, empirical experience, or research findings. • Rate of annual timber harvest must be calculated after protected areas, riparian zones, and non-productive forested land are taken out of the productive land-base. • Actual harvest levels should be less than or equal to actual incremental growth over the length of the management plan where possible – otherwise it can be balanced out over a 2 – 20 year period. 	C	The Trends Analysis Report was done to update this information.

<p>7.1.4. Environmental safeguards based on environmental assessments including:</p> <ul style="list-style-type: none"> • Consideration of the potential future influence of "pests", pathogens, droughts, etc. on allowable harvests, timber values and stocking. • Written guidelines and specifications for avoiding damage to ecosystems consistent with relevant guidelines described under Criteria 6.3 and 6.5. 		
<p>7.1.5. Monitoring and compliance:</p> <ul style="list-style-type: none"> • Indicators of progress relative to objectives are identified, and an effective and thorough method for monitoring these indicators is in place. • An effective monitoring and compliance strategy is in place to ensure proper implementation of the management plan. 	C	<p>Extensive monitoring of compliance takes place. The compliance report was provided along with all compliance inspection reports. The monitoring effort is evident in the regeneration, free-to-grow surveys and other data compiled for the Trends Analysis to be completed. This included the comparison of the planned versus the actual harvests by species.</p>
<p>7.1.6. Maps which describe the forest resource, including:</p> <ul style="list-style-type: none"> • Maps as they relate to management issues and objectives • Existing and planned infrastructure, road network and roadless areas for entire length of planning period • Protected areas • Forest resource inventories • Values maps (for applicants operating on Crown land, examples include: areas of special ecological significance including habitat of rare, threatened and endangered species, old growth remnants, areas with unusually high species diversity, important nesting or feeding sites or concentrations of species having significant cultural value. Small operations still have to present values identified in their property) • Planned management activities 	C	<p>The mapping resource for the NFRM is very impressive. The GIS database provides for mapping of all types of considerations and resources. The Annual Work Schedule maps were utilized for audit planning.</p>
<p>C7.2. The management plan shall be periodically revised to incorporate the results of monitoring or new scientific and technical information, as well as to respond to changing environmental, social and economic circumstances.</p>	C	
<p>7.2.1. For applicants operating on Crown Land or for large forest operations, the management plan contains a detailed monitoring strategy consistent with the principles of adaptive management and Criterion 8.1. Small and low intensity wood operations must document their monitoring efforts</p>	C	<p>The FMP is revised on a five year rolling cycle. The current FMP covers the period from 2004 through 2009.</p>
<p>7.2.2. For applicants operating on Crown Land or for large forest operations, the monitoring strategy in the management plan is implemented.</p>	C	<p>Several monitoring sites were visited during the field audit and the results of monitoring were reviewed in the Trends Analysis document review.</p>
<p>C7.3. Forest workers shall receive adequate training and supervision to ensure proper implementation of</p>	C	

the management plans.		
7.3.1. Applicants operating on Crown Land or for large operators or groups, have a training program that emphasizes continuous education, with particular emphasis on reaching objectives as outlined in the forest management plan.	C	NFRM provides an extensive training program for contractors, employees, and shareholders.
7.3.2 Applicants operating on Crown Land or for large operators or groups provide clear guidance to field staff and contractors in the form of written manuals, policies and training so that they understand and can implement the forest management plan. Small operators provide written guidance to contractors to ensure implementation of management plan.	C	The policies and training materials were reviewed by the audit team as part of the office review.
C7.4. While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1.	C	
7.4.1 For applicants operating on Crown Land or for large forest operations, the public is provided with a summary of the management plan and is allowed access to the complete management plan. This access is limited only by the following specific information: <ul style="list-style-type: none"> Confidential information collected and managed by Indigenous communities on traditional land use activities and cultural values; Information respecting certain values, that if made available could pose a threat to the existence, conservation, health or integrity of those values; Existing confidentiality agreements that may restrict information sharing; Proprietary or confidential information in respect of existing Copyright Law, Freedom of Information and Protection of Privacy Act (FIPPA) legislation and the intellectual property rights mechanisms associated with these types of legislation; and Information that would affect the applicant's competitiveness (e.g. costs, revenues, etc.). 	C	The public was involved through public meetings to present the FMP and the annual work schedule. The LLC has been very active in the past year. The agendas and notes from the meetings were provided to the auditors. The First Nations meet separately with NFRM to discuss the FMP, work schedules and potential impacts of these items.
7.4.2 Small and low intensity operations on private lands should make available to the public a management plan summary at a reasonable fee and shall outline the land management objectives.	NA	
P8 Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.		
C8.1. The frequency and intensity of monitoring should be determined by the scale and intensity of forest management operations, as well as, the relative complexity and fragility of the affected environment. Monitoring procedures should be consistent and replicable over time to allow comparison of results and assessment of change.	C	
8.1.1. The applicant has a comprehensive monitoring plan that outlines the parameters to be monitored	C	NFRM prepares an annual compliance monitoring plan and implements it. There are a series of research plots for growth and

(consistent with the requirements of Criterion 8.2), and the frequency, intensity, procedures, rationale and responsibility for monitoring.		yield and silvicultural effectiveness. NFRM implemented the silvicultural effectiveness monitoring program developed by Doug Maki of the Sudbury Forest.
8.1.2. To be consistent with adaptive management, where appropriate to the scale of the forest (SLIMF) and specific issues, the monitoring program has been designed to test explicitly stated hypotheses of the effects of forest management.		
8.1.3 The monitoring plan is reviewed and if necessary updated on a schedule consistent with the parameters being monitored and developments in monitoring technologies.	C	See 8.1.1
8.2. Forest management should include the research and data collection needed to monitor, at a minimum, the following indicators: a) yield of all forest products harvested, b) growth rates, regeneration, and condition of the forest, c) composition and observed changes in the flora and fauna, d) environmental and social impacts of harvesting and other operations, and e) cost, productivity, and efficiency of forest management.	C	Participation in ongoing research projects of a wide variety of topics is evident and the yellow birch research area and the Canada yew research areas were visited and discussed with the research scientists in the field audit.
Yield of all forest products harvested 8.2.1 The applicant monitors the yield of timber harvest volumes by species and product.	C	This is done as a matter of course in reporting to the MNR.
8.2.2. On public land, the applicant has assembled readily available monitoring information about the harvest of timber by parties other than themselves.	C	This was included in the Trends Analysis document.
Growth Rates, Regeneration, and Condition of the Forest 8.2.3 The applicant monitors growth rates, regeneration and condition of the forest, including but not limited to forest health, disturbance, and age class structure.	C	This was included in the Trends Analysis document.
8.2.4 Up-to-date inventories of the forest cover are available.		The FRI information provided by the MNR is outdated and needs to be updated. This is covered in REC 2006.1
Changes in Flora and Fauna 8.2.5 The applicant gathers data on flora and fauna which will help monitor the efficacy of the management plan. (MODIFY FOR SLIMF OR ADD INTENT)		
Environmental Impacts 8.2.6 The applicant monitors environmental impacts of forest management activities assessed in accordance with (but not necessarily limited to) Criterion 6.5.		
8.2.7 The applicant monitors the impacts of forest management operations on High Conservation Value Forests as consistent with Criterion 9.4.		
Impacts on Cultural Values and Resources 8.2.8 The applicant monitors the impacts of forest management activities on cultural values and resources		

(e.g. areas of high recreational use for berry picking, snowmobiling, birdwatching, high aesthetic value areas, etc.).		
Economics		
8.2.9 The applicant monitors the costs, productivity and efficiency of forest management activities, consistent with Criterion 5.1.		
Additional		
8.2.10 On public forests, large private holdings, or in resource manager schemes, the applicant is using or actively developing or participating in the development of a system of sample plots, that includes but is not limited to permanent plots, to measure forest condition and trends over time, including the impacts of forest management.		
8.2.11 On public forests, large private holdings, or in resource manager schemes, information and knowledge related to forest management are regularly assessed and the means to address gaps in them incorporated into the research and data collection program.		
C8.3. Documentation shall be provided by the forest manager to enable monitoring and certifying organizations to trace each forest product from its origin, a process known as the "chain of custody."	C	
8.3.1 A documented procedure is in place to identify FSC-certified products leaving the management unit so that the forest of origin can be identified.	C	The chain of custody for the forest to mill gate was reviewed in the audit and determined to maintain the custody record.
8.3.2 Certified forest products, while in the applicant's possession, are clearly identified through marks or labels, and/or are stored separately from non-certified forest products.	C	The Bill of Laden requirements for log loads provides this requirement.
C8.4. The results of monitoring shall be incorporated into the implementation and revision of the management plan.	C	This was clearly demonstrated through the use of new growth curves developed from the yellow birch research effort.
(note this criterion is presented without indicators)		
C8.5. While respecting the confidentiality of information, forest managers shall make publicly available a summary of the results of monitoring indicators, including those listed in Criterion 8.2.	C	
8.5.1. A summary of the results of monitoring activities is regularly compiled. For public lands, the summary report is available to the public.	C	The 2006 trend analysis of planned versus actual forest operations provides this information.
8.5.2 On public lands, the applicant assists the public in the interpretation of monitoring programs and their results.	C	Educational field trips are provided as part of the NFRM operations. The audit team was able to participate in a NEBIE training field trip as part of the field audit.
P9 Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.		
C9.1. Assessment to determine the presence of the attributes consistent with High Conservation Value Forests will be completed, appropriate to scale and	C	

intensity of forest management.		
9.1.1. The applicant undertakes efforts to, or makes use of existing efforts to, identify and map the presence of HCVs and HCVFs according to the assessment process in the National Framework (Appendix 4). If the process described in Appendix 4 is not used, the process that is used to identify HCVs and HCVFs must meet key characteristics and the intent of the process in Appendix 3.	C	The mapping of the HCV's was completed since the last annual audit and covers the entire Nipissing Forest while protecting the actual location and value.
9.1.2 The applicant involves qualified specialists, directly affected people and Indigenous People in the assessment.	C	
9.1.3 The applicant ensures that a credible outside review is undertaken and makes the assessment document(s), associated maps, and outside review report available to the public.	C	Review has been difficult to obtain. WWF did review the Sudbury HCV report and the comments made there on general ideas were incorporated into the Nipissing HCV Report.
C9.2. The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof.	C	
9.2.1 The applicant provides stakeholders and other interested parties with the opportunities, through a publicized and open consultative process, to input into the identification of High Conservation Value Forests and into the development of management objectives that protect those identified values.	C	The first opportunity for this activity will take place in the preparation of the new FMP that will be developed for the period between 2009 and 2014. In the meantime the implementation of the modified HCV Report and the AOC's provides protection.
C9.3. The management plan shall include and implement specific measures that ensure the maintenance and/or enhancement of the applicable conservation attributes consistent with the precautionary approach. These measures shall be specifically included in the publicly available management plan summary.	C	See 9.2.1
9.3.1. The management plan and supporting documents include specific strategies relevant to identified High Conservation Values that: <ul style="list-style-type: none"> • Include and support federal/provincial/territorial recovery plans (biodiversity and wildlife habitat); • Maintain genetic distinctness (endemic species); • Ensure the protection and maintenance of critical habitat features (breeding sites, wintering sites, migration sites and routes) by managing access including the location of reserves (no cut areas and modified harvesting), roads as well as seasonal operating restrictions; • Provide for the genetic mixing (infusion) from source populations of species at risk, species chosen to represent a range of habitat requirements, and focal species that are at the edge of the range or are outlier populations, by ensuring habitat connectivity between the local populations; • Provisionally defer logging in large landscape level forests until a credible conservation plan has been completed, including: conservation design aspects; 	C	See 9.2.1

<p>protected areas gap analysis, and identification of candidate areas to fill gaps (see Principle 6.4); special management areas; and, appropriate stakeholder consultation;</p> <ul style="list-style-type: none"> • Are jointly developed with Indigenous Peoples, local communities and affected forest users where forest areas are fundamental to meet their basic needs and are critical to maintain traditional cultural identity; and, • Provisionally avoid scheduling logging in large landscape-level forests until a conservation strategy has been completed that includes conservation design aspects, protected areas gap analysis and the identification of candidate protected areas. The conservation strategy should prioritize decisions of location, size and extent of protected area candidates that focus on maintaining the HCV attributes. The strategy has a well-documented rationale and incorporates input from experts and stakeholder consultation. 		
<p>9.3.2. Where a specific High Conservation Value Forest straddles a management unit or is potentially affected by existing or proposed activities outside of the management unit, the applicant demonstrates attempts to coordinate activities with adjacent manager(s) and land users to maintain or enhance the applicable conservation attributes.</p>	NA	
<p>9.3.3. The applicant demonstrates that the management strategies and measures selected to maintain or restore High Conservation Values are consistent with a precautionary approach, and with respect to each conservation attribute:</p> <ul style="list-style-type: none"> • Will create conditions with a very high probability of securing the long-term maintenance or the restoration of the applicable conservation attribute; • Are being implemented; and, • Are proving effective (or are adapted as required) based on the results of monitoring. 	C	<p>The precautionary approach to protecting the identified HCV's is clearly demonstrated in the HCV document and the implementation of the HCV protections in the forest operations.</p>
<p>C9.4. Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.</p>		
<p>9.4.1 The applicant sets up and implements, or participates in, a program to monitor the status of the applicable HCVs, including the effectiveness of the measures employed for their maintenance or restoration. The monitoring program is designed and implemented consistent with the requirements of Principle 8.</p>		
<p>9.4.2 The monitoring program is capable of alerting the applicant to changes in the status of a conservation attribute, and determining if the conservation measures are effective in maintaining or restoring the conservation attribute. The results of monitoring are assessed</p>		

consistent with the monitoring requirements of Indicator 8.1.1.		
9.4.3 When monitoring results indicate increasing risk to a specific conservation attribute, the applicant re-evaluates the measures taken to maintain or enhance that attribute, and adjusts the management measures to reverse the trend.		

3.2 Stakeholder Comment

Potential FSC 2006 Annual Audit contacts were contacted via email by Nipissing Forest Resource Management, Inc. A list of those contacted is included in the Appendix A (confidential and maintained in SCS files). To date none of those individuals has provided any input. The individuals in the following table were contacted directly during the course of the audit.

Name & Affiliation	Addresses	Phone/Fax/Email	Comments
Al Stinson, Forestry Research Partnership		705-744-1715	Participated in field audit at several of the numerous research and field trial partnership sites
Tom Clark, Consultant		705-645-2580	Participated in Field Audit
Tom Noland, Forestry Research Partnership			Participated in Field Audit and discussion of Canada yew sustainability project
Dwight Fryer, Fryer Forest Products			Participated in Field Audit. Interviewed about NFRM operations.

NFRM has not received any stakeholder complaints or disputes since the previous evaluation, and stakeholder consultation by the audit team has not revealed any further stakeholder complaints or disputes.

3.3 Controversial Issues

No exceptionally controversial or difficult issues presented themselves during this surveillance audit.

3.4 Changes in Certificate Scope

There were no changes in the scope of this certificate during the previous year. There is discussion about the amalgamation of the Nipissing Forest and the Temagami Forest. This would have significant impacts on the scope of the certificate. Discussions between NFRM and SCS have taken place with regard to the proposal.

