



## Montreal Lake Business Ventures (BV) Ltd. — 2015 Surveillance Audit

In October 2015, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of Montreal Lake Business Ventures Ltd.'s (Montreal Lake BV) Prince Albert Forest Management Agreement area woodlands operations against the requirements of the 2015-2019 edition of the Sustainable Forestry Initiative® (SFI) Forest Management Standard. This Certification Summary Report provides an overview of the process and KPMG's findings.

### Description of Montreal Lake Business Ventures Ltd's Woodlands Operations

Montreal Lake BV is a forestry company which is wholly owned by the Montreal Lake Cree Nation of Montreal Lake, Saskatchewan. Montreal Lake BV's Crown land woodlands operations are situated within the Prince Albert (PA) Forest Management Agreement area (FMA) in Northern Saskatchewan. Montreal Lake BV is a shareholder in Sakaw Aisky Management Inc. which is a working consortium of various stakeholders managing forestlands within the PA FMA. The company has an annual allocation of 200,000 m<sup>3</sup> of softwood harvest and 40,000 m<sup>3</sup> of deciduous harvest within three geographic operating areas. The company does not have an associated sawmill or other wood processing facility, and does not buy logs from others.

The woodlands operations that are included within the scope of the Company's SFI certification are covered by government-approved harvest plans that address both timber and non-timber values. These are developed to be consistent with higher level plans such as the Detailed Forest Management Plan which provide direction to forest management within the areas managed by the organization.

The forests managed by the Company are within the boreal forest eco-region, and are made up of mixed-wood stands on the west and softwood dominated stands to the north and east. Common tree species are trembling aspen, pine, spruce, balsam, poplar, and birch.

The forest management approach employed by the Company is based on even-aged management, ground-based harvesting systems, clearcut harvesting with the retention of reserves of standing trees, post-harvest regeneration of deciduous species through natural suckering, and in the case of conifer species regeneration through planting with a mix of ecologically suited tree species.

### Audit Scope

The scope of the audit covered the following:

- The objectives of the SFI standard noted at Table 1 later in this report and the organization's activities and management system processes that pertain to them.
- Activities conducted under the Company's management system between August 31, 2014 and October 8, 2015.



**The Audit**

- *Audit Team* – The audit was conducted by Adrienne Hegedus, EMS(LA). Adrienne is an employee of KPMG PRI and has conducted numerous forest management audits under a variety of standards including SFI, CSA Z809, FSC and ISO 14001 standards.
- *2015 SFI Surveillance Audit* – The audit involved an on-site assessment of a sample of elements of the Company’s SFI program, and included visits to several field sites (2 roads, 4 harvesting sites, 1 silviculture sites, ) to evaluate conformance with the requirements of the SFI forest management standard. The audit took a total of 3 auditor days to complete, 2 days of which were spent on-site at the operations included in the audit sample. The balance of audit time was spent preparing the audit plan, completing an audit checklist, and preparing the main and public summary audit reports.
- *Montreal Lake BV’s SFI Program Representatives* – Darryl Sande was Montreal Lake BV ’s SFI program representatives during the audit.

**Use of Substitute Indicators**

No substitute indicators were utilized during the audit.

**Audit Objectives**

The objectives of the audit were to evaluate the sustainable forest management system to:

- Determine its conformance with the requirements of the SFI 2015-2019 forest management standard;
- Evaluate the ability of the system to ensure the company’s woodlands operations meet applicable regulatory requirements;
- Evaluate the effectiveness of the system in ensuring the company meets its specified SFM objectives, and
- Where applicable, identify opportunities for improvement.

**Follow-up on Findings from Previous Audits**

At the time of this assessment there was one open non-conformity from previous external SFI audits. The audit team reviewed the status of the action plans that were developed by the Company to address these previous audit findings and concluded that they: (1) had been implemented as required, and (2) were effective in addressing the root causes of these non-conformities. As a result, all of the previously identified non-conformities have now been closed.

**Areas of Nonconformance**

Two minor non-conformities were identified during the SFI audit:

Montreal Lake BV Ltd. Audit Findings	
Major non-conformities	0
Minor non-conformities	2
Opportunities for improvement	1

### Evidence of Conformity with the SFI 2015-2019 Forest Management Standard

Primary sources of evidence assessed to determine conformity with the SFI 2015-2019 forest management standard are presented in the following Table 1:

SFI Forest Management Objective	Sources of Key Evidence of Conformity
1. Forest Management Planning	N/A not in scope for 2015 audit
2. Forest Health and Productivity	Site plans, silviculture reports, field inspections.
3. Protection and Maintenance of Water Resources	N/A not in scope for 2015 audit
4. Conservation of Biological Diversity	Forest management plan, site plans, interviews with planning staff, field inspections.
5. Management of Visual Quality and Recreational Benefits	N/A not in scope for 2015 audit
6. Protection of Special Sites	Forest management plan, site plans, special site inspections.
7. Efficient Use of Fibre Resources	N/A not in scope for 2015 audit
8. Recognize and Respect Indigenous Peoples' Rights	Company policy on sustainable forest management, records of consultation with local Indigenous Peoples, staff interviews.
9. Legal and Regulatory Compliance	Forest management plan, health & safety policy, field inspections, interviews with regulatory agency personnel.
10. Forestry Research, Science & Technology	N/A not in scope for 2015 audit
11. Training and Education	Forest management plan, training records, SIC minutes & resources, interviews with
12. Community Involvement and Landowner Outreach	N/A not in scope for 2015 audit
13. Public Land Management Responsibilities	Records of cooperative public land planning processes, forest management plan, site plans, records of plan referrals to local
14. Communications and Public Reporting	N/A not in scope for 2015 audit
15. Management Review and Continual Improvement	Management review records, internal audit and related action plans.

#### Types of audit findings

##### **Major non-conformities:**

Are pervasive or critical to the achievement of the SFM Objectives.

##### **Minor non-conformities:**

Are isolated incidents that are non-critical to the achievement of SFM Objectives.

All non-conformities require the development of a corrective action plan within 30 days of the audit.

Major non-conformities must be addressed immediately or certification cannot be achieved / maintained.

##### **Opportunities for Improvement:**

Are not non-conformities but are comments on specific areas of the SFM System where improvements can be made.

- SFI Forest Management Objective 9 — (legal and regulatory compliance) – Recently revised stream crossing permit requirements specify that the company is to provide the government with specific information for each crossing (such as vegetative cover, fish and wildlife species, soil types, and landform). However the audit found that while this information has been provided for larger streams, it was not provided for some smaller streams.
- SFI Forest Management Objective 2 (water quality) — There are no written agreements requiring the use of best management practices.

### Opportunities for Improvement

One opportunity for improvement was identified during the SFI audit:

- SFI Forest Management Objective 4 (biodiversity) — the company may consider assessing government standards and guidelines for changes.

### Corrective Action Plans

Corrective action plans designed to address the root cause(s) of the non-conformities identified during the audit have been developed and reviewed and approved by KPMG PRI. The next audit will include a follow-up assessment of these issues to confirm that the corrective action plans developed to address them have been implemented as required.

### Audit Conclusions

The audit found that:

- Were in full conformance with the requirements of the SFI 2015-2019 forest management and fibre sourcing standards included within the scope of the audit, except where noted otherwise in this report;
- Have been effectively implemented, and;
- Are sufficient to systematically meet the commitments included within the organization’s environmental and SFM policies, provided that the systems continues to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that Montreal Lake Business Ventures Ltd. be certified to the SFI 2015-2019 forest management standard.

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