

Hearst Forest

Independent Forest Audit 2025

April 1, 2019 – March 31, 2025



Prepared by
Caliber Forestry Consulting Co.
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1.0 Executive Summary

This report presents the findings of an Independent Forest Audit of the Hearst Forest conducted by Caliber Forestry Consulting Incorporated. The audit followed the risk-based approach as outlined in the Independent Forest Audit Process and Protocol. The audit included a review of documentation and records, field assessments, and opportunities for First Nation and Métis communities and stakeholder input.

The Independent Forest Audit for the Hearst Forest covered a six-year period of April 1, 2019 – March 31, 2025. The Hearst Forest is managed under Sustainable Forest Licence # 550053 by Hearst Forest Management Incorporated. The Forest is administered by the Ministry of Natural Resources, Hearst, Cochrane, Kapuskasing District in the Northeast Region. The Hearst Local Citizens Committee is associated with the Forest.

The audit found that the Hearst Forest is being managed in a manner consistent with the principles of sustainable forest management. Hearst Forest Management Incorporated and its partners demonstrated professionalism and a strong commitment to maintaining forest health, productivity, and community benefits under challenging market and operational conditions. The Hearst Forest continues to provide important ecological, economic, and social values to the region. A notable best management practice identified during the audit was Hearst Forest Management Incorporated's establishment of seed provenance trials for black spruce and jack pine, in collaboration with the Northeast Seed Management Association, as a proactive measure to address climate change.

Overall, forest management activities were found to comply with legislative, regulatory, and policy requirements, with the exception of maintaining the required minimum balance in the Forest Renewal Trust Fund as of March 31 in some years. This shortfall was linked to systemic delays in Ontario's wood payment system and the seasonal nature of harvesting operations. Hearst Forest Management Incorporated has responded prudently by balancing expenditures, maintaining renewal commitments, and ensuring that silvicultural obligations were met. Renewal and tending operations were effective, and regeneration results were satisfactory, although monitoring and reporting of free-to-grow assessments require improvement.

The audit identified several areas requiring continued attention, including the achievement of certain forest management plan objectives, consistency in compliance monitoring, the completion of renewal monitoring as scheduled, and the effectiveness of action plans addressing findings from the 2019 Independent Forest Audit. The audit also noted that Ontario's wood payment system continues to constrain timely tracking of wood deliveries and that the Forest Renewal Trust Fund minimum balance condition was not consistently achieved.

Despite these challenges, the audit concludes that the Hearst Forest is being managed sustainably and in accordance with the Crown Forest Sustainability Act. Regeneration is progressing successfully, public and Indigenous participation in forest management remains strong, and Hearst Forest Management Incorporated continues to demonstrate sound stewardship, adaptive management, and a commitment to continuous improvement in forest sustainability.

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Janet Lane, R.P.F., Lead Auditor

2.0 Table of Findings and Best Practices

Concluding Statement
The audit team concludes that the management of the Hearst Forest was in compliance with the legislation, regulations, and policies that were in effect during the period covered by the audit. Additionally, the Crown Forest was managed in compliance with the terms and conditions of the Crown Forest Sustainability Act and the sustainable forest licence held by Hearst Forest Management Inc. The forest is being managed consistent with the principles of sustainable forest management, as assessed through the Independent Forest Audit Process and Protocol.
FINDINGS
Finding #1: Two objectives of the 2019-2029 FMP (FMP-10) are unlikely to be achieved
Finding #2: Compliance Monitoring on the Hearst Forest is inconsistent with manuals and policies.
Finding #3: A significant area has not been assessed for free-to-grow, or establishment status as planned in the Forest Management Plan.
Finding #4: The actions in the 2019 Independent Forest Audit were not effective in addressing two of the audit findings.
Finding #5: Ontario’s wood payment system does not allow for timely tracking of wood deliveries.
Finding #6: The forest renewal trust minimum balance has not been met each March 31 st as required by the Sustainable Forest Licence.
BEST MANAGEMENT PRACTICES
Best Management Practice #1 Seed provenance trials for jack pine and black spruce represent a distinctive climate change mitigation initiative undertaken by the Sustainable Forest Licence and the Northeast Seed Management Association.

Table 1. Findings and Best Practice

3.0 Introduction

This report presents the findings of an Independent Forest Audit of the Hearst Forest (HF) by Caliber Forestry Consulting Inc. The audit followed the risk-based approach as outlined in the 2024 Independent Forest Audit Process and Protocol (IFAPP).¹

The Hearst Forest (HF) is managed by Hearst Forest Management Incorporated (HFMI) under Sustainable Forest License (SFL) # 550053. HFMI operates under the terms of a partnership agreement between Lecours Lumber Co. Ltd., Columbia Forest Products and GreenFirst Forest Products. Its board members include the partners, as well as representatives of Achikamii-Achikamaw (Constance Lake) First Nation, the Municipality of Hearst, and the Municipality of Mattice-Val Côté as ex-officio members.

Overlapping agreement holders include Levesque Plywood (Columbia Forest Products), Lecours Lumber Co. Ltd, Amik-Nuna Joint Venture, Marcel Lacroix, and Rayonier (now GreenFirst Forest Management). Non-veneer poplar from the Hearst Forest, will from time to time, be delivered to other poplar users such as Georgia-Pacific Forest Products by overlapping agreement holders.

The forest is situated in the Ontario Ministry of Natural Resources (MNR) Northeast Region within the administrative district of Hearst, Cochrane, Kapuskasing District. MNR staff out of the Hearst area office are the primary contacts for planning, reporting and communications with the SFL holder. The Hearst Local Citizens Committee (HFLCC) advises the District Manager on matters pertaining to the HF.

The HF is certified under Forest Stewardship Council (FSC) forest management. It received initial certification in 2011 (FSC-C092691). The forest has since had surveillance audits done annually. No findings were identified during the most recent registration audit in 2023.

This Independent Forest Audit (IFA) term is April 1, 2019, to March 31, 2025. The audit scope covers the implementation of the 2019-2029 Hearst Forest Management Plan (FMP) (years, 1, 2, 3, 4, 5 and 6). The audit involved examining documentation and records, conducting field assessments on July 14-17, 2025, and interviewing stakeholders.

3.1 Audit Process

Independent Forest Audits (IFAs) are a requirement of the Crown Forest Sustainability Act (CFSA)². All SFLs and Crown Management Units must be audited once every ten to twelve years by an independent auditor. The IFAPP was used as the guiding document to assess if the forest is meeting the requirements of Ontario Regulation 319/20 made under the CFSA. The Auditees include the forest manager and applicable MNR Districts, MNR Region, and Corporate MNR organizations.

1

OMNR. 2024. *Independent Forest Audit Process and Protocol*, <https://www.ontario.ca/page/independent-forest-audit-process-and-protocol>. 94pp.

2

Crown Forest Sustainability Act, 1994, S.O. 1994, c. 25

The procedures and criteria for the delivery of the IFA are specified in the 2024 IFAPP. The audit assesses the Auditees compliance with the approved forest management plans, Forest Management Planning Manual (FMPM) and the CFSA in conducting forest management planning, operations, monitoring, and reporting activities. The audit assesses the effectiveness of forest management activities in meeting the management objectives in the applicable forest management plan. The field audit assesses whether actual results are comparable with planned results, whether approved prescriptions were followed, and whether forest operations were accurately reported.

The auditors examine the audit criteria (Appendix A of the IFAPP), past audit findings, and relevant background materials to assess, through risk assessment, whether additional time or resources will be necessary for a comprehensive audit. The risk assessment has identified a few areas to examine including areas that are monitored for the utilization strategy for aspen veneer recovery. The utilization strategy identified a risk of reduced hardwood regeneration when post-harvest basal areas exceeding the maximum average 30% crown closure. When this harvest is applied areas are classed as high-risk for renewal failure and additional monitoring is required. Further issues identified during the previous audit related to slash management and aspects of the tending program.

The audit report outlines non-conformances as well as best management practices. Findings of non-conformances are observations by the audit team where requirements were not fully met or where a significant lack of effectiveness in forest management activities were identified. Best management practices are recognized when Auditees' actions go beyond the legal requirements and result in positive outcomes for the forest and communities. IFA findings of non-conformance are addressed by the Auditees in an action plan and the progress towards the completion of these actions will be reported in the Annual Reports (ARs) for the Forest Management Unit (FMU). Details on the audit plan and processes are provided in Appendix 4.

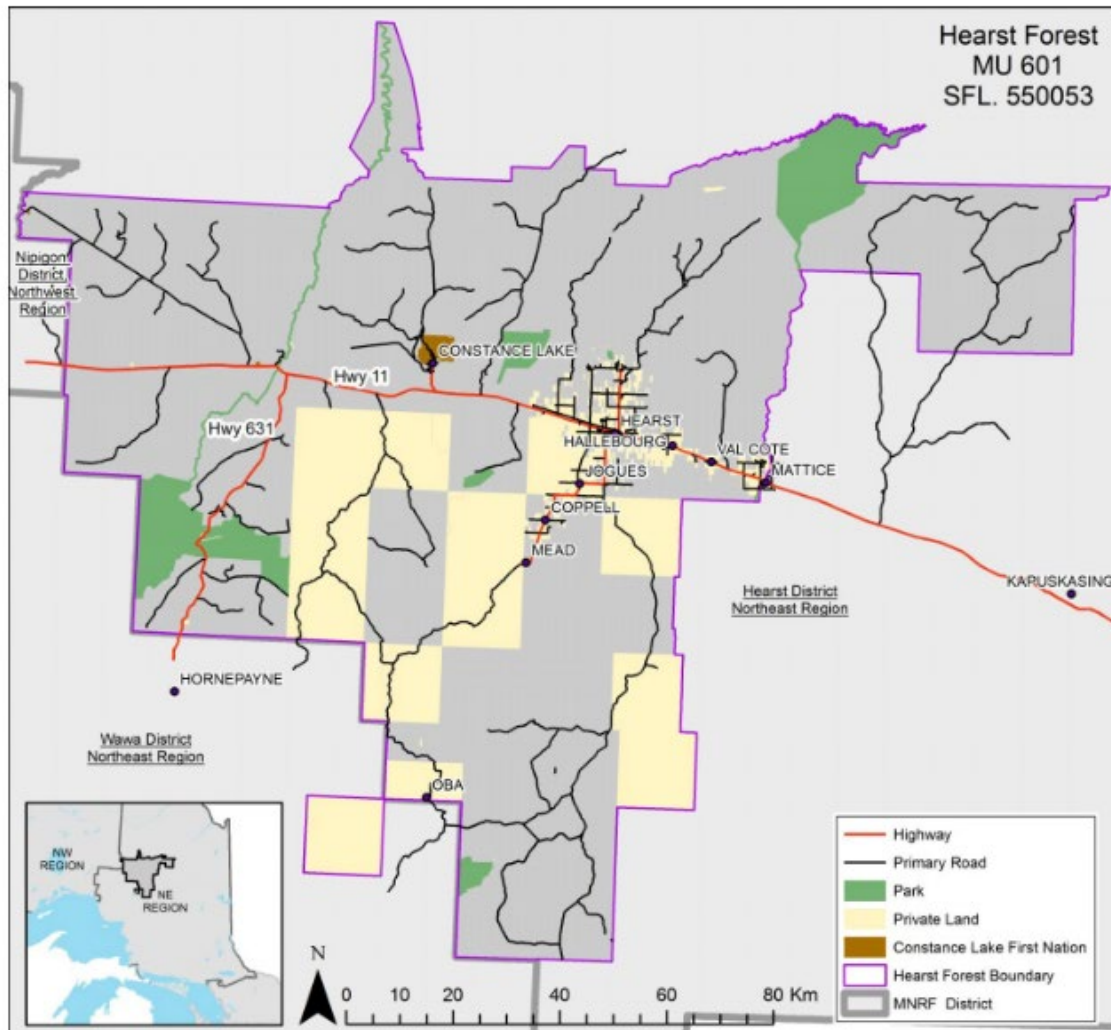
Caliber Forestry Consulting conducted the field audit in July 2025, utilizing a three-person on-site team. The auditors consisted of three foresters with substantial forestry experience. The qualifications for Janet Lane RPF, Julie Edwards RPF, and Dave Legg are detailed in Appendix 6.

3.2 Management Unit Description

The Hearst Forest is located on the traditional lands of the Cree, Anisininew and Anishinaabe Nations. The Hearst Forest is centred around the town of Hearst and includes Achikamii-Achikamaw (Constance Lake) First Nation as well as several smaller communities. Nearby are Moose Cree, Missanabie Cree, Brunswick House, Taykwa Tagamou, Netmizaaggamig Nishnaabeg, Michipicoten First Nations, the Métis Nation of Ontario, and the Hornepayne Aboriginal Community.

The Forest covers approximately 1.25 million hectares of Crown Forest and another approximately 250,000 hectares of private land. Parcels of patent land are scattered about the Forest but mainly concentrated along the Highway 11 corridor between the municipalities of Hearst and Mattice-Val Coté. Achikamii-Achikamaw (Constance Lake) First Nation, Provincial Parks Fushimi, Missinaibi, Nagagamisis, and Pichogen River Mixed Forest, as well as Ste Thérèse Ground Moraine Conservation Reserve and the

Dube Creek Iceberg Keel Marks Conservation Reserve are land bases not included in forest management activities.



Credit: 2023-2024 Hearst Forest Annual Report

Figure 1. Hearst Forest Map

The northern and central parts of the forest lie in Ontario's Clay Belt, with soils consisting of clays through silt clays to clay loams having been deposited as glacial-lacustrine sediments. Black spruce, tamarack and cedar dominate the lowlands.

The southern, southwest and northeast portions of the Forest which have soils varying from clays to loams to sands resulting from a wide range of types of glacial deposition. These are more typical of the bedrock influenced Boreal Forest. Black spruce, aspen, white spruce, and jack pine uplands are typical.

Organic soils and poorly drained areas occur in various sizes across these regions, and their presence can impact forest management planning as well as affect fire risk and behaviour.

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The southern, southwestern, and northeastern areas have soils ranging from clays and loams to sands and some lowland pockets, with a canopy dominated by black spruce, aspen, white spruce, and jack pine.

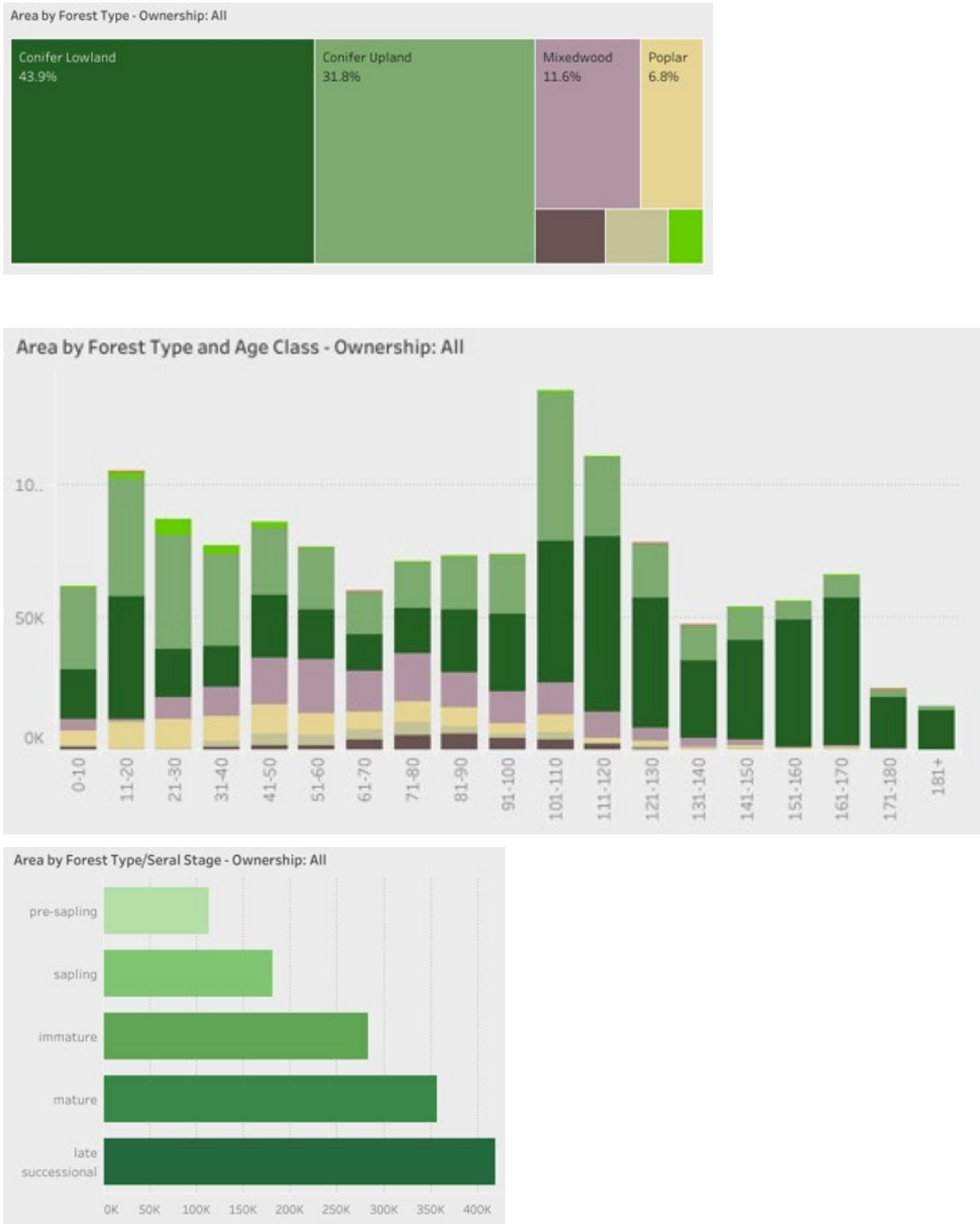


Figure 2. Summary of HF forest composition, Source Forest Explorer

The forest composition is illustrated in Figure 2. Data from Forest Explorer. Black spruce dominates low-lying areas, while other prevalent trees include white spruce, balsam fir, trembling aspen, black poplar, white birch, tamarack, and cedar, all contributing to the forest's diversity.

Figure 2 shows an even age distribution up to 100 years, with many stands being overmature or late successional conifer lowland. The older age classes are distributed in large patches in the northeast, northwest and southeast portions of the forest. The central and southwestern portions are the younger and more managed areas. The age class distribution is influenced by the caribou mosaic that maintains mature patches for refuge and winter habitat.

Mining, trapping, tourist outfitting and general forest use by the local population is high. There are local citizens and First Nations representatives that have been very active on the forest and involved in the forest management planning both during open houses and as participants on the HFLCC.

The HF provides significant economic and social benefits for the communities around Hearst. Outdoor recreation, trapping, fishing and foraging are common uses. There are numerous traplines on the HF that are managed by members of the First Nation and a dedicated cluster in the north-west area of the forest that is identified as a community trapline.

A major influence on the forest management is the requirement to plan for a continuous supply of suitable caribou habitat. The forest is wholly within continuous caribou habitat, and a dynamic caribou habitat schedule is planned as per the requirements of the ³Forest Management Guide for Boreal Landscapes.

³ <https://www.ontario.ca/page/forest-management-boreal-landscapes>

4.0 Audit Findings

Regulatory Requirement A: Compliance

The process of forest management planning, implementation and monitoring must be conducted in an open and consultative fashion. The auditors looked for evidence that there was involvement by First Nations and Métis communities, the local citizens advisory committees, and other parties with an interest in the operations of the management unit.

A.1.1 First Nations and Métis communities' involvement and consultation.

The largest sawmill, Lecours, is located on Achikamii-Achikamaw (Constance Lake) First Nation and they are ex-officio members of HFMI. Many forestry contractors and mill workers identify as Indigenous.

Nine First Nations and Métis communities have confirmed rights or traditional use in the Hearst Forest. Auditors contacted all communities for their input and participation in the audit. Constance Lake First Nations joined the field audit, contributing valuable traditional and historical insights. HFMI is very responsive to the concerns of the communities. The community concerns about herbicide use are discussed and plans adjusted as needed. Firewood is supplied to communities when requested.

The FMPM (2024) requires contacting each community during and prior to approving the annual work schedule, which was done. Notifications for prescribed burns and aerial herbicide applications were issued as required. As no plan was written during the scope of this audit, the participation in forest management planning will not be discussed.

A.1.2 Local citizens' committee (LCC)

The District Manager relies on advice from the Hearst Forest Local Citizens Committee (HFLCC) for the HF. The auditor reviewed the terms of reference (TOR), meeting minutes and interviewed members of the advisory committee.

The HFLCC has a core of dedicated members. First Nations communities, local municipalities, local citizens, business, interest groups and the media are represented on the committee. There are a few vacancies on the committee. They meet up to eight times per year. The committee does review amendments, annual reports and annual work schedules as required. The HFLCC meeting minutes from March 2025 are notably lacking in detail. While reports were mentioned, they were not included in the minutes or the meeting folder, making it challenging to assess the HFLCC's effectiveness in communicating local interests in forest management planning to the MNR and HFMI. This is a significant departure from the 2019-2024 minutes, which were comprehensive and rich in content.

The auditors heard that the HFLCC is concerned about access removal, and they feel that more notification should be given before roads are decommissioned. The auditors also learned that the HFLCC is facilitating public comments. For example, when no comments were received from the ski club regarding an adjacent additional harvest, an HFLCC member took it upon himself to reach out to the ski club which led to modifying the harvest plan

However, the TOR for the advisory committee does not include all the requirements in the FMPM. The TOR was last updated and reviewed in 2022. The HFLCC TOR does not include the date of appointment for the HFLCC members.

The FMPM (Part A section 2.2) outlines clear requirements for the structure and function of District Manager advisory committees, including membership documentation and transparency regarding representation and funding. The current terms of reference and documentation practices of the advisory committees do not meet these standards.

A.1.3 Public consultation

All the requirements for public notification outlined in the FMPM were followed. The annual work schedule, aerial herbicide, prescribed burn, and amendment public notification requirements were met. The MNR has an extensive public contact list.

Notices are posted on the MNR website and X (formerly Twitter), La Nord and Timmins Times. The MNR advertised both the Hearst Forest and the Gordon Cosens Forest in the same ad for the recent burn plan.

HFMI maintains a positive relationship with the community. The forest industry is crucial to the local economy, and HFMI is concerned about both the sawmill chip market and its impact on industry well-being.

A.4: Assess the proper development of the FMP (amendments)

Many factors can influence the number of amendments required and the length of time it takes for them to be reviewed and approved. Factors influencing this process include, but are not limited to, the size and complexity of the forest, the reliability of inventory data, the thoroughness of the submission, and staff turnover. Since the 2019-2029 HF FMP was approved, 28 amendments have been processed. Many amendments followed the forest management plan submission and were cleanup amendments. The planning team was under a lot of pressure to get the plan approved which led to some additional planning after the submission. The FMP was approved with over 11,000 hectares less planned harvest than forecast harvest. Amendment 25 (AM 25) added almost 3,500 ha. of planned harvest and was classified as a major amendment. This amendment took 265 days to go through complete consultation and approval.

Regulatory Requirement B: Meeting FMP Objectives

B.1 Areas of concern (AOC)

The field audit reviewed a selection of AOCs that were both planned and implemented during the audit period. Planned AOC sites were compared with actual harvest boundaries and roads using plan and depletion maps, along with field observations. The prescriptions, conditions applied, and operational results corresponded to the specified locations and operational requirements detailed in the FMP and AWS, reflected current site conditions.

B.2 Access

The FMP contains all the required documentation for road planning, development, maintenance, and decommissioning. Road construction is difficult in the clay belt as suitable road building material is not always present, and gravel must be hauled from a

great distance. The forest has both aggregate pits and borrow pits. The borrow pits provide material for building up the road. Both types of pits were viewed on the field audit. The road construction viewed in the field audit was well done and the culvert and bridge crossings were well maintained with excellent documentation.

A significant amount of the harvest occurs in the winter with the use of winter roads. Wood is staged along identified roads for summer hauling. These staged areas were well located and neatly maintained.

The HF is managed for caribou habitat and therefore strives to limit the roads on the



landscape particularly when a caribou mosaic block is completed. The auditors viewed the road decommissioning of Larry's Road. The water-crossing removal on Larry's Road were very well done. The banks were sloped and vegetated.

While the decommissioning of roads is not always popular with the public, it is necessary to create caribou winter habitat in the future. The HFLCC have commented that public notification of roads to be decommissioned is important.

The other result of managing a forest with a dynamic caribou habitat schedule (DCHS) is that harvest is concentrated in large patches. Some of the mosaic patches are in the furthest corners of the forest. This effects road maintenance and haul costs.

Figure 3. Larry's Road decommissioning

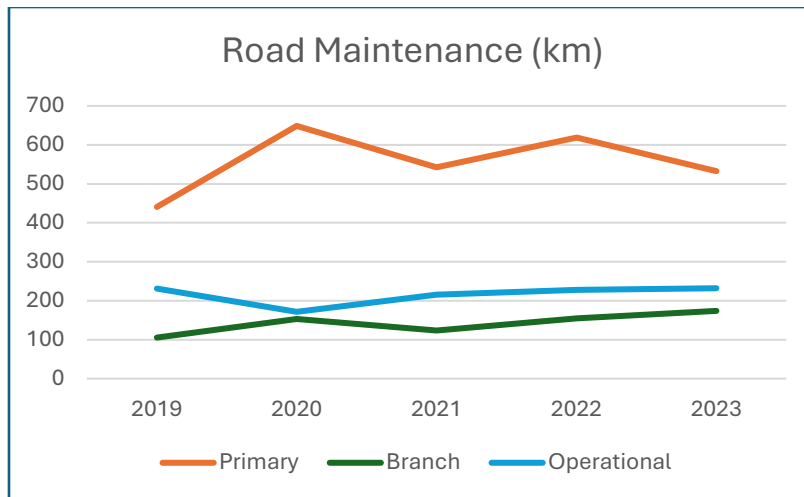


Figure 4. Road maintenance reported in annual reports.

B.3 Harvest

During forest management planning, areas to be completed and new areas are planned for harvest. The areas to be completed are carried forward as bridging areas. Bridging harvest area of 1,453 hectares was reported in 2019. Although 1,929 hectares were identified in the FMP as areas being bridged into the current plan. No area was identified as being salvaged and very little natural disturbance was reported. In 2022, 352 hectares were reported to have been damaged by a wind event and in 2023, 23 hectares were reported disturbed by a number of small spot fires.

The field audit examined a sample of the harvest planned and implemented during the scope of the audit. During the first five years of the HF FMP 24,891 ha were reported as harvested. This is below the planned harvest of 34,816 ha (Amendment 25) or about 71% of the annualized area in the 2019-2029 HF FMP. All of the area was harvested using the clear-cut silviculture system. Careful Logging Around Advanced Growth (CLAAG) was reported each year. A total of over 5,622 hectares were harvested using this treatment method. Planned harvest locations were examined on the plan maps and compared to the actual harvest boundary on depletion maps and in the field on the ground. The harvest areas audited had the required wildlife tree retention, and no site disturbance was noted. The harvest followed the conditions on regular operations specified in the FMP.

A low market strategy has been utilized where harvesting for peeler hardwood results in higher-than-normal poplar residual. Since the higher poplar residual could suppress natural poplar regeneration through shading and apical influences these are considered high-risk hardwood regeneration areas. These areas are documented in each annual report and monitored for poplar renewal as required. The auditors included a sample of these areas in the field audit.

The risk assessment identified slash management as an area of focus due to issues noted in a previous audit of Hearst Forest. Since the last IFA, limited slash management activities have taken place. In 2021, a piling trial began with slash piling occurring within the Jessie Creek block from 2022 to 2023. In 2023, slash was also piled in the

Mattawishkwia block; most piles there, as well as some in Jessie Creek, were subsequently burned. The SFL is collaborating with license holders to modify practices aimed at reducing the footprint of slash piles, which would decrease the need for slash piling and burning. There was little evidence of effective slash reduction seen during the field audit. This is further discussed in section D.1.

B.4 Renewal

Renewal is being reported each year. Natural regeneration using a CLAAG harvest on lowland spruce sites and clearcut of hardwood stands are being reported the year they are harvested. The planting level is consistent with the area being harvested.

Planted areas demonstrate good growth and high survival rates. Natural hardwood regeneration is abundant, while lowland spruce regeneration proceeds at a slower, anticipated pace.

The high-risk hardwood areas that have been identified and are being monitored for hardwood regeneration appear to have an adequate hardwood regeneration despite the higher residual tree retention.

B.5 Tending and protection

The application of herbicides is recognised as an effective technique in plantation management to promote successful forest regeneration. All herbicides were applied according to the label and by qualified contractors in accordance with the Crown Forest Sustainability Act and the Pesticides Act. Aerial herbicides were applied to 16,223 hectares during the audit scope. The rich clay soils of the Hearst Forest do present a challenge in controlling competing vegetation. HFMI has been working on various vegetation control strategies, such as removing portions of the residual balsam fir over story prior to herbicide applications to allow the herbicide to reach the ground, adjusting herbicide concentrations, increasing application droplet size, and conducting tree planting very soon after harvest prior to competition growth.

The audit team viewed approximately 1,760 ha of aerial chemical tending. The over 1,100 hectares of treated area viewed on the Thunder and South Waxatike roads had variable results with competition re-established within 1-2 years of treatment. In some cases, this may be enough of a competition reprieve to assure survival of the planted seedlings. However, along Thunder Road, blocks T-032 and T-034 (307 hectares), which were sprayed in 2023, did not appear to be effective in controlling competition.

B.6 Renewal support

The HFMI is a member of the Northeast Seed Management Association (NeSMA). HFMI is commended for its forward-looking action in addressing climate change. The development of the Hearst Forest Management Plan (FMP) included an objective to prepare for assisted migration. This objective involved consulting experts and establishing tests to determine the survival and growth of potential seed source provenances, thereby evaluating the short-term risk of significant seed movement.

HMFI included a strategy in the supplemental documentation of the plan written by the former provincial geneticist as a reference.⁴ HMFI has followed through and established replicated black spruce and jack pine provenance trials.

Best Management Practice #1: Seed provenance trials for jack pine and black spruce represent a distinctive climate change mitigation initiative undertaken by the SFL and Northeast Seed Management Association.

HMFI has enough seed in its inventory and is proactive in collecting seed for future needs.

B.7 Assessment of FMP Objectives

This audit did not include the conclusion or the development of a forest management plan. It examined the progress to date of the implementation of the 2019-2029 FMP.

The auditors examined the objectives in the FMP and assessed the progress to date. The Hearst 2019-2029 FMP table FMP-10 follows the direction for objectives setting in the 2017 FMPM. Table FMP-10 does provide an assessment for some of the objectives that were to be assessed at LTMD but fails to assess objective 20.1 as the assessment is left blank in FMP-10. Objective 20.1 Local Citizens Committee self-evaluation of the FMP process, their involvement in it and their effectiveness in plan development was assessed but not documented in the FMP objectives table for final plan submission or amendment 25. The assessment of the objectives table is included in Appendix 2. The auditors have particular concerns with the following two objectives.

Objective 18: The aim is to reduce the loss of productive land resulting from the construction of forestry roads and landings. Achieving a loss rate below 4% may not be feasible without measures to limit the area affected. According to the 20/21 Annual Report, an HFMI survey was conducted to measure roadside slash as a percentage of harvested land, finding that 4.6% of the harvested area was taken out of production. Some small trials were just started in 2021 with piling and burning, this is not significant relative to the harvest area. The issue is not being addressed in a timely fashion.

Objective 21: Use fire as a silvicultural tool in Hearst Forest, aiming for one prescribed burn by 2022. No burns have occurred so far during the 2019-2029 FMP term, and no future sites are identified. A high complexity prescribed burn requires extensive planning, approvals for a burn plan and operational expertise. HMFI indicated that there is little interest from the MNR fire program to support a prescribed burn at this time.

The Hearst 2019-2029 FMP table FMP-10 follows the direction for objectives setting in the 2017 FMPM. Table FMP-10 does provide an assessment for some of the objectives that were to be assessed at LTMD but fails to assess objective 20.1 as the assessment is left blank in FMP-10. Objective 20.1 Local Citizens Committee self-evaluation of the FMP process, their involvement in it and their effectiveness in plan development was assessed but not documented in the FMP objectives table for final plan submission or amendment 25.

⁴ D.G. Joyce, Ph.D., April 17, 2018, ADAPTING SEED TRANSFER GUIDELINES TO THE CHANGING CLIMATE OF NORTHEAST ONTARIO

Finding #1: Two objectives of the 2019-2029 FMP (FMP-10) are unlikely to be achieved.

Regulatory Requirement C: Planned Versus Actual

C.1 Annual Reports

The annual reports (ARs) contain all required information, with consistent structure and tables each year for easy access. HFMI submitted all reports on or before the required deadline. HFMI shared the content of the ARs with the HFLCC. The ARs contained additional requirements for FSC Certification.

Although HFMI wrote and MNR reviewed the submitted reports, there were many typing errors and one submission with an inaccurate reference to harvesting BOG & NonFor areas.

C.2 Enhanced Annual Reports

No enhanced annual report was required to be produced during the scope of this audit. Trends will be discussed in section F.3 of this report.

C.3 District compliance planning and associated monitoring

The auditors review found that the MNR District did not consistently produce its Annual Compliance Operations Plan (ACOP). During the audit period, the implementation of the ACOP for the district varied. The same ACOP was applied in both the 2019–2020 and 2020–2021 years, with targets that did not align with the compliance handbook or Forest Management Planning Manual. No ACOP was prepared for 2022-2023 or 2023-2024. Finally, the 2024-2025 ACOP was produced, and it was aligned with current policies.

Reports with no operational issues are to be submitted to FOIP no more than 20 working days after completion of the operation for Access, Harvest, Renewal and Maintenance operations. MNR reporting timeline begins from the completion of the inspection and during the audit period there has been an improvement in meeting this deadline but around 50% of the inspections submitted remain over this allotted timeframe.

A review of the “Pending” status during the audit period revealed a total of five FOIP reports that are ‘overdue’ as per the MNR Compliance Inspection Handbook. There is one report from 2012 that has not been closed, but the rest are from the 2024-2025 fiscal year and can be anticipated to be approved based on the approval rate of the previous year.

C.4 SFL holder compliance planning and associated monitoring

The Hearst 2019-2029 Forest Management Plan specifies that the HFMI is responsible for developing, delivering, and implementing a comprehensive compliance program. During the audit period, the SFL completed a comprehensive program including 323 Access, 245 Harvest, and 10 Renewal reports. However, no maintenance reports have been submitted, although tending activities are taking place; this administrative issue will need to be addressed going forward. Effective communication between HFMI and MNR regarding operations has been noted. HFMI maintains a spreadsheet documenting start-up, in-progress, and completed operations as part of the FMP's implementation.

Additionally, a progress report spreadsheet is shared between HFMI and the MNR District to ensure all operations are communicated with the district, in accordance with the Compliance Manual.

The auditors chose to combine the SFL and MNR compliance shortcomings into one finding.

Finding #2: Compliance monitoring on the Hearst Forest is inconsistent with manuals and policies.

C.5 Compliance responsibilities delivered by qualified overlapping licensees

There are no Overlapping Licensee holders on the Hearst Forest that are responsible for compliance monitoring.

C.6 Silviculture standards and assessment program

The monitoring program in the FMP describes the timeline for monitoring. Areas regenerated naturally to aspen are to be assessed no more than 5 years following harvest. Areas regenerated to jack pine through artificial regeneration are to be assessed within 5 years of planting operations on the site. Areas that have been regenerated to black or white spruce are assessed 7 years following planting operations. Areas of lowland conifer forest units that are regenerated naturally through Careful Logging Around Advanced Growth (CLAAG) or Group Seed Tree (GST) are to be assessed 15 years following harvest operations.

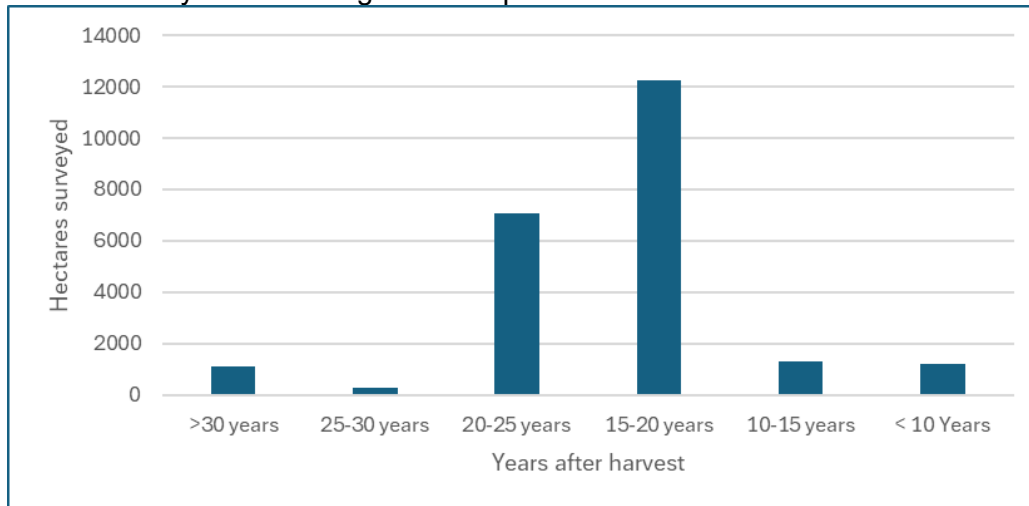


Figure 5. Years after harvest that areas were surveyed, Source AR data

During the scope of the audit surveyed areas appear to be from areas harvested more than 15 years ago. This is not consistent with the planned monitoring program in the FMP

Finding #3: A significant area has not been assessed for free-to-grow, or establishment status as planned in the Forest Management Plan.

The auditors applied the Silviculture Obligations Assessment (SOA) tool to review the SFL's progress in completing silviculture assessments. The SOA tool indicated that while

a high percentage of areas harvested were treated, a significant amount of area harvested has not received silviculture monitoring.

Regulatory Requirement D: Action plan

D.1 Action plan development

The 2019 Hearst IFA action plan was completed and documented in the respective annual reports. However, it remains unclear whether the action plan was finalized within the required timeframe, as there is no available record of the action plan request date from MNR or correspondence confirming approval of the action plan from the Northeast Regional Director.

Action plans have not effectively addressed two 2019 IFA findings. The audit shows ongoing, unresolved slash management issues, and tending concerns. It does not appear that the actions from the last IFA were effective in addressing the audit finding regarding slash management and effective tending treatments have been consistently applied.

Finding #4: The actions in the 2019 Independent Forest Audit were not effective in addressing two of the audit findings.

D.2 Reporting on progress towards completion of actions

The 2019 status report is not included on the Ontario IFA webpage⁵ for 2019 IFAs for the Hearst Forest. The action plan status was reported as required in the 2020-2021 AR, the 2021-2022 AR and the 2022-23 AR. The auditors reviewed action plans and status reports during risk assessment development and included procedures in the audit plan to verify these actions met their goals. It does not appear that the actions from the last IFA were effective in addressing the audit finding regarding slash management and stand tending as discussed in Finding #4.

Regulatory Requirement E: Licence

E.1 Sustainable Forest Licence (SFL)

The auditors reviewed the requirements of the current SFL. The findings are summarized in Appendix 3. The majority of the requirements have been met.

A primary concern is the renewal trust fund balance. The Hearst Forest conducts a substantial portion of its harvesting during the winter months. To comply with the requirement for a minimum balance as of March 31st, only volumes invoiced by January 31st are guaranteed to be reflected in the iTrees account at that time. Consequently, a significant proportion of volume supporting the Forest Renewal Trust (FRT) account is not considered when assessing whether the minimum balance requirement is met. The purpose of this standard is to ensure adequate funding for silviculture liabilities, and provided all scaled volumes are paid on schedule, it mitigates silvicultural liability risk for the MNR. However, operational constraints such as increased stockpiling, fluctuations in harvest levels, variations in market value of the FRT account, and unaccounted volume

⁵ <https://www.ontario.ca/page/independent-forest-audits>

during peak harvest season necessitate maintaining a buffer beyond the minimum balance requirements.

Finding #5: Ontario’s wood payment system does not allow for timely tracking of wood deliveries.

In response, HFMI has adopted a balanced strategy by adjusting renewal rates during periods of economic uncertainty. It is commendable that HMFI has not strayed from their renewal strategy to meet the FRT balance. At the time, of the audit the trust fund balance was above minimum.

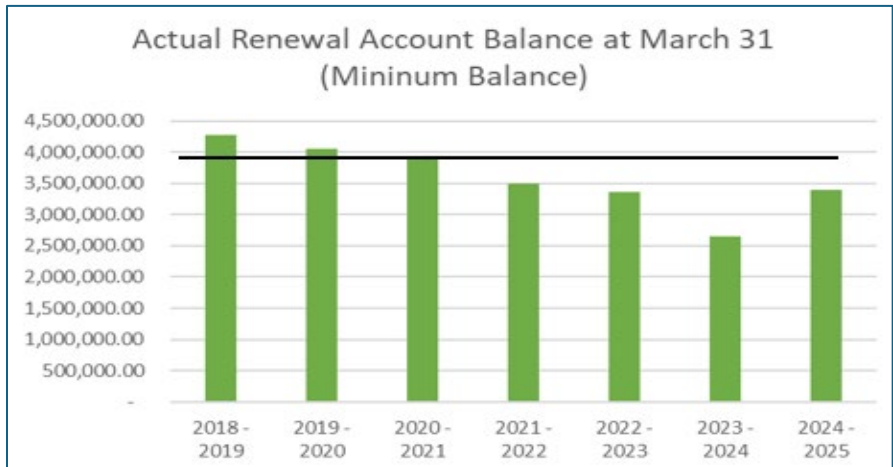


Figure 6. Renewal Trust Fund Balance on March 31st of each year

In accordance with regulatory requirements, HMFI has been collaborating with MNR to actively monitor and implement strategies aimed at restoring the balance above the minimum mandated by the SFL. Compliance with this aspect of the licence is critical and necessitates ongoing diligence.

Finding #6: The forest renewal trust minimum balance has not been met each March 31st as required by the Sustainable Forest Licence.

E.3 FRT eligible silviculture work

The review of the renewal trust fund for the 2023-2024 fiscal year found a minor invoice discrepancy, and small reporting differences. The field audit of the 2023-2024 activities confirmed that invoiced areas were treated as stated and mapped.

Annual Forest Renewal Charge Analyses reviewed during the audit period were found reasonable and received yearly approval from the MNR.

E.4 SFL conclusion in final audit report

The audit team concludes that the management of the Hearst Forest was in compliance with the legislation, regulations, and policies that were in effect during the period covered by the audit. Additionally, the Crown Forest was managed in compliance with the terms and conditions of the Crown Forest Sustainability Act and the sustainable forest licence held by Hearst Forest Management Inc. as assessed through the IFAPP.

Regulatory Requirement F: Sustainability

F.1 Determination of sustainability

There was no enhanced report produced during the scope of the audit. The auditors have used data from forest explorer, the annual reports and information provided by the SFL to gauge whether a balance of social, economic and environmental objectives is being achieved, and progress is being made towards the desired forest and benefits.

Some FMP objectives were assessed during stages of plan development and others are to be assessed after the implementation of the plan. There are three objectives pertaining to increasing pine coverage within the forest. Objective 2.7, which relates to the planting of red and white pine, has not been implemented during the first five years. This objective aims to expand the forest unit by one hectare annually over a period of 100 years. Although progress towards this goal appears delayed, it remains feasible to plant 10 hectares in a single year. The remaining two objectives focus on increasing both the immature and total area of pine forest units. Auditors observed that a substantial portion has been planted with jack pine, while only minimal harvesting has occurred within pine forest units.

Compliance objectives for water quality protection, resource-based tourism, and site disturbance are all on track. Consultation with trappers and First Nations, use of adapted seed sources, wood collection areas, and maintaining FSC certification are also all on track. Road density is trending toward the objective as decommissioning is in progress.

One objective regarding the HFLCC self evaluation was not assessed at the conclusion of the plan. This should have been reported.

Some objectives that are not on track are harvest area and volume, prescribed burns, and renewal monitoring. The harvest volume and area not meeting 90% of the planned harvest will not affect the sustainability of the forest. At this time no prescribed burns are in the planning stage and there does not appear to be an appetite for burning by the MNR fire program. Renewal monitoring is not on track and the strategy for assessment is not being followed as identified in **Finding# 5**.

F.2 Monitoring indicators of forest sustainability

The indicators of sustainability in the HF 2019- 2029 FMP are in place. A compliance program is fully described, the silviculture assessment program as described in the plan is being partially implemented and the appropriate data is being reported in the annual reports each year. As described in section C.6 the monitoring program of planted areas and aspen natural regeneration are not consistent with the monitoring plan described in the FMP.

F.3 Assessment of long-term trends

Activities on the forest are reported through regular annual reports. The enhanced annual report is not available to summarize the progress towards plan implementation. A tool developed by the MNR called the Forest Explorer amalgamates spatial data from annual reports to provide a clear current snapshot of the progress. Significant trends and consistency with annual report data will be assessed below.

Harvest

The planned harvest identified in amendment 25 is 6,963 hectares per year. This is slightly more than the current harvest level. The harvest area summary includes bridging areas that will not be included in the planned harvest area for the 2019-2029 FMP. A bridging harvest area of 1453 hectares was reported in 2019.

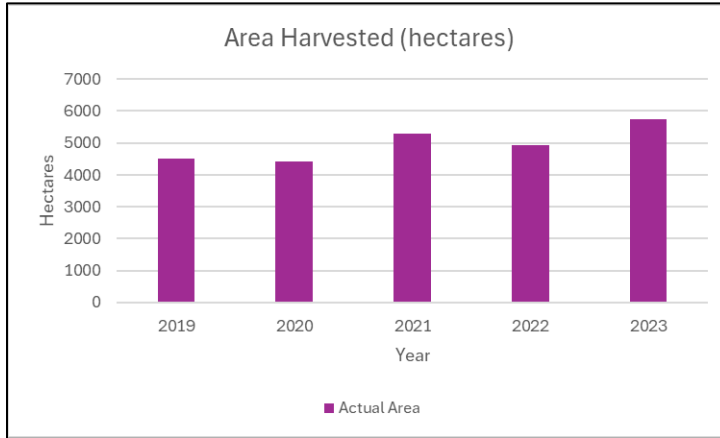


Figure 7. Harvested area by year, Source Forest Explorer

The corresponding harvest volume is over half of the planned volume.

Year	Actual Volume	Planned Volume	% of Planned	Actual Area	Planned Area	% of Planned
2019	487,065	810,827	56%	4516.7	6963	58%
2020	418,102	810,827	48%	4430.2	6963	57%
2021	509,723	810,827	59%	5278.1	6963	68%
2022	447,387	810,827	52%	4929.6	6963	64%
2023	504,102	810,827	58%	5736.6	6963	74%

Table 2. Volume harvested during the 2019-2029 HF FMP implementation, Source Forest Explorer (*2024/2025 information is not available)

HFMI has implemented a utilization strategy to harvest peeler grade poplar from poplar stands leaving smaller poplar at a density that was considered high risk for poplar regeneration. The harvested sites are being monitored as required. The hardwood regeneration has established on the harvest areas despite the shading and potential residual clone suppression. This type of harvest has resulted in a lower yield per hectare in more recent years.

Site Preparation

A limited amount of chemical and mechanical site preparation was used during the scope of the audit. Most areas are planted without any site preparation immediately after harvest.

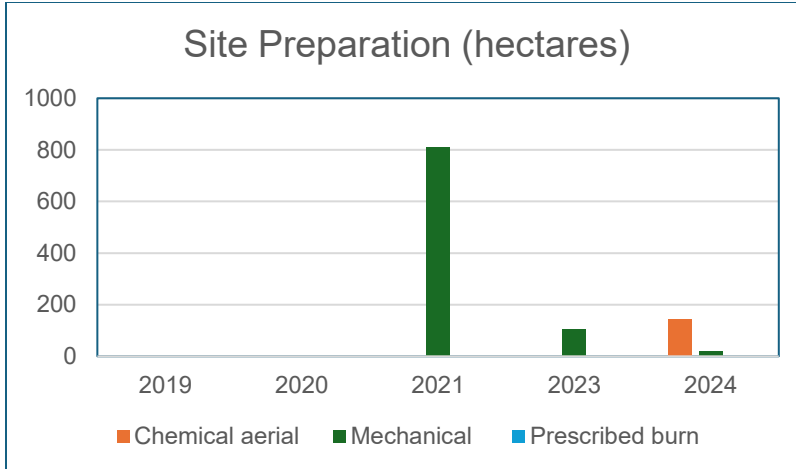


Figure 8. Site preparation summary, Source Forest Explore

FMP-17 indicates that 15,000 hectares of mechanical, 3,000 hectares of chemical site prep, and 5,000 hectares of prescribed burning would be done during the term of the plan if the harvest was fully utilized. Since actual harvest is about half of what was planned, the site preparation is considerably less than planned. The strategy to plant as soon as possible after harvest rather than site preparing is less expensive than site preparation.

In 2021, extensive site preparation was carried out as part of both a rehabilitation effort for an area with poor regeneration and a Forestry Futures Trust initiative. An angle blade was used to prepare 765 hectares harvested in 2012, which were heavily overgrown with brush and trees; these areas were then replanted. A 50-hectare trial at Jessie Creek, funded by the Forest Futures Trust, also took place. For this project, all vegetation was mechanically removed except for important trees needed by local wildlife and the dense balsam fir understorey. This method aimed to boost poplar regeneration and was classified as a site preparation treatment.

Renewal

The actual forest renewal is consistent with the 2019-2029 HF FMP planned renewal from FMP-17(amendment 25). As illustrated in Figure 9, Planting is slightly higher than planned. CLAAG was implemented in suitable stands most years. Natural regeneration is prescribed depending on the species harvested and the conditions encountered. No group seed tree regeneration has been implemented during the plan term although a slight amount was planned.

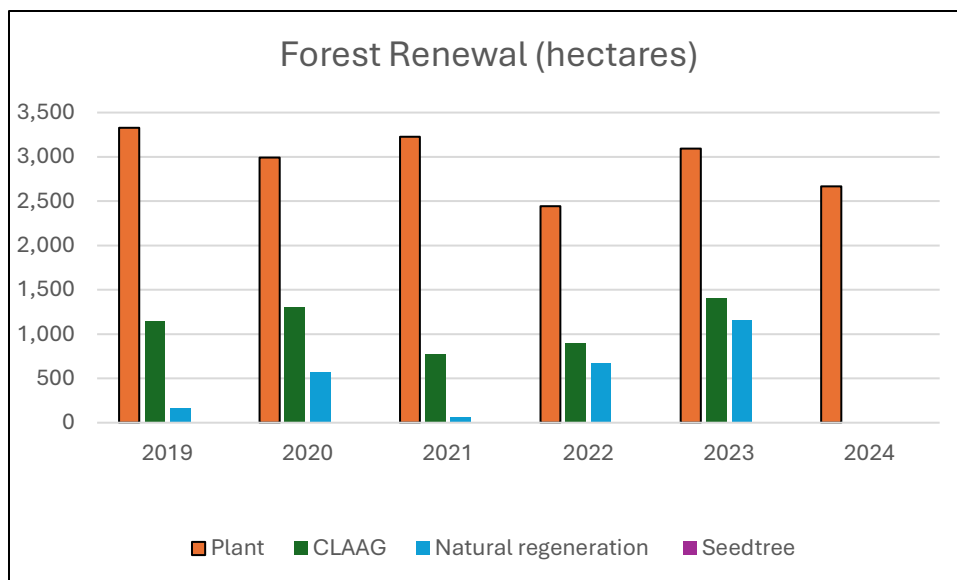


Figure 9. Forest renewal, Source Forest Explorer

Renewal Method	Total Hectares Treated	Actual %	FMP-17 Plan
Tree Planting	17,753	69%	59%
CLAAG	5,526	21%	30%
Natural Regeneration	2,621	10%	6%
Group seed tree	0	0%	5%
Total	25,900		

Table 3. Planned vs actual renewal type, Source FMP-17 and Forest Explorer

Regeneration was prescribed according to conditions were encountered.

Tending

Type of Tending	2019	2020	2021	2022	2023	Scope
Chemical aerial	3,238	3,456	2,168	2,937	1,525	16,132

Table 4. Hectares of area tended Source Forest Explorer

The plan FMP-17 projected that 2,400 hectares would be tended with aerial chemical tending per year. Tending is used more frequently than anticipated in the plan this is likely to compensate for the reduced site preparation.

Regeneration Monitoring

The auditors used the Silviculture Obligations Assessment (SOA) tool, an online tool that was developed by the MNR to examine the SFL progress towards completion of silviculture assessment. The SOA tool indicated that while a high percentage of areas

harvested were treated, a significant amount of area has not received silviculture monitoring.

Area Overview	
Total Area Evaluated	109,612
Area Declared Natural	50,595
Area Planted	40,276
Area Planted + Tended	29,503
Area Seeded	0
Area Seeded + Tended	0
Area Regen + FTG Complete	15,918

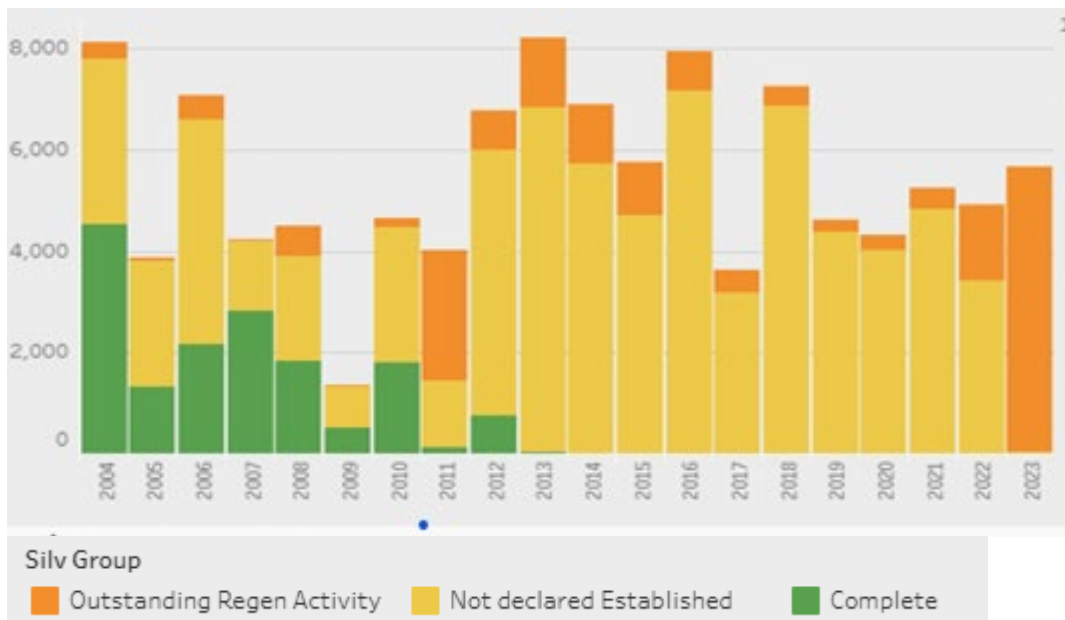


Figure 10. Graph of harvested, renewed, and assessed harvest area, Source SOA

The SFL did not provide further information to suggest that the SOA was inaccurate. Consequently, auditors have determined that silviculture monitoring in these areas remains necessary and identified this need as **Finding#3**.

As discussed earlier the renewal monitoring during the audit scope concentrated on older harvest areas. This is not consistent with the monitoring strategy outlined in the FMP or with the SGRs.

F.4 Conclusions regarding sustainability of the forest

While there were no enhanced annual reports and this audit did not include the development of an FMP, the audit team concludes that the management of the Hearst Forest was generally in compliance with the legislation, regulations, and policies that were in effect during the period covered by the audit, and the Crown Forest was managed in compliance with the terms and conditions of the Crown Forest Sustainability Act. Regeneration is progressing successfully, public and Indigenous participation in forest management remains strong, and HFMI continues to demonstrate sound stewardship, adaptive management, and a commitment to continuous improvement in forest sustainability.

Appendix 1
Findings and Best Practices

Independent Forest Audit – Record of Finding

Finding #1

Regulatory Requirement B: Meeting FMP Objectives

Audit Criterion B.7 Assessment of Objective Achievement

Procedure:

1. List (in table format) and include in the audit report FMP objectives and indicators from the FMP for which the assessment of objective achievement was performed in the latest relevant annual report and the auditor's assessment of the progress towards achieving each objective considering:
 - FMPM requirements which include questions and examples.
 - Assess whether programs are in place and are being implemented to provide sufficient data for all indicators identified in the FMP.
 - Results from reviewing and assessing the annual report assessment of objective achievement including any differences and whether rationale for these differences between planned and actual results is reasonable.
 - Whether the relevant action plan, and progress towards the completion of assigned actions as reported in accordance with the applicable FMPM were considered when assessing objective achievement.
 - Progress towards achievement of the management direction.
 - Evidence gained through other audit activities, including those for monitoring (e.g., silviculture monitoring) and the field audit.

Background Information and Summary of Evidence:

FMP-10 Assessment of Objective Achievement (FMP final and Amendment 25) Most objectives are on track to be achieved. The exceptions are noted below.

Objective 18.1: To minimize the loss of productive land through the creation of forestry roads and landings.

Target: To have less than 4% of all operational blocks taken up in roads and landings.

As per finding #5 of this audit, the identification of conifer slash piles and poplar piles at roadside (Northeast Region Low Market Condition Strategy, MNR 2021), the objective of less than 4% loss of productive land may not be achievable unless action to reduce the footprint takes place. Only one survey was completed. In the 2020/21 Annual Report included the results from the HFMI survey, which measured that roads, landing, and roadside slash covered 4.6% of the area harvested.

Objective 20.1: Local Citizens Committee self-evaluation of the FMP process, their involvement in it and their effectiveness in plan development.

Target: To have 80% rating on the evaluation of the effectiveness of the consultation process done by the LCC.

This indicator was to be measured at the time of the plan submission once the LCC has completed their report on the Hearst FMP process. However, the results are not included in the FMP objective table.

Objective 21.1: To use fire as a silviculture tool on the Hearst Forest.

Target: To have one prescribed burn completed by 2022.

No prescribed burn has occurred on the Hearst Forest during the 2019-2029 FMP term to date. There are no identified areas for a future prescribed burn. The MNR fire program currently provides limited support for high complexity prescribed burns.

Discussion and Conclusion:

There are 50 objectives in the 2019 -2029 FMP. Some of the objectives are to be evaluated at LTMD, others once the plan is complete and being submitted and others once the plan has been implemented. Based on field observations and discussion with HFMI staff, two objectives (18.1, 21.1) described in FMP-10 of the 2019-2029 FMP will not be achievable at the current rate of progress. Reducing the impact of roads and landings on productive land has not been effective.

Prescribed burning may be a tool to reduce the competition on hardwood heavy sites. Without the MNR's fire expertise, this goal is unlikely to be achieved.

Furthermore, the outcome associated with objective 20.1 was not recorded in the final FMP.

Finding #1: Two objectives of the 2019-2029 FMP (FMP-10) are unlikely to be achieved.

Independent Forest Audit – Record of Finding

Finding #2

Regulatory Requirement C: Planned vs Actual

Audit Criterion C.3: District compliance planning and associated monitoring

Audit Criterion C.4: SFL holder compliance planning and monitoring

Procedure:

Review the MNR and SFL Compliance Plans in place during the audit period to determine how forest management activities were to be monitored for compliance by MNR and assess whether the actual level of the overall monitoring program was in accordance with the FMP and whether it was appropriate based on evidence gathered through analysis of related audit criteria, including field audits.

Determine whether the compliance information was submitted into FOIP in accordance with requirements, including timelines specified in MNR procedures, SFL documentation and the Forest Compliance Handbook.

Background Information and Summary of Evidence:

The Hearst MNR District has an Annual Compliance Operations Plan (ACOP) that outlines their annual compliance targets for all their business lines. The ACOP was provided for all years during the audit period other than 2023-24. Each year had 6 actions related to forestry compliance, with 5 of those being the responsibility of an Integrated Resource Management (IRM) Technical Specialist. Here is a summary of the compliance monitoring for the scope of the audit:

2019/2020: an ACOP was in place with no identified targets or results recorded, however there were 9 FOIP reports completed.

2020/2021: an ACOP was in place with one target recorded to have 4 reports submitted and exceeded with 6 submitted

2021/2022: an ACOP was in place with no identified targets or results recorded, however there were 10 FOIP reports completed.

2022/2023: no ACOP created, 20 FOIP reports were completed

2023/2024: no ACOP created, 17 FOIP reports were completed

2024/2025: ACOP updated to have two actions, but no targets inputted, however there were 14 FOIP reports completed.

During the Audit period, MNR completed 48 Harvest, 25 Access, 2 Renewal and 1 Maintenance FOIP reports. There was a total of 35 inspections done on the ground, 32 reports completed by air (helicopter), 7 reports that were by both air and ground, then 2 inspections completed in the office.

The Hearst 2019-2029 Forest Management Plan outlines that the Hearst Forest Management Inc. has full responsibility and accountability for ensuring development, delivery and implementation of a comprehensive compliance program. The SFL has conducted 323 Access, 245 Harvest and 10 Renewal reports during the audit period. No maintenance reports have been submitted though there are tending activities being conducted on the forest. This administrative error should be corrected in the future. HFMI has a robust spreadsheet that is maintained throughout the implementation of the plan to document start-up, in-progress and completed operations. There is also a progress report

spreadsheet shared from HFMI to the MNR District, ensuring all operations have been shared with the district for effective communication of operations, as per the Compliance Manual.

Fiscal Year	SFL Access Reports	SFL Harvest Reports	SFL Renewal Reports	MNR Access Reports	MNR Harvest Reports	MNR Renewal Reports	MNR Maintenance Reports	Access % Monitored	Harvest % Monitored	Total % Monitored
2019-20	50	24	3	8	1	0	0	16%	4%	12%
2020-21	47	38	2	0	6	0	0	0%	16%	7%
2021-22	72	63	0	2	8	0	0	3%	13%	7%
2022-23	46	44	0	6	14	0	0	13%	32%	22%
2023-24	62	50	3	4	10	2	1	6%	20%	15%
2024-25	46	26	2	5	9	0	0	11%	35%	19%
	323	245	10	25	48	2	1	8%	20%	14%

Table 5. Summary of compliance reports

When assessing the total number of inspections completed by the MNR against the SFL reports, they have assessed over 10% of the reports. The MNR issued 7 non-compliances during the audit period, with all of them being related to harvest, which could be the reason it appears a greater focus has been put on monitoring the harvest inspections compared to access. Due to the timing of verification and remedies, some of these non-compliances show up in different AR-6 tables than the year they were identified.

Reports with no operational issues are to be submitted to FOIP no more than 20 working days after completion of the operation for Access, Harvest, Renewal and Maintenance operations. MNR reporting timeline begins with the completion of the inspection and during the audit period there has been an improvement in meeting this deadline, however nearly 50% of the inspections submitted remain over this allotted timeframe. The SFL reporting timeline begins from the time an operation or activity is completed. Because the FOIP system does not readily provide this information, HFMI considers the inspection date to be their first day on site. They submit inspections within 20 days after completing operations.

A review of the “Pending” status during the audit period revealed a total of 5 FOIP reports that are ‘overdue’ as per the MNR Compliance Inspection Handbook. There is one report from 2012 that is outstanding, but the rest are from within the 2024-2025 fiscal year and can be anticipated to be approved based on the minimal number of pending reports.

Discussion and Conclusion:

The ACOP for the district has been sporadic in its use over the audit period. The same ACOP was utilized during the 2019–2021 timeframe, with inconsistent targets to the compliance handbook and Forest Management Planning Manual. There was no ACOP created for 2022 and 2023 but the 2024 ACOP was updated to include only two activities that align with the policies and compliance history on the forest.

The HFMI has a robust compliance tracking system and detailed FOIP report, though there were reports not identified as maintenance within the program for tending activities.

The MNR has a strong presence for field verification which has allowed for minimal pending reports in the system, a variety of types of reports as well as their method. The timing of submission for

these reports has been getting better through time, though many remain longer than the manual dictates.

Finding #2: Compliance monitoring on the Hearst Forest is inconsistent with manuals and policies.

Independent Forest Audit – Record of Finding
Finding #3

Regulatory Requirement C: Planned versus Actual

Audit Criterion C.6 Silviculture standards and assessment program

Procedure:

3. Assess the actual level of the overall monitoring program including whether:

- The amount of area eligible for survey is consistent with past levels of harvest and whether all areas are being addressed.

Background Information and Summary of Evidence:

The monitoring program described in the FMP describes the timeline for monitoring. Areas regenerated naturally to aspen are to be assessed no more than 5 years following harvest. Areas regenerated to jack pine through artificial regeneration are to be assessed within 5 years of planting operations on the site. Areas that have been regenerated to black or white spruce are assessed 7 years following planting operations. Areas of lowland conifer forest units that are regenerated naturally through Careful Logging Around Advanced Growth (CLAAG) or Group Seed Tree (GST) are to be assessed 15 years following harvest operations.

In 2024, 6,801 hectares were surveyed but not yet reported. However, a significant reduction in forest monitoring has been identified in 2020, 2021 and 2023.

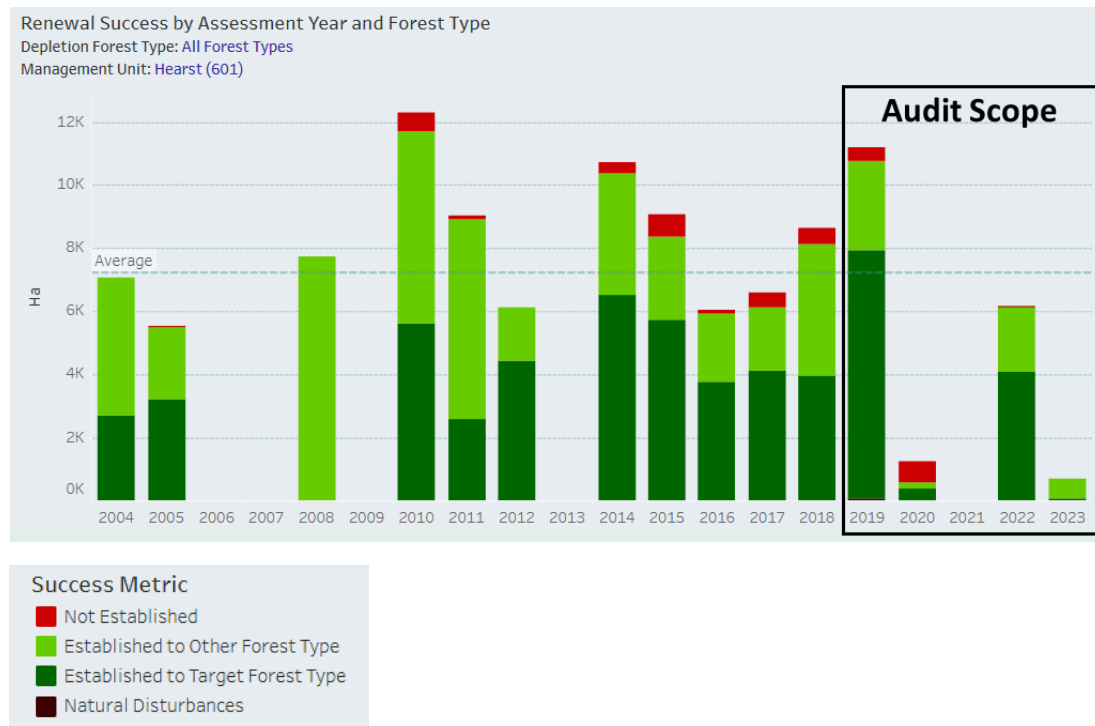


Figure 11. HF area reported as monitored, Source Forest Explorer

The auditors used the Silviculture Obligations Assessment (SOA) tool to examine the SFL progress towards completion of silviculture assessment. The silviculture obligations analysis shows a complete picture of the forest management activities. Spatial data is overlain to get a complete picture of area harvested, renewed and surveyed and reported. The 2024 silviculture monitoring would not be included in this assessment. HFMI also indicated that some area could have been assessed and added to the inventory without being reported as free to grow (FTG) or established.

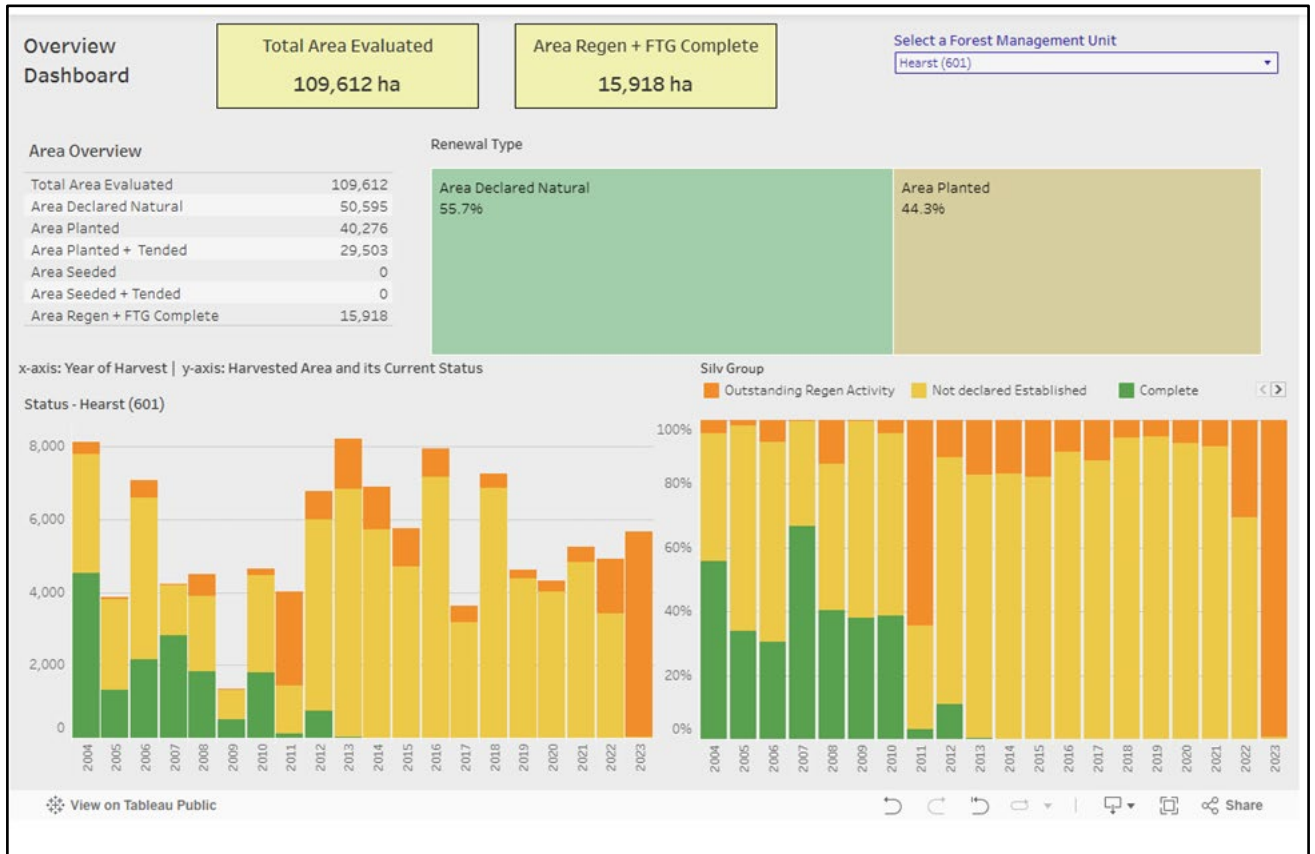


Figure 12. Graph of harvested, renewed, and assessed harvest area, Source SOA.

The SOA tool indicated that while a high percentage of areas harvested were treated, a significant amount of harvested area has not received silviculture monitoring. The SOA data does not include the 2024 surveys noted in the table below.

During the scope of the audit surveyed areas appear to be from areas harvested more than 17 years ago. This is not consistent with the planned monitoring program in the FMP.

Year of Survey	0	1987	1990	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2012	Total	
2019				205	1,019	600	1,094	1,070	1,274	1,050	2,899	673	193		8	811		304			11,200	
2020									8		12	4								1,220	1,243	
2022							4	8	992	1,448	272	1,042	1,094	520	814							6,194
2023																	714					714
2024	2,225	616	2	487				291	5			131	219	585	382	899	791			169		6,801
Total	2,225	616	2	693	1,019	600	1,098	1,368	2,279	2,498	3,182	1,851	1,506	1,104	1,204	1,710	1,505	304	169	1,220	26,152	

Table 6. Harvest year of areas surveyed in the audit scope (source submitted AR spatial data, note areas with a depletion year = 0 could be current).

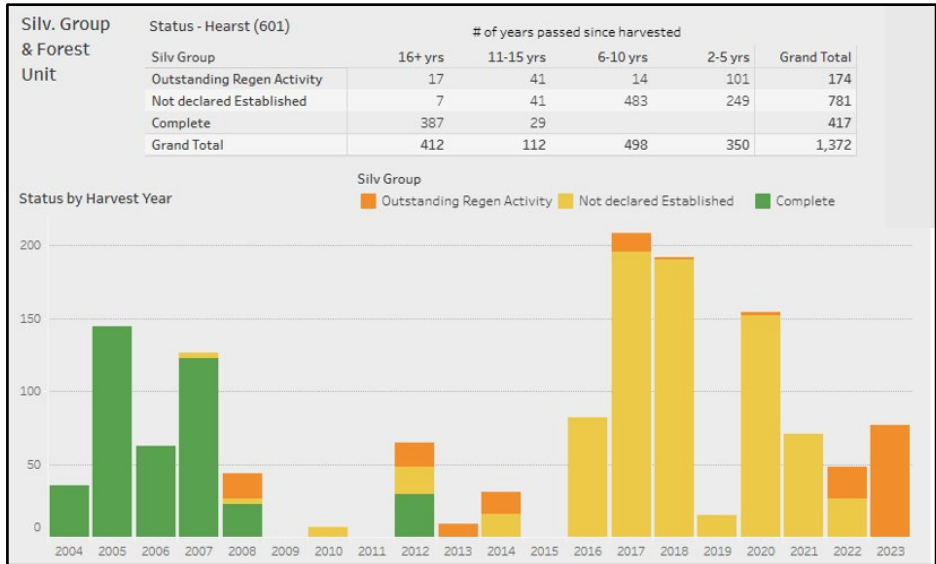


Figure 13. Jack pine artificial regeneration and monitoring, Source SOA

The jack pine artificial regeneration monitoring is an example of not following the monitoring plan as the areas were to be surveyed five years after regeneration.

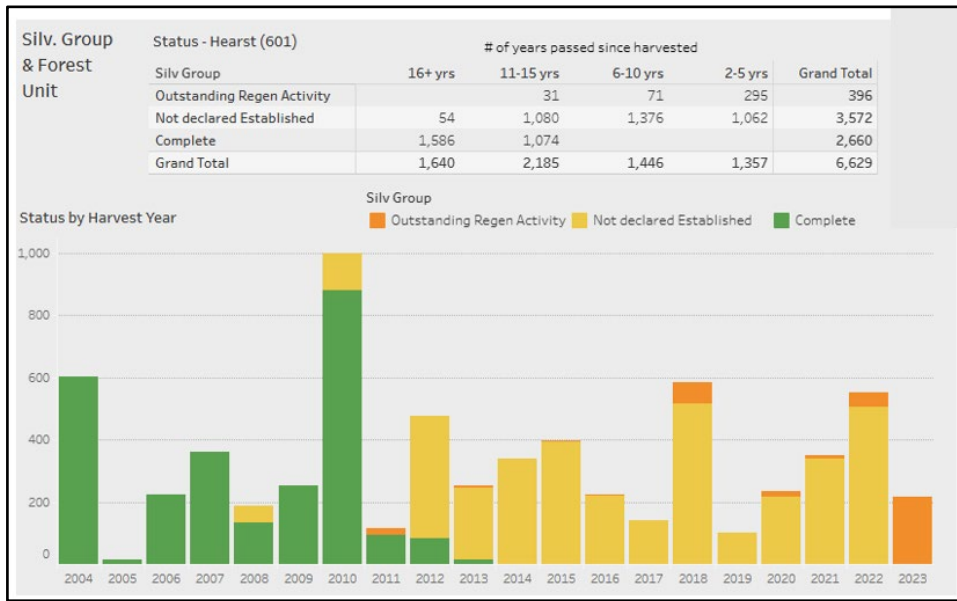


Figure 14. Aspen natural regeneration declared established and monitored, Source SOA

The FMP indicates that areas regenerated naturally to aspen are to be assessed no more than 5 years following harvest. Yet most areas are not monitored until well after 10 years.

Discussion and Conclusion:

The SFL did not supply any additional information that would indicate that the SOA was incorrect. This leads the auditors to the conclusion that an evaluation of areas yet to be surveyed needs to be completed. The SFL must also review the planned monitoring in the FMP and insure it is followed.

Finding #3: A significant area has not been assessed for free-to-grow, or establishment status as planned in the Forest Management Plan.

Independent Forest Audit – Record of Finding

Finding #4

Regulatory Requirement D: Action Plan

Audit Criterion D.2: Reporting on progress towards the completion of actions

Review the reporting of progress towards the completion of actions from the action plan in the annual reports, including through interviews, for the previous audit and assess:

- The reporting of progress towards the completion of actions from the action plan in the annual report was prepared in accordance with requirements of the FMPM and IFAPP.
- If applicable, review the status report from two audits prior and determine whether it contained any actions that needed to be addressed in the current FMP. If it did, assess and rationalize whether:
 - The actions were implemented.
 - The actions were effective in addressing the audit findings.

Background Information and Summary of Evidence:

The 2019 IFA had the following finding and follow up actions:

2019 IFA Finding #2:

The slash management program requires improvement and monitoring.

Action Plan:

Consistently report total area treated for slash management by treatment type in the Annual Report.

Measure effectiveness in monitoring and management using a combination of remote sensing and onsite observations and measurements to determine what proportion of various types of land (road, ditch, slash) are expected to be lost to forest production.

In addition to current efforts, explore operational methodologies to reduce land occupied by slash.

Slash management areas have been reported annually (#1) however there has been effectiveness monitoring only once to determine amount of area affected by roads landings and slash (#2) and additional efforts to reduce land occupied by slash (#3) has only recently had any effort.

2019/2020 AR - no slash management done

2020/2021 AR - no slash management done

2021/2022 AR - there was a slash management test in Jessie Creek to reduce footprint

2022/2023 AR – HFMI expressed that they were going to change practices to reduce slash footprint

2023/2024 AR – limited slash piling done and some burning with plans to increase

In 2024 there was a minor amount of both slash piling and burning that took place as seen during the field audit, however most of the slash on the land base was not piled and no burn had been attempted.

2019 IFA Finding #3

Timely and effective tending treatments are not consistently implemented.

The action plan identified the following steps:

In collaboration with affected First Nation communities, increase educational efforts and engagement in a culturally sensitive manner.

Review alternative competition control treatments which may be more compatible with First Nation's expectations, and evaluate treatment outcomes, as well as their effectiveness.

Strive for timely tending herbicide treatments.

In interviews with Auditees, auditors found that engagement with First Nation communities about herbicide application is not currently feasible, as local communities do not participate in discussions on this topic. The annual reports state that "HFMI staff discussed alternative treatments that were tried by neighbouring Forests. HFMI discussed state of the research with MNR Regional silviculture specialists. There is research on treatments for competition on white spruce and jack pine on less competitive sites, but little research on the ecologically challenging ecosites, especially with black spruce. HFMI continues to look for alternatives to tending."

There is evidence in the field that aerial chemical tending treatments have been applied to newly planted seedlings as soon as possible after planting. However, the rich clay soils of the Hearst Forest do present a challenge in controlling competing vegetation. HFMI has been working on various vegetation control strategies, such as:
prior to herbicide applications removing portions of the residual balsam fir over story to allow the herbicide to reach the ground,
adjusting herbicide concentrations,
increasing application droplet size,
conducting tree planting very soon after harvest, prior to competition growth.

The audit team observed approximately 1,760 ha of aerial chemical tending. In many artificially regenerated sites, competition was observed to re-establish completely within 1-2 years following herbicide application. The competition has been controlled for year or two. In other cases, communities have identified sites where they do not want herbicides applied and HFMI has rightly removed them from the program.

In interviews with Auditees, auditors found that engagement with First Nation communities about herbicide application is not currently feasible, as local communities do not participate in discussions on this topic.

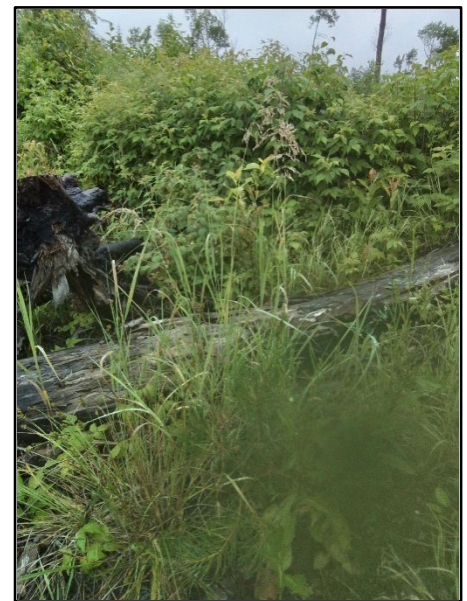


Figure 15. Conifer site with heavy competition

Discussion and Conclusion:

It does not appear that the actions from the last IFA were effective in addressing slash management problems. HFMI did not diligently and consistently address this finding.

On the other hand, the audit finding #3 regarding effective tending treatments was actioned but with limited results. The herbicide may be more effective when applied with the new methods but there are areas where community values take priority. The modeling outcomes for the forest should be adjusted to reflect the ability to control species composition in culturally sensitive areas. Action plans should address the findings to the extent possible considering what is within their sphere of influence. Once the actions are identified consistent effort to address the short coming is more likely to lead to an improvement.

Finding #4: The actions in the 2019 Independent Forest Audit were not effective in addressing two of the audit findings.

Independent Forest Audit – Record of Finding
Finding #5
Finding #6

Regulatory Requirement C: Licence

Audit Criterion E.2: Ontario Crown Timber Charges payments

Procedure:

Review the FRT account records to determine whether renewal charges applicable for the management unit have been paid by the SFL and/or overlapping licensees to the Trustee as per the agreement, including for any sub-accounts.

Assess whether the minimum balance, as per the SFL, has been maintained (FRT - forest renewal account) each March 31 for the audit period. Through a review of MNR overdue invoiced balances, in discussion with MNR Forest Industry Division (FID), determine whether the licensee or agent for the Crown have paid up to date all amounts in the FFT and CRF components.

Background Information and Summary of Evidence:

During the audit period, all renewal charges were recorded as paid in the account records. There is usually a delay between invoicing and payment, resulting in arrears. In 2023-2024, higher arrears occurred due to an agreement with an overlapping licensee and the MNR to postpone payments; this was settled before year end and has now been paid in full.

Items	Projection 2019-20	Actual 2019-20	Projection 2020-21	Actual 2020-21	Projection 2021-22	Actual 2021-22	Projection 2022-23	Actual 2022-23	Projection 2023-24	Actual 2023-24	Projection 2024-25	Actual 2024-25
Scaled volumes - Conifer (m3)	631,455	481,674	385,274	362,005	472,784	490,090	472,784	387,690	438,202	358,639	387,103	491,229
Scaled volumes - Poplar (m3)	22,500	20,166	22,500	23,530	22,500	42,240	22,500	48,513	28,000	14,667	27,000	26,419
Biomass /OSB (m3)	1,750	8,244	1,750	-	1,750	7,590	1,750	4,857	5,000	281	1,898	-
FRT Opening Balance (\$) Market Value	\$ 4,166,982.96	\$ 3,682,052.91	\$ 3,405,038.89	\$ 3,644,103.88	\$ 3,451,828.57	\$ 3,914,252.01	\$ 3,538,267.20	\$ 3,452,193.14	\$ 3,737,193.00	\$ 3,154,772.36	\$ 3,123,278.29	\$ 2,637,812.59
Trust Fund Contributions - All Products (\$)	\$ 3,148,202.25	\$ 3,245,907.73	\$ 2,636,450.14	\$ 3,024,836.59	\$ 2,835,564.80	\$ 2,713,205.96	\$ 3,611,975.95	\$ 2,253,760.85	\$ 3,676,763.00	\$ 2,315,710.52	\$ 3,812,067.00	\$ 3,463,572.54
Transfers from FRT (\$)	\$ 3,484,137.00	\$ 3,817,608.66	\$ 3,254,538.00	\$ 3,182,060.04	\$ 3,158,906.34	\$ 3,445,678.76	\$ 3,259,000.00	\$ 2,924,818.24	\$ 3,557,215.00	\$ 3,199,559.49	\$ 3,157,927.00	\$ 3,323,585.10
Trust Fund Realized Profit (\$)	\$ 83,339.66	\$ 5,859.81	\$ 19,658.55	\$ 69,964.47	\$ 37,970.49	\$ (115,502.86)	\$ 42,459.00	\$ (104,898.53)	\$ 54,187.00	\$ (84,316.04)	\$ 28,740.31	\$ 18,296.54
Trust Fund Balance	\$ 3,914,387.87	\$ 3,644,103.88	\$ 3,451,828.57	\$ 3,914,252.01	\$ 3,166,457.52	\$ 3,452,193.14	\$ 3,933,702.36	\$ 3,154,772.36	\$ 3,910,773.00	\$ 2,637,812.59	\$ 3,913,528.00	\$ 3,393,058.59
	\$4.95/m3	\$ (258,296.12)	\$4.95-\$5.50/m3	\$ 11,852.01	\$5.95/m3	\$ (450,206.86)	\$5.95/m3	\$ (747,627.64)	\$7.00/m3	\$ (1,264,587.41)	\$7.25/m3	\$ (509,341.41)

Table 7. Renewal trust fund balances and receipts.

Hearst Forest Management Inc has not consistently met the required minimum balance of \$3,902,400 since 2019. The company has communicated regularly with FID to monitor the account and plan for meeting the minimum balance. Since 2019, the SPF rate has increased by \$2.30, which reflects efforts to increase the balance. HFMI has also adopted balanced spending and a proactive approach in its silviculture program. Site preparation has been reduced and replaced by planting larger stock immediately after harvest. The silviculture program has not been significantly compromised as the balance of natural to artificial regeneration is close to the silviculture strategy.

HFMI has also attempted to monitor wood flow, and subsequent FRT value. The Ontario Wood Payment system is very difficult to monitor considering time lags of volume and payment inputs, limiting the usefulness and linkages to SFL management objectives such as spending programs and minimum balances. HFMI has indicated that a new report has been added by FID.

Discussion and Conclusion: The Hearst Forest harvests a significant amount of its volume in the winter months. Due to the requirement to meet minimum balance on March 31st, this would make January 31st the cut off date for any invoiced volume to be in the account guaranteed for that date. Therefore, a large majority of volume supporting the FRT account is not being accounted for in the assessment of meeting minimum balance. The intent of minimum balance is to ensure silviculture

liabilities would be funded and with all scaled volumes being paid on time, this standard ensures no silviculture liability risk for the MNR. Operating constraints resulting in more stock piling, variability in harvest levels, market value fluctuation of the FRT account and unaccounted volume during the peak harvest season on this forest requires an excessive buffer over-and-above the requirements to meet minimum balance. A balanced approach has been taken on the Hearst Forest by increasing the renewal rates during economic turmoil and keeping up with harvest depletions on sites that require artificial regeneration and silvicultural intervention to meet FMP commitments and responsibilities.

While implementing this balanced approach, a number of observations were made while working within the current payment structure for the province:

Risk assessment and course of action for meeting minimum balance requirement should facilitate continuity of renewal programs where Forest Managers have the capacity to carry them out, rather than be the cause of reductions/interruptions to silviculture programs.

- When market value is below book value for these investments, the risk assessment should consider book value when engaging with Forest Managers who have no control of the market fluctuations. The market value is the invested value of the fund while the book value is the amount deposited.
- Administrative resources and reports should be accurate and timely to ensure effective management and easy tracking of the account payments and volumes influencing the balance.
- Focusing solely on maintaining the minimum balance as of March 31st may expose the account to increased risk in the event of administrative errors or operational disruptions, particularly during unpredictable winter conditions. Forest Managers are required to maintain account balances above the minimum threshold to align with the end of the fiscal year for the province.
- Reduced harvest volumes and marketability coupled with increased silviculture treatment costs and a shrinking capacity (i.e. fewer nurseries and planting contractors, reduced hauling capacity) compounds the issues for Forest Managers to generate sufficient revenues

It is recognized that HFMI is in a difficult position with market conditions affecting harvest demand and silviculture expenditures rising. HFMI has done a remarkable job of balancing their silviculture obligations with building the renewal trust fund balance. However, meeting the minimum balance on March 31 is an SFL condition, and it must be noted.

Finding #5: Ontario's wood payment system does not allow for timely tracking of wood deliveries.

Finding #6: The forest renewal trust minimum balance has not been met each March 31st as required by the Sustainable Forest Licence.

Independent Forest Audit – Record of Finding

Best Management Practice # 1

Regulatory Requirement B: Meeting FMP Objectives

Audit Criterion B.6 Renewal support

Procedure:

3. Review and assess seed use, including consideration of whether the principles of seed collection and deployment have been applied and documented; the plan for acquiring high- quality seed and realized seed quality obtained; the condition for and documentation to support allowable seed transfer and approval documentation for transfers beyond current allowable seed transfer areas (as applicable); and whether records have been maintained to allow tracking of tree seed and stock deployment and adaptive management.

Background Information and Summary of Evidence:

HFMI, a member of NeSMA, is commended for its forward-looking action in addressing climate change. The development of the Hearst Forest Management Plan (FMP) included an objective to prepare for assisted migration. This objective involved consulting experts and establishing tests to determine the survival and growth of potential seed source provenances, thereby mitigating the effects of climate change.

Discussion and Conclusion:

The assisted migration provenance trials across the members of the NeSMA members is unique. It is a prudent first step in validating that a seed source from a future climatic envelope will survive.

Best Management Practice #1: Seed provenance trials for jack pine and black spruce represent a distinctive climate change mitigation initiative undertaken by the Sustainable Forest Licence and the Northeast Seed Management Association

Independent Forest Audit – Concluding Statement

Several factors complicated forest management during the audit, market downturns, a complicated implementation of the new forest management manuals, and COVID protocols that restricted travel, reduced training, and disrupted projects.

Despite these challenges, the audit team concludes that the management of the Hearst Forest was generally in compliance with the legislation, regulations and policies that were in effect during the period covered by the audit, and the Forest was managed in compliance with the terms and conditions of the Sustainable Forest Licence held by Hearst Forest Management Inc. The forest is being managed consistent with the principles of sustainable forest management, as assessed through the Independent Forest Audit Process and Protocol.

Appendix 2

Management Objectives

2019-2029 Hearst Forest Management Plan FMP-10 was assessed by the auditors as no Enhanced Annual Report was available with the SFL assessment.

	Auditors Assessment	Auditor Comments
1.1 To maintain within +/- 10% the proportion of Forest Units across the forest through time as compared to plan start.	Achieved	Assessed at LTMD, not all forest units could be maintained in the desired range. Ten of the 13 forest units were maintained in the short term. This is not a concern as all forest units did not vary greatly from the target.
2.1 Area of immature and older pine (PJI) landscape class (ha)	On Track	Jack pine has been planted as a primary (1,715 hectares) or secondary species (2,197 hectares) on a significant area in the first five years of the plan compared to a harvest of 92.6 hectares of jack pine forest unit.
2.2 Area of mature and older upland conifer (MUC) landscape class (ha)	Achieved	Assessed at LTMD, the forest moved toward the target range.
2.3 Area of immature and older hardwood and immature mixedwood (IMH) landscape class (ha)	Partially Achieved	Assessed at LTMD, achieved the target in the short and medium term (99.99% of medium) with a slight under achievement in the long term. This is not a concern.
2.4 Area of mature and older mixedwood (MM) landscape class (ha)	Partially Achieved	Assessed at LTMD, some movement towards the target range. This is not a concern. Most forest units are moving towards targets. This is not a concern.
2.5 Area of mature and older lowland conifer (MLC) landscape class (ha)	Achieved	Target levels for all terms were met.
2.6 Area of Old Growth (OG) (ha)	Achieved	Attained in all terms.
2.7 Area of all ages of red and white pine PR1 and PRW Forest Units (ha)	Not on Track	Moving towards target, starting with 0 ha. The plan is to plant one hectare per year for 100 years. No Pr or Pw has been planted.
2.8 Area of all ages of Pine Conifer (ha)	On Track	The target is not achieved through modeling. There is a significant pine component in the protected areas of the forest which are allowed to succeed. This reduces the overall amount of pine. However, a commitment is stated in the objectives table - Pine is to be

	Auditors Assessment	Auditor Comments
		planted and tended anywhere there are suitable growing conditions. Within the scope of the audit 1,715 hectares were planted with pine as the leading species and 2,198 hectares had pine listed as the secondary species.
2.9 Area of all ages of Upland Conifer (ha)	Achieved	The level starts above the target and is held above the target.
2.10 Area of all ages of Lowland Conifer (ha)	Achieved	The level starts above the target and is held above the target.
2.11 Area of all Young Forest (ha)	Not Achieved	The plan cannot get above the desirable and target levels although trending towards the target in the very long term. This is not an objective that can be met quickly. This is not a concern.
3.1.a. Proportion of 500 ha hexagons	Partially Achieved	Defragmentation is happening and the pattern is moving towards. Not a sustainability concern.
3.1.b. Proportion of 5,000 ha hexagons	Partially Achieved	Defragmentation is happening and the pattern is moving towards. Not a sustainability concern.
3.2 Frequency distribution of Young Forest patch size.	Partially Achieved	In the short term, some size classes are moving towards, and others are moving away from the targets. This is a long-term endeavor. The auditors do not consider this a sustainability concern.
4.1 Area of winter suitable caribou habitat.	Achieved	The target of increasing suitable habitat is achieved.
4.2 Area of mature conifer caribou habitat.	Achieved	This indicator is maintained within the desired level over the short, medium, and long term
5.1 Frequency distribution of winter suitable caribou habitat	Not Achieved	While this is not achieved, the harvest pattern is driven by the dynamic caribou habitat schedule (DCHS). This is a long-term endeavor. The auditors do not consider this a sustainability concern.
6.1 Time slice maps showing the on-line DCHS blocks and calculations of the amounts of blocks that are at least an average of 70 years old.	Not achieved	This target is not attainable, partially because the forest does not have a complete DCHS. The DCHS is new to the forest and will take time to move towards the desirable time slice patterns. The auditors do not

	Auditors Assessment	Auditor Comments
		consider this a sustainability concern.
7.1 Area of Conifer dominated FUs, excluding SF1 and BOG (PJ1, PJ2, SP1, LC1, SB1 & SB3) in the caribou zone (ha) Proportion of forest units that are harvested and regenerated to caribou conifer forest units.	Not assessed	This will be assessed in the future as areas are assessed for renewal success.
8.1 Proportion of combined Pj, Sw and Sb in Upland conifer FUs excluding SF1(PJ1, PJ2 & SP1)	On Track	This will be assessed in the future as areas are assessed for renewal success. However, it is noted the planting is on track to achieve this objective.
8.2 Proportion of combined Pj, Sw and Sb in Lowland conifer FUs excluding BOG (LC1, SB1 & SB3).	Not assessed	This will be assessed in the future as areas are assessed for renewal success.
9.1 Number of kilometres of primary and branch roads per square kilometres of forest in the caribou zone.	On Track	While the plan indicated that it was not achieved. The medium-term projection of 0.23 km/km ² includes all the 2019-2029 FMP roads, including roads into the B blocks for post-2029 harvest. It doesn't account for any road decommissioning. Auditors noted well done road decommissioning. This is not a concern as decommissioning is being done.
10.1 The number of non-compliance incident that are reported	On Track	To be assessed in enhanced annual reports. Target is 98% compliance. Current FOIP records indicate: 17 non-compliance out of 578 inspections or 2.9%. This is not a concern as the standard was well above average and the incidents were minor for the most part.
10.2 Compliance with management practices that prevent, minimize or mitigate site damage.	On Track	To be assessed in enhanced annual reports. Target is 98% compliance. No site damage incidents reported.
10.3 Compliance with management practices that protect water quality and fish habitat	On Track	To be assessed in enhanced annual reports. Target is 98% compliance. No water quality of fish habitat incidents reported
10.4 Compliance with prescriptions developed for the protection of resource-based tourism values.	On Track	To be assessed in enhanced annual reports. Target is 98% compliance. No incidents have been reported.

	Auditors Assessment	Auditor Comments
11.1 Percent of harvested forest area assessed as free growing by forest unit.	Not on Track	To be assessed in years 7 and 10 annual reports. Target is 98% FTG. While the areas may be assessed as FTG the assessments are not done as described in the FMP.
11.2 Actual silvicultural treatment area as a percent of planned area, by silvicultural intensity.	On Track	To be assessed in years 7 and 10 annual reports. Target is 98% FTG. Slightly more planting is being done than planned.
12.1 Area of stands containing at least 10% of black ash, red pine, white pine or white elm as listed in the FRI.	Not Assessed	To be assessed when a new inventory is received. There was no information to assess this objective.
13.1 Long term projected available harvest area by forest unit. (ha/yr)	Achieved	This target was evaluated at LTMD.
13.3 Forecast harvest area by forest unit. (ha/yr)	Achieved	This target was evaluated after plan allocations were identified and it was below target. Amendment 25 brought in more forecast harvest, 90% of the full allocations.
13.4 Forecast harvest volume by species group. ('000 m3/yr)	Not Achieved	The harvest volume of SPF and Pt is 15% and 14%, respectively, lower than the target which is outside the range. (AM 25) This is not a concern.
13.5 Actual first 10 years harvest area by forest unit. (annualized, ha/yr)	Not Assessed	While the actual harvest is below the target at this time more area has been added through AM 25.
13.6 Planned first 10 years harvest volume by species group. ('000 m3/yr)	Achieved	Amendment 25 which brought in more harvest areas which will contribute volume.
13.7 Actual harvest area, by Forest Unit. (ha/yr)	Progressing	Harvest is progressing but unlikely to reach more than 90% of forecast.
13.8 Actual volume by species group ('000 m3/yr)	Progressing	Harvest is progressing but unlikely to reach more than 90% of forecast.
14.1 Percent of actual available wood volume used by mill as reported in the annual mill returns.	Progressing	To be assessed after the plan is implemented in the final annual report. However, this is depending on demand.
15.1 Number of communities represented on the planning team and/or involved in a customized consultation approach.	Achieved	All communities were contacted
16.1 Percent of trappers consulted in operational planning that have traplines being affected by forest operations.	On Track	The goal is to have 90% contacted. Each year, the SFL and MNR notify individual trapline and the community trapline holders at AWS review.

	Auditors Assessment	Auditor Comments
17.1 Identified Indigenous values included in the values map and protected through the use of Areas of Concern or operational deferrals.	Achieved	CLFN and Moose Cree FN had members on the planning team. Both were involved in the creation of the ABIR. Missanabie Cree FN wish to be kept informed of the progress on the plan and activities on their Traditional Lands.
18.1 Measured area of productive land lost to the construction of forestry roads and landings.	Progressing	Will be measured at year 10. The goal is less than 4%. The SFL measured area lost to roads, landings and slash as 4.6% in 2021. In response, HFMI is starting to pile and burn slash.
19.1 Preparation of a strategy/ plan to maintain adapted seed sources for selected boreal species on the Hearst Forest that will support/provide a sustainable forest.	On Track	Will be measured at year 10. The auditors noted that trials have been installed.
20.1 Local Citizens Committee self-evaluation of the FMP process, their involvement in it and their effectiveness in plan development.	Not on Track	This indicator will be measured at the time of the plan submission once the LCC has completed their report on the Hearst FMP process. This should have been assessed and included in the objectives table. Finding #1.
21.1 The number of prescribed burns carried out on the forest during the plan period.	Not on track	Will be measured at year 10. There are no prescribed burns planned.
22.1 Identifying a designated firewood collection area, over and above areas selected for forest operations, in the vicinity of Constance Lake.	On track	This indicator will be met through collaboration. Will be measured at year 7 and 10. However the auditors learned of efforts to deliver firewood to communities and identify areas for collection.
22.2 Identifying a designated firewood collection area near communities	Achieved	This indicator has been met; however, others may need to be identified to meet the demand.
23.1 Number of meetings, phone calls and discussions with climate change experts.	On track	Will be measured at year 7 and 10. The goal is to have at least 3 meetings, calls or discussions with people whose expertise in forest genetics who can provide guidance for actions carried out on the Hearst Forest to maintain the sustainability of the forest.

	Auditors Assessment	Auditor Comments
23.2 Planting one or more operational trials involving seedlings grown from seed not from zones 16 and 17, with continued monitoring of tree survival, health and growth rates over the course of the plan.	On track	To have three operational trials for each species, expected to be sustainable on the Hearst Forest. Trials have been established.
24.1 Maintain FSC certification for Hearst Forest.	On Track	This indicator will be measured in 2021 and reported to the public at that time via the FSC web site. They are FSC certified.

Appendix 3
Compliance with Contractual Obligations

Licence condition	Licence holder performance
Payment of Forestry Futures and Ontario Crown charges	The SFL has paid all charges.
Wood supply commitments, sharing arrangements, special conditions	The SFL has met all wood supply agreements and commitments.
Preparation of FMP, AWS and reports; abiding by the FMP and all other requirements of the FMPM and CFSA	All reports have been prepared. Most activities abide by the FMP and other requirements as noted in Finding #3 the renewal monitoring is not consistent with FMP.
Conduct inventories, surveys, tests and studies; provision and collection of information in accordance with the FIM and in the case of the Agreement in accordance with the Algonquin Forestry Authority Act	HFMI has contributed to the inventory updates as required. The MNR have completed wildlife and values updates as required.
Wasteful practices not to be committed	The SFL abided by the requirements as altered by the Hardwood Utilization Strategy identified in the FMP.
Natural disturbance and salvage SFL conditions must be followed	Very little natural disturbance has been noted.
Protection of the licence area from pest damage, participation in pest control programs	Very little natural disturbance has been noted.
Withdrawals from licence area	No significant withdrawals were noted
Action plan and progress towards the completion of actions as reported in annual reports or status reports prepared under previous versions of the IFAPP	The status of actions for the action plan has been reported in the annual reports as required. The action plan steps were found to not be effective to address two findings of the 2019 IFA. Finding #1
Payment of forest renewal charges to the FRT	All payments were made to the as required.
FRT eligible silviculture work	All payments made from the FRT was for eligible work as listed in the SFL
FRT forest renewal charge analysis	The renewal charge analysis was completed annually.
FRT account minimum balance	The minimum balance (\$3,902,400) was not met for a number of years. The SFL worked with the MNR to achieve minimum balance while not

	reducing the renewal program. Finding #6
Silviculture standards and assessment program	The silviculture standards are documented in the FMP. However, the assessment program is not consistent with the FMP. Finding #3
First Nations and Métis opportunities	First Nations communities are active in forest operations and management.
Preparation of compliance plan	HFMI Compliance plans have been prepared.
Internal compliance prevention/education program	HFMI trains its contractors and staff annually to reiterate the standards and disseminate any new information.
Compliance inspections and reporting; compliance with compliance plan	Compliance inspections and reports are current and adequate for most activities, see Finding #2
SFL forestry operations on mining claims	No conflict with mining claims is documented.

Appendix 4
Audit Process

The Crown Forest Sustainability Act, through Ontario Regulation 319/20, requires that each management unit in Ontario be audited at least once every ten to twelve years. The audits are conducted by independent audit firms selected through a competitive bidding process. Both the Forest manager and the MNR are audited. The Independent Forest Audit Process and Protocol provide guidance in meeting the requirements of Ontario Regulation 319/20 made under the CFSA.

The IFA consisted of the following elements:

Risk Assessment: A risk assessment was completed in June 2025 to determine whether there were any aspects of the forest that would require extra effort. The risk assessment was based on a review of the 2019 IFA action plans and status reports and the additional information provided by the Auditees and interviews with the advisory committees and initial discussions with First Nations and Métis Communities. The Risk assessment report was submitted to the Forestry Futures Trust and MNR Divisional Support Branch for review and approval.

Regulatory Requirements	
B: Meeting FMP Objectives	
B.3: Harvest	<ul style="list-style-type: none"> • A review of the utilization strategy implementation by visiting the high-risk sites identified in the annual reports
D: Action Plan	
D.1: Action Plan Development	<ul style="list-style-type: none"> • Follow up on the slash management finding in 2019 and the actions developed. Examine the data collected in 2020 and conclusions. Very little slash management is reported in annual reports which leads auditors to believe there might be more than a 4.6% land out of production.
D: Action Plan	
D.1: Action Plan Development	<ul style="list-style-type: none"> • Finding #3 action - The engagement with communities may not meet the intent of the action. We will interview First Nations representative.

The risk assessment revealed that action plans to address findings from the 2019 IFA should be examined to verify slash management were consistent with requirements, the utilization strategy was effective, and stands are being tended as necessary to meet the planned objectives.

Audit Plan: An audit plan describing the schedule of audit activities, audit team members, audit participants and the auditing methods was prepared and submitted to HFMI, MNR Hearst, Cochrane, Kapuskasing District, MNR Northeast Region Office, the MNR Divisional Support Branch, the Forestry Futures Trust Committee and the advisory committees in June 2025. The audit plan was presented to the Auditees and Forestry Futures Committee and provided to the HFLCC as well as First Nations and Métis Communities that requested it.

Field Site Selection: HFMI provided digital information on the activities within the scope of the audit period. The lead auditor randomly selected more than a 10% sample of each activity and regeneration survey reported to the MNR. Sites were selected in accordance with the guidance provided in IFAAP. The field sample was reviewed by the HFMI and MNR district during a virtual meeting in June.

Field Audit: The site audit was conducted the week of July 14, 2025. The auditors were divided into two teams for the truck audit for two days and one team member conducted the aerial reconnaissance of silviculture surveys and inaccessible sites with a representative from the SFL. The field audit achieved a minimum of 10% sample of activities that occurred during the audit period and the silvicultural surveys submitted. A sample of the areas invoiced in the Forest Renewal Trust Specified Procedures Report was included to verify work was performed.

IFA Field Sampling Intensity on the Hearst Forest

Activity	Audit Scope Total Area (hectares)	Sample selected (hectares)	Sample %
Harvest – clearcut	24,891	3,410	13.7%
Site Prep – mechanical	1,082	317	29.3%
Site Prep – chemical	143	143	100.0%
Site Prep – Prescribed Burn	559	78	12.16%
CLAAG	5,621	668	11.9%
Tree Planting	17,840	2,401	13.4%
Natural Regeneration	2,634	302	11.5%
Chemical Tending Air	16,223	1,974	12.2%
Regeneration assessment (FTG)	25,064	2,569	10.2%
		Sample # or KM	
Road Construction	229 km	325 & 326 Roads (10.4 km), O'Donnell Lake Road (14.5 km)	10.8%
Water Crossings New	116	14	12.1%
Water Crossing Decommissioned (not ice)	31	5	16.1%
Aggregate Pits - opened	15	3	20.0%
Aggregate pits - closed	7	5	71.4%

This selection includes the following sample of the silviculture activities that were charged to the Forest Renewal Trust in the 2023-2024 fiscal year and assessed as a Specified Procedures portion of the IFA.

Activity	2023- 2024 Total (hectares)	Sample selected (hectares)	Sample %
Site Prep – mechanical	104	104	100%
Tree Planting	3,112	542	17.4%
CLAAG (regen)	1,424	243	17.1%
Natural Regeneration	1,164	267	23.0%
Chemical Tending Air	2,827	773	27.3%
Regeneration assessment (FTG)	714	714	100%

The closing meeting was held on August 1, 2025.

The field audit covered a random sample of operations during the audit period as visiting all operations is not practical. Individual sites are selected to represent an activity but all associated activities that occurred on the site are assessed and reported in the sample table above. The audit team inspected the area of concern prescription application, forestry aggregate pits, bridges, water crossing installations and water crossing removals. In addition, the auditors visited a climate change provenance test site.

Summary of Opinions and Input to the Audit Team

Public Consultation

The public were notified that an audit was being conducted. Notices were placed in the La Nord (English and French in print and on the website) and Timmins Times inviting the public to contact the auditors with concerns or complements regarding forest management on the Hearst Forest. The MNR also posted a notice on Facebook and X.

The District Manager receives feedback from the HFLCC regarding the Hearst Forest. On April 30, 2025, the auditors met with the HFLCC and delivered an introductory presentation prior to conducting the field audit. During the audit, participating HFLCC members expressed concerns about engaging younger members and ensuring effective communication of information back to their respective organizations.

First Nations and Métis Communities

A contact list of First Nations and Métis Communities was supplied by the MNR District Resource Liaison Specialist. All communities were emailed regarding the opportunity to provide feedback to the auditors. Two communities responded some of the concerns were with decommissioning access and sharing the resource. One individual was able to accompany the field audit.

Licensees, Contractors and Commitment Holders

All wood supply commitment holders were emailed, and two responses were received stating they were pleased with the relationship and fulfillment of their agreements with the Forest Manager.

Auditees (MNR and SFL)

MNR District, Region and Divisional Support Branch staff participated in all aspects of the audit, including the field audit and interviews. Several follow up meetings were held with applicable staff to clarify draft audit findings.

HFMI representatives participated in all aspects of the audit including providing key information, field audit organization, and interviews.

Appendix 5

List of Acronyms

AOC	Area of Concern
ACOP	Annual Compliance Operating Plan
AM 25	Amendment 25
AR	Annual Report
AWS	Annual Work Schedule
B.Sc.F.	Bachelor of Science in Forestry
CFSA	Crown Forest Sustainability Act
CLAAG	Careful Logging Around Advanced Growth
CRO	Conditions on Regular Operations
DCHS	Dynamic Caribou Habitat Schedule
FRI	Forest Resource Inventory
FFTC	Forestry Futures Trust Committee
FID	Forest Industry Division
FIM	Forest Information Manual
FMP	Forest Management Plan
FMPM	Forest Management Planning Manual
FMU	Forest Management Unit
FOIP	Forest Operations Information Program
FOP	Forest Operations Prescription
FRT	Forest Renewal Trust
FTG	Free-to-grow
FU	Forest Unit
Ha	Hectare
HF	Hearst Forest
HFMI	Hearst Forest Management Inc..
HFLCC	Hearst Local Citizens Committee
IFA	Independent Forest Audit
IFAPP	Independent Forest Audit Process and Protocol
KM	Kilometre
LTMD	Long-Term Management Direction
MNR	Ministry of Natural Resources
M ³	Cubic Meters
R.P.F.	Registered Professional Forester
SFL	Sustainable Forest Licence
SGR	Silvicultural Ground Rule
SOA	Silviculture Obligations Analysis

Appendix 6
Audit Team Members and Qualifications

Name	Role	Responsibility	Credentials
Janet Lane, R.P.F.	<p>Lead Auditor</p> <p>Public, First Nations & LCC participation in FMP Implementation</p> <p>Conformance to CFSA and contractual obligations</p> <p>Field audit of harvest, access, renewal, tending and monitoring</p>	<p>Audit Management and Coordination Liaison with forest manager, MNR & FFTC.</p> <p>Review documentation and practices related to forest management Planning and public participation.</p> <p>Review the function of the LCC.</p> <p>Review and inspect harvest and silvicultural practises</p> <p>Determination of Objective Achievement</p> <p>Aerial sampling of renewal success</p> <p>Determination of Sustainability</p>	<p>B.Sc. F.</p> <p>3 years IFA auditing</p> <p>30+ yr career</p>
Dave Legg	<p>FMP Implementation</p> <p>Field audit of harvest, access, renewal, tending and monitoring</p>	<p>Review Forest Management Plan amendments and review and inspect harvest and silviculture practices</p> <p>Review of operational compliance to AOC implementation</p> <p>Determination of Sustainability</p>	<p>B.Sc. F.</p> <p>3 years IFA auditing</p> <p>30+ yr career</p>
Julie Edwards R.P.F.	<p>Forest Compliance Monitoring Focus</p> <p>Field audit of harvest, access, renewal, tending and monitoring</p>	<p>Review and inspect the documentation related to contractual compliance.</p> <p>Review and inspect AOC documentation and practices</p> <p>Review of operational compliance to AOC implementation</p> <p>Review of the planning and delivery of the operational compliance program</p> <p>Review and inspect harvest and silvicultural practises</p>	<p>B.Sc. F.</p> <p>1 year IFA auditing</p> <p>Certified Compliance Inspector</p> <p>10+ yr career</p>