

Certified by:



SmartWood Headquarters
65 Millet St. Suite 201
Richmond, VT 05477 USA
Tel: 802-434-5491
Fax: 802-434-3116
www.smartwood.org
Contact person: Jon Jickling
jjickling@ra.org

Audit Managed by:
Canada Regional Office
P.O. Box 1771
Chelsea, Qc, J9B 1A1
Tel: 819-827-8278
Fax: 819-827-0464
Contact person: Alexandre Boursier
Email: aboursier@ra.org



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SmartWood

Practical conservation through certified forestry

Forest Management
2008 Annual Audit
Report for:

Alberta-Pacific Forest Industries
Inc.
in
Alberta, Canada
(North of Lac La Biche and
Athabasca)

Certificate code: SW-FM/CoC-001626

Auditors: Brenda Hopkin
Tawney Lem
Chris Wedeles

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Operation Contact: Shawn Lindballe

Address: Box 8000
Boyle, Alberta, Canada
T0A 0M0

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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Alberta Pacific Forest Industries Inc (AI-Pac), hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of SmartWood auditors who have evaluated company systems and performance against FSC forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through corrective action requests.

SmartWood audit reports include information which will become public information. Sections 1-3 will be posted on SmartWood's website according to FSC requirements. All appendices will remain confidential.

Dispute resolution: If SmartWood clients encounter organizations or individuals having concerns or comments about Rainforest Alliance / SmartWood and our services, these parties are strongly encouraged to contact SmartWood regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company's conformance with FSC and SmartWood requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>, certificate maintenance recommended Upon acceptance of CAR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>: Conformance with Major CAR(s) required
Additional comments:	
Issues identified as controversial or hard to evaluate.	None

2.2. Changes in the forest management of the FME

There are no changes to the land area under AI-Pac's control within the Forest Management Area (FMA). AI-Pac's practices in the field remain the same as at the time of the assessment.

As with last year's audit, the team is conscious of the impact due to the rapid development of the oil industry in the Fort McMurray area. The company continues to work in collaboration with the oil industry in attempting to ensure that land being used by the industry receives appropriate and opportunistic management of the forest there. The company's representative was receiving an "Award of Excellence" from for his role as one of the Stream leads for the Industry responsible for ensure participation from all industrial sectors (forestry, oil & gas, and transmission companies). A comprehensive review of AI-Pac's monitoring program, results and adaptive management during the 2009 Annual Audit will provide further information on this matter.

The third annual audit of the Al-Pac Forest was completed in the fall of 2008. This audit identified three new CARs, all of them related to HCVF requirements.

2.3. Stakeholder issues

As in 2007 the consultation with Environmental stakeholders during the 2008 Annual Audit focused on efforts related to furthering candidate protected area identification on the Forest. See CAR 03/07 for a detailed description of the developments.

A comprehensive stakeholder outreach will be conducted during the 2009 Annual Audit.

2.4. Conformance with applicable corrective action requests

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the SmartWood certificate if Major CARs are not met. The following classification is used to indicate the status of the CAR:

CAR Status Categories	Explanation
Closed	Certified operation has successfully met the CAR and addressed the underlying nonconformance.
Open	Certified operation has <u>not met</u> the CAR; underlying nonconformance is still present. CAR becomes a Major CAR with a 3 month deadline for conformance

Condition 2.1a		Reference to Standard: (Criteria and indicator)
Nonconformance		
Major	Minor X	
Corrective Action Request:		
By the end of Year 3 of certification, Al-Pac shall have completed assessments of the opportunities for restoration of oil and gas developments (including roads, well sites, seismic lines and abandoned camp sites), identified restoration priorities, and begun to implement a long-term plan to implement any identified measures that will reduce cumulative impacts.		
Timeline for conformance:		By the end of Year 3 of certification
Evidence to close CAR:		Al-Pac has led the implementation of a very successful and innovative Integrated Land Management Program on the FMA. The program is intended to find opportunities for minimization of cumulative impacts and development of synergistic operations at all stages of oil and gas

	<p>industrialization - from exploration, through site development, to site restoration/reclamation.</p> <p>Several of Al-Pac's initiatives have been adopted considerably beyond the boundaries of the FMA, to the betterment of integrated resource management across the province.</p> <p>Some of the key initiatives brought about by Al-Pac include:</p> <ul style="list-style-type: none"> • The use of narrow (2.5 m wide) seismic lines rather than the much wider (8 m) previous standard. Given the density of seismic lines across the forested part of the province, this initiative has spared many tens of thousands of ha from being cleared. As the wood from seismic lines was not utilized, the resource was essentially lost. Not only is this a savings in wood volume, but it is likely also ecologically significant, as it lessens the human footprint on the forest. • Reducing the impact of SAGD (Steam Assisted Gravity Drainage) developments by initiating joint efforts with the oil and gas industry to avoid "stranding" merchantable timber due the layout and timing of their developments. • Initiating a partnership with the University of Alberta which ultimately led to a process to minimize the impact of oil exploration pads on the Forest. Every year about 3,000 – 5,000 pads are drilled on the forest. The pads are approximately 50 X 50 m in dimension, so a considerable area of land is occupied by the pads. The previous primary means of operation resulted in the pad area being "reclaimed" to a grass and clover, and not suitable for treed cover. The new approach is less intrusive on the pad area, leaving it amenable for immediate return to forest. <p>Al-Pac continues to work with the oil and gas industry to find opportunities for integrating their operations. The company has instituted a number of developments which have resulted in decreased human footprint, less waste of trees, and more economical operations for both Al-Pac and the oil and gas companies. Al-Pac is seen as a leader of integrated operations throughout the province.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	

Condition 4.4a	Reference to Standard: 4.41-4.47
Non-conformance	Three items were required to meet the original Condition, Al-Pac

Major X	Minor	satisfied only one of the three (Establishment of a new or improved process for broad public input into the forest management plan). Although all three items are mentioned in the Condition below, the remaining un-addressed two items are the two last ones (document input provided and address significant information or concerns about the 2004 FMP).
<p>Corrective Action Request: AI-Pac shall:</p> <ul style="list-style-type: none"> - Establish a new or improved process for representatives of Aboriginal communities, interested public groups and organizations, contractors, ENGOs, the public and others to provide significant input into forest management planning for the FMA, <u>either</u> by re-organizing and reforming the Task Force, <u>or</u> by creating new public participation initiatives; - Document the input provided about the Forest Management Plan, including the Timber Supply Analysis, through this new <u>or</u> improved public participation process; and, - Address any significant new information or concerns about the 2004 Forest Management Plan, including the Timber Supply Analysis, identified through this public participation process. 		
Timeline for conformance:		Six months from finalization of the 2007 report.
Evidence to close CAR:		<p>Three items were required to meet this Condition, and the 2007 Annual Audit determined that AI-Pac had not satisfied the last two items of the Condition. As per FSC policy, the entire Condition is listed above, but evidence was only gathered on outstanding two items.</p> <p>The AI-Pac Community Engagement Strategy: Consultation Process and Terms of Reference” has a public and stakeholder involvement strategy that references stakeholders being involved in the “preparation of the goals and objectives of the Forest Management Plan”. The Landscape Advisory Group Terms of Reference includes the “Review and comment on the AI-Pac FMA area Forest Management Plan” as one of the group’s purposes.</p> <p>The Management Plan was available to all members of the LAG group. The LAG group meetings are managed by a professional facilitator. At the June 2008 meeting of the LAG, members were asked to identify a list of issues that may affect or be affected by Forest Management Planning. Ten issues were identified. For some issues, AI-Pac summarized the approach that they were taking (e.g. Aboriginal consultation, wood salvage from oil sands) and members indicated their satisfaction with the company’s approach. Other items on the list were either not forest management issues (e.g. oil sands reclamation), or were government processes (e.g. Northeast Region Planning Process). AI-Pac stated that members were asked about general forest values, but members did not provide this information. There is no evidence to show whether AI-Pac tried different approaches to solicit this information from the LAG. While narrow in scope and outcome, AI-Pac has documented input about the Management Plan, thus meeting the second part of the</p>

	<p>Condition.</p> <p>One issue identified by the LAG that could require addressing in the Management Plan is recreational access. LAG members have competing views about how access should be handled. When the audit team asked how AI-Pac will move forward on this issue, the company responded that a specialist would likely be brought in to present information on the topic, and then the group would flush out how the issue can be addressed on the ground. While this issue has not yet been addressed in the Management Plan as required in the Condition, AI-Pac has a process to do so. Based on this, the Condition is closed, but future audits will review this issue to ensure implementation.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	<p>Note to Future Audit: Confirm that the issue of recreational access has been further discussed by the LAG, and the Management Planning process reflects the outcomes of these discussions.</p>

Condition 5.6		Reference to Standard: 5.6
Nonconformance		
Major	Minor X	
<p>Corrective Action Request: AI-Pac shall review the timber supply analysis to ensure that it reflects land base reductions, including those for protected areas, management strategies and operational practices that are in place to meet the requirements in the NBS, for each applicable FMU, and make adjustments if necessary.</p>		
Timeline for conformance:		By the end of Year 3 of certification
Evidence to close CAR:		<p>AI-Pac completed the initial timber supply and associated land-base net-down in 2004. In January 2006 Alberta SRD approved the Forest Management Plan. More recently, AI-Pac completely updated the FMA area land-base and resubmitted the TSA to Alberta SRD for their approval; approval was granted in June 2008. The TSA Net-down is spatially correct to the timestamp May 2006. The field portion of the FSC Assessment was completed in the fall of 2004.</p> <p>AI-Pac provided the following documentation to address CAR 5.6 – Timber Supply Analysis reflects land-base reductions that meet NBS requirements:</p> <ul style="list-style-type: none"> - Alberta-Pacific FMA Area Forest Management Plan (Revised) September 2007; - Alberta-Pacific FMA Timber Supply Analysis 2004 (Revised September 2007); - Alberta-Pacific FMA Land Determination Process (completed May 2003 – Updated 2007); - Listing of NBS requirements that would be need to be considered within land-base reductions (AI-Pac term “category of concern”), how each "concern" is managed and the associated TSA effect, including background information for each concern. <p>The following major categories are captured within TSA net-down areas:</p> <ul style="list-style-type: none"> - non-harvestable lands; - recently disturbed areas; - non-merchantable land-base; - water course buffers; - aquatic features; - mineable oil sands area; and - harvestable forested land-base. <p>Further to that AI-Pac completed a review of the FSC National Boreal Standard (NBS) and identified nine requirements of the</p>

	<p>NBS (AI-Pac termed “categories of concern”) that might impact the land-base and/or allowable cut. The nine areas identified included:</p> <ul style="list-style-type: none"> - Riparian Areas – 6.3.16 / 6.3.17; - Residual Structure – 6.3.10; - Wildlife Habitat – 6.2 / 9.3; - Old Forest Retention – 6.3.5; - Mineable Oil Sands Area (MOSA) – 7.1.5; - Traditional Land Entitlement – P9 Category 6, 7.4.1, 3.2; - Candidate Protected Areas – 6.4; - Contiguous Core Forest – 6.3.6 & 6.3.12; - Pre-Industrial Forest Condition – 6.15 <p>For each of the above listed NBS requirements, AI-Pac provided rationale on how they are managing each strategically and/or operationally. AI-Pac has accounted for reductions in the land-base to accommodate for the following NBS requirements: riparian buffers, residual structure, caribou habitat, Trumpeter Swan habitat, ungulate habitat, and the Mineable Oil Sands Area (MOSA). Through the Spatial Harvest Sequencing (SHS), AI-Pac has accounted for Candidate Protected Areas, contiguous core forest, and old forest, and Traditional Land Entitlement. In addition, AI-Pac has addressed all these NBS requirements via Management Objectives, strategies, spatial harvest sequencing and/or operating ground rules. Some requirements are only applicable to specific FMUs, while others are across all FMUs. This has been identified within the information provided. Full details can be found in AI-Pac’s Forest Management and Timber Supply documents.</p> <p>AI-Pac’s documents provided evidence that their Timber Supply Analysis adequately reflects the NBS requirements in their land-base reductions, including those for protected areas, management strategies and operational practices. For this reason, CAR 5.6 has been closed.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	Note to Future Audit: When candidate protected areas are approved by the Government of Alberta, AI-Pac will remove these areas from the Timber Supply Analysis. Until such time, future audits shall confirm that the cut in those FMU’s is appropriate, given the current management and allocation.

Condition 9.1a		Reference to Standard: 9.1.1-9.1.3
Non-conformance		<p>In the original assessment, Condition 9.1a was identified which required AI-Pac to complete the assessment of Category 5 and 6 HCVs. The year two annual audit found that AI-Pac's efforts did not suffice to meet the requirements of the Condition. The Condition remained open and was elevated to a Major. Because the Year two report was not finalized until May 12, 2008, the 6-month window for assessing the Condition fell within the schedule for undertaking the Year Three audit (this current one) and so this Condition is assessed here.</p> <p>The original assessment of HCVs for the Forest identified values likely to be considered to be "fundamental to meeting the basic needs of local communities (Category 5) and "critical to local communities' traditional cultural identity (Category 6). However, at the time of the report (summer 2004), the authors had not been able to meet with many First Nations because they were reluctant to participate in that study in advance of AI-Pac's consultation with them about the whole certification process.</p>
Major X	Minor	
Corrective Action Request:		
<p>AI-Pac shall complete the assessment of Category 5 and 6 HCVs, including consultation with Aboriginal and non-aboriginal people and external peer review, and integrate those values with the Category 1 through 4 HCVs to provide a concise statement of HCVs on the FMA.</p>		
Timeline for conformance:		Six months from finalization of the 2007 report.
Evidence to close CAR:		<p>The Company's efforts to assess Category 5 and 6 HCVs for First Nations are documented in a report prepared to address this Condition¹.</p> <p>AI-Pac staff undertook a sequence of initiatives to address this Condition. All five of the Aboriginal communities on or near the Forest were contacted and (re)introduced to the concept of High Conservation Value Forests. Consistent with past experience (and with the results of the original assessment), it was found that only two of the five communities (Heart Lake First Nation and Bigstone Cree Nation) had the capacity and interest to respond to the Company's overtures. We accept AI-Pac's explanation and the evidence validating AI-Pac's subsequent focus on these two communities.</p> <p>In subsequent consultations AI-Pac staff met with the interested First Nations and discussed AI-Pac support of First Nations traditional land use study and the communities' interest in HCVs. Heart Lake First Nation responded most consistently.</p> <p>The communities' interest in special forest values continues to be most strongly associated with specific sites, such as</p>

¹ Alberta-Pacific Forest Industries Inc. 2008. High Conservation Value Forests Categories 5 & 6. 8 p.

	<p>gravesites, spiritual locations, areas of concentration of medicinal plants, etc. However, in addition to these locations, the First Nations identified thirteen major lakes and four rivers as places of special interest and AI-Pac has recognized them as HCVs. The main interest in these locations is tied to traditional use. Land use studies strongly suggest that Aboriginal people and communities historically lived and traveled close to water systems.</p> <p>The Company's efforts to engage non-aboriginal communities in HCV discussions are on-going. There are three mechanisms used by the Company to identify values in non-aboriginal communities: 1) discussions of values occur in an ad-hoc manner during public consultation of annual operating plans; 2) through implementation of the Community Engagement Strategy (CES) the Company consults twice annually in the non-aboriginal communities close to the Forest; and 3) through the Landscape Advisory Group (LAG), which meets several times through the course of the year.</p> <p>We accept the company's explanation that they have made reasonable efforts and progress in engaging communities in discussions of values, but due to the extensive consultation which are required and the limited opportunities to do so since this Condition was identified, it remains premature to definitively identify HCVs for non-aboriginal communities.</p> <p>AI-Pac submitted the current version of the HCVF report to peer review. That part of the Condition is also met.</p> <p>Further work and consultations are required to complete the inclusion of non-aboriginal communities in the assessment of HCVs. Therefore we have identified a new CAR (CAR 01/08) requiring this work to be completed by the next annual audit.</p> <p>Furthermore, management actions for the HCVs associated with non-aboriginal communities (which were part of the subject of Condition 9.1b, discussed below) have not yet been implemented because the values themselves have not yet been finalized. Therefore, CAR 01/08 includes the requirement for the Company to implement management strategies to maintain and/or enhance applicable conservation attributes of the HCVs associated with non-aboriginal communities.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	CAR 01/08

Condition 9.1b		Reference to Standard: 9.3.1-9.3.3
Non-conformance		<p>This CAR required the implementation of management strategies for HCVs. Because identification of Category 5 and 6 HCVs has not been completed (as per CAR 9.1a), all the requirements of this Condition have not been addressed.</p> <p>The 2007 (Year 2) annual audit noted that the company had completed a document providing an overview of management strategies for the identified HCVs on the Forest, and had begun to implement the management actions identified. However, the document identified only HCVs associated with categories 1-4. Because the assessment of Category 5 & 6 HCVs was not yet complete, this Condition (which was a minor) could not be closed and was raised to a major. The intent of the Condition, therefore was to ensure that management actions for category 5 and 6 HCVs were initiated.</p>
Major X	Minor	
Corrective Action Request:		
<p>AI-Pac shall identify and begin to implement specific management strategies that will be implemented to protect the identified attributes in each High Conservation Value Forest.</p>		
Timeline for conformance:		Six months from finalization of the 2007 report.
Evidence to close CAR:		<p>As discussed above (Condition 9.1a), the Company has identified a series of values associated with category 5 & 6 HCVs for aboriginal communities. Each of the point-specific values (such as gravesites, cabins), have appropriate strategies associated with them to ensure their protection as documented by the Company.</p> <p>For the lakes and rivers which have been identified as HCVs, the Company has identified special 1 km consultation zones. This approach of managing the HCVs was worked out in consultation with the Aboriginal communities. Prior to management actions of any sort occurring within the 1 km special consultation zones, specific consultations will occur with the aboriginal communities to either i) ensure that planned actions are appropriate, or ii) modify plans to ensure they are consistent with protection of the values. We accept that the management actions associated with these values are appropriate.</p> <p>As noted above (Condition 9.1a) the Company is still engaged in efforts to complete the HCV assessment based on input from non-aboriginal communities. As explained above, because the HCVs have not yet been finalized, the management actions associated with their protection have not yet been implemented. Therefore, CAR 01/08 includes the requirement for the Company to implement management strategies to protect the HCVs associated with non-aboriginal communities</p>
CAR Status:		CLOSED

Follow-up Actions (if app.):	See CAR 01/08
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Condition 9.4		Reference to Standard: 9.4
Nonconformance		This CAR was identified in the original assessment of the forest, finalized in 2005. The report noted that monitoring protocols for HCVs had not, at the time, been incorporated into the HCVF report produced by the Company. The CAR was identified as a Year 3 (2007) requirement presumably to allow the company sufficient time to complete the identification of HCVs and develop appropriate monitoring strategies.
Major	Minor X	
Corrective Action Request: AI-Pac shall, in collaboration with ASRD and other interested parties, implement a monitoring program to assess the effectiveness of management measures for HCVs that are affected by or likely affected by AI-Pac's management activities on the forest. The monitoring program may encompass monitoring already in existence.		
Timeline for conformance:		By the end of Year 3 of certification
Evidence to close CAR:		<p>The Company has produced a document to be used as evidence for addressing this CAR.² The document describes the company's management strategies for HCVs, and provides monitoring information at varying levels of detail for different HCVs. Some of the monitoring actions identified are melded with management actions (e.g. monitoring for Landscape Level Forests includes "continue to develop an access development map of the forest companies' expected future road needs to facilitate government and industry synergy in road corridor planning"), so it is difficult to determine distinct monitoring components for all the HCVs. Furthermore, the document does not specifically address all the HCVs identified in the two reference documents which identify HCVs on the Forest^{3,4}. We note, however, that the two documents are not entirely consistent in their identification of HCVs. To address the need for clarity around HCVs on the forest, we have identified CAR 02/08. Discussions with the company were hampered by inconsistencies between the two HCV documents and did not resolve all the issues associated with the identified monitoring program.</p> <p>Complicating this issue is the fact that the monitoring program identified by the Company does not completely address the requirements of Indicator 9.4.2 which requires that the</p>

² Alberta-Pacific Forest Industries Inc. High Conservation Forest Monitoring. Preliminary 2008 Results. 13 p.

³ Dyer, S.J. 2004. High Conservation Value Forests (HCVF) within the Alberta-Pacific Forest Management Area: A Summary Report. Alberta-Pacific Forest Industries. 25 p.

⁴ Timony, K. 2003. An Environmental Assessment of High Conservation Value Forests in the Alberta Portion of the Mid-Continental Canadian Boreal Forest Region. Report prepared for World Wildlife Fund and Alberta-Pacific Forest Industries. 153 p.

	<p>monitoring program be “capable of alerting the applicant to changes in the status of a conservation attribute...” We note that the Condition 9.4 required that the monitoring requirement “assess the effectiveness of management measures for HCVs...”. Therefore, there is somewhat of a disconnect between Condition 9.4, which specifically identifies effectiveness monitoring, and Indicator 9.4.2 which identifies status monitoring as a requirement. Both of these elements of monitoring are required for an effective program.</p> <p>The original assessment of the forest, which led to Condition 9.4 being identified, did not include a condition specifically attuned to the requirements of Indicator 9.4.2. Therefore, we do not find that the lack of evidence related to a comprehensive monitoring program warrants a Major CAR. Nonetheless, there is clearly a need for the company to revisit its monitoring program and ensure that all the elements of Criterion 9.4 are addressed. Therefore, we have identified CAR 03/08.</p> <p>We note that assessment of this CAR will be greatly facilitated if the evidence is provided on an HCV-by-HCV basis with inclusion of all elements of evidence in a single, comprehensive document.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	See CAR 02/08 and CAR 03/08.

CAR 01/07		Reference to Standard: Criteria and indicator 6.6
Nonconformance		<p>This CAR arises out of the assessment of the Major CAR 01/06. The verification audit for that CAR was conducted in June of 2007.</p> <p>Al-Pac has not demonstrated a continual reduction of chemical use with an eventual goal to their complete phase-out over time or provided a rationale showing that chemical use is essential and that non-chemical uses are not available, ineffective, or prohibitively expensive. In 2006, herbicide use exceeded the baseline and has increased significantly since 2002. Al-Pac predicts herbicide use will continue to increase to 2008.</p>
Major	Minor X	
Corrective Action Request:		
<p>Al-Pac shall demonstrate that a continual reduction of herbicide use compared against the established baselines, both in forestry and roadside weed programs, can be achieved on the FMA, or a rationale for continued use, consistent with the provisions of Indicator 6.6.3 shall be provided.</p>		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Al-Pac presented a concise report ⁵ containing herbicide use

⁵ Alberta-Pacific Forest Industries. 2008. Forestry Herbicide Use on the Alberta Pacific Forest

	<p>information, and context for the company's use of herbicides in response to this CAR. As a result of evolving regulatory requirements related to reforestation obligations, the use of herbicides on the forest has been inconsistent over time. From 1996 to 2000, herbicide use increased dramatically from approximately 550 l with less than 100 kg of active ingredient, to approximately 26,000 l with approximately 9,000 kg of active ingredient. Following a sharp decline to 2002 to less than 3,000 kg of active ingredient, herbicide use increased again, to about 6,000 kg of active ingredient in 2007 (2008 data are not yet available). The overall trend is not towards reduced levels of herbicide use.</p> <p>AI-Pac established a baseline level of herbicide use based on the 2000 – 2004 average, however the levels of use in both 2006 and 2007 exceeded this baseline.</p> <p>CAR 01/07 allows for herbicide use levels not to decline, consistent with indicator 6.6.3, providing that appropriate rationale exists.</p> <p>The company's report provides rationale for continued use of herbicides:</p> <ul style="list-style-type: none"> ▪ non-herbicide methods for controlling competing vegetation are not efficient at achieving silvicultural objectives; ▪ the use of non-herbicide methods are considerably more expensive than the use of herbicides; and ▪ the use of non-herbicide methods of vegetation control are considerably less safe for workers. <p>We accept the company's rationale as documented.</p> <p>The company's report documented a dramatic decline in the use of herbicides related weed control between 2006 and 2007 – the only years for which reliable data are available. Company staff note that integrated planning opportunities (i.e. with the oil and gas industry) and the use of winter roads should allow for a continued low rate of use of herbicide for the control of road-side weeds.</p> <p>Sufficient evidence has been provided to close this CAR.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	

Management Area. 7 p.

CAR 02/07		Reference to Standard: Criteria and indicator 4.4
Nonconformance		In the assessment of CAR 4.4b in this annual audit it was found that the Socio-economic impact assessment (SEIA) does not provide meaningful input into the assessment of management options for the Forest.
Major	Minor X	
Corrective Action Request: AI-Pac shall have incorporated method(s) into the SEIA that will allow the SEIA to be used to assist with the selection of the desired management option during forest management planning.		
Timeline for conformance:		By the next annual audit
Evidence to close CAR:		As evidence, AI-Pac provided a synopsis and workplan titled "SEIA and the Desired Forest Management Option during Forest Management Planning." This document differentiates between the three types of indicators in the SEIA (input, output and outcome) and summarizes which indicators in particular have an influence on forest management planning. The workplan includes tabulating the time-series for each indicator, calculating baselines, preparing targets where applicable, rationalizing the indicators' value on planning, and exploring transformational planning where the indicator can direct such planning. Data gathering is planned through November 2008, with a final report due in December 2008. This process meets the requirements of the CAR and indicator 4.4.10.
CAR Status:		CLOSED
Follow-up Actions (if app.):		Note to Future Audit: Review the "SEIA and the Desired Forest Management Option" final report at the next annual audit.

CAR 03/07		Reference to Standard: 6.4.5
Nonconformance		In the assessment of CAR 6.4c in this annual audit, it was found that the ongoing consultative efforts are required to satisfy Indicator 6.4.5 as the company and the ENGO community work to develop and implement protected area strategies for the Forest.
Major	Minor X	
Corrective Action Request: AI-Pac shall have continued to work in consultation with ENGOs and other interested parties in identifying and implementing protected area strategies for the Forest and shall have documentation demonstrating support from interested parties.		
Timeline for conformance:		By the next annual audit
Evidence to close CAR:		AI-Pac has provided SmartWood with many letters of support for their protected areas strategy, including a letter confirming CPAWS and (Federation of Alberta Naturalists (FAN) support for the candidate benchmark areas identified as "Option 60,000 plus deferrals". Although CPAWS mention they have concerns with Criterion 6.4, they are confident efforts will continue and that they are willing to work with AI-Pac on the

	<p>innovative use of plantations to meet mutual goals.</p> <p>Apart from CPAWS and FAN, letters demonstrating support for the strategy were obtained from:</p> <ul style="list-style-type: none"> - Ducks Unlimited; - Cumulative Environmental Management Association; - Clearwater Heritage River Society; - Other non-ENGO organizations including major oil industry representatives and individual companies. <p>This evidence clearly demonstrates strong support from a wide range of key stakeholders for AI-Pac's protected areas strategy. This CAR can be closed.</p>
CAR Status:	CLOSED
Follow-up Actions (if app.):	

2.5. New corrective actions issued as a result of this audit

CAR 01/08		Reference to Standard: 9.1
Non-conformance		Further work and consultations are required to complete the inclusion of non-aboriginal communities in the assessment of HCVs. Furthermore, management actions for the HCVs associated with non-aboriginal communities (which were part of the subject of Condition 9.1b, discussed below) have not yet been implemented because the values themselves have not yet been finalized.
Major	Minor X	
<p>Corrective Action Request: AI-Pac shall:</p> <ul style="list-style-type: none"> • have completed its efforts to identify HCVs based on consultations with non-aboriginal communities. • have identified and begun implementation of measures to maintain and/or enhance applicable conservation attributes of the HCVs identified through consultations with non-aboriginal communities. 		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 02/08		Reference to Standard: 9.4
Non-conformance		The Company has produced a document to be used as evidence for addressing this CAR. ⁶ The document describes the company's management strategies for HCVs, and provides monitoring information at varying levels of detail for different HCVs. Some of the monitoring actions identified are melded with management actions (e.g. monitoring for Landscape Level Forests includes "continue to develop an access development map of the forest companies' expected future road needs to facilitate government and industry synergy in road corridor planning"), so it is difficult to determine distinct monitoring components for all the HCVs. Furthermore, the document does not specifically address all the HCVs identified in the two reference documents which identify HCVs on the Forest ^{7,8} . We note, however, that the two documents are not entirely consistent in their identification of HCVs. Discussions with the company were hampered by inconsistencies between the two HCV documents and did not resolve all the issues associated with the identified monitoring program.
Major	Minor X	
Corrective Action Request: The Company shall prepare a reference list of all HCVs on the Forest, which addresses HCVs from all six categories.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 03/08		Reference to Standard: 9.4
Non-conformance		The original assessment of the forest, which led to Condition 9.4 being identified, did not include a condition specifically attuned to the requirements of Indicator 9.4.2. Therefore, we do not find that the lack of evidence related to a comprehensive monitoring program warrants a Major CAR. Nonetheless, there is clearly a need for the company to revisit its monitoring program and ensure that all the elements of Criterion 9.4 are addressed.
Major	Minor X	
Corrective Action Request: The Company shall, where applicable, implement an HCV monitoring program. The monitoring program shall occur at an appropriate frequency to verify the condition of the HCV.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending

⁶ Alberta-Pacific Forest Industries Inc. High Conservation Forest Monitoring. Preliminary 2008 Results. 13 p.

⁷ Dyer, S.J. 2004. High Conservation Value Forests (HCVF) within the Alberta-Pacific Forest Management Area: A Summary Report. Alberta-Pacific Forest Industries. 25 p.

⁸ Timony, K. 2003. An Environmental Assessment of High Conservation Value Forests in the Alberta Portion of the Mid-Continental Canadian Boreal Forest Region. Report prepared for World Wildlife Fund and Alberta-Pacific Forest Industries. 153 p.

CAR Status:	OPEN
Follow-up Actions (if app.):	

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Brenda Hopkin – Forestry assessor. Brenda is a forestry graduate from the University of Alberta. She has been working as a self employed forestry consultant for the last 18 years. She provides services in forest management planning, legislation and certification. For the last 8 years she has specialized in Sustainable Forest Management (SFM), which includes work with SFM Criteria & Indicators as well as forest certification schemes (ISO, CSA, and FSC). Brenda’s services in certification include assisting groups understand and achieve certification, as well as a certification assessor under both ISO 14001 and FSC. Her primary clients are forest companies in BC, the Ministry of Forests in BC as well as a project with the South African Government. (BH)

Tawney Lem (B.A. Political Science) – Tawney is an assessor focused on First Nations and socio-economic issues. She has been contracted by SmartWood on 27 assessments, annual audits and gap analyses in BC, Alberta and Manitoba. Tawney is an independent consultant providing policy development and analysis services in the areas of governance, land use and community development, and is a LEED Accredited Professional. Ms. Lem’s bachelor’s degree is from the University of British Columbia, and she has taken SmartWood’s Assessor training course. (TL)

Chris Wedeles – Chris is a wildlife biologist specializing in the relationship between forest management and wildlife ecology. Chris has been a professional consultant since 1986 and for the last ten years has been a partner in ArborVitae Environmental Services Ltd. In his consulting career Chris has worked on forest-related projects in every province in Canada. Chris has led or participated in approximately 35 audits and assessments of the management of tenured forest areas in Canada. Other recent relevant experience includes: being a technical writer in the development of the FSC National Boreal Standard (NBS), participating in a project to assess the wood-supply and ecological effects of the NBS, co-authoring comprehensive technical reports dealing with effects of forest management on songbirds, old growth management, and effects of roads in managed forests in Canada. Chris is currently working on a document related to the ecological effects of boreal forest fragmentation. (CW)

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
Sept. 1 – Oct. 3	Auditors’ offices	Review of documents, scheduling of interviews, preparation of materials. (CW, TL, BH)
Oct. 5	Travel	Travel to Athabasca (CW & BH)
Oct. 6	AI-Pac office	Opening meeting. Interviews with AI-Pac staff and review of evidence (CW & BH).
Oct. 6	Auditor office	Telephone interview with AI-Pac staff (TL).

Oct. 7	AI-Pac Office AI-Pac FMU	Interviews with AI-Pac staff and review of evidence (CW). Field visit with AI-Pac staff (BH).
Oct. 7	AI-Pac Office	Exit meeting (BH & CW).
Oct. 8 – Dec. 1	Auditors' offices	Awaiting information from auditee, further review of documents and phone interviews with stakeholders/staff. Report writing (CW, TL, BH)
Dec. 4 th 2008	SmartWood office	Draft report sent to AI-Pac
December 5 th 2008	AI-Pac office	AI-Pac review and comment on draft report.
	Auditors' offices	Discussions with company re. initial findings; consideration of additional evidence; revision of preliminary report. (BH)
February 10 th 2009	SmartWood office	Final Report

Total number of person days used for the audit: 5.5 of preparation and field work. = number of auditors participating 2
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3.3. Sampling methodology:

One day was spent in the field during this annual audit. This reflects the fact that the 2008 Corrective Action Requests (CARs) did not require field verification. Considerable time and expense is required to visit any significant number of field sites on this 5.7 million hectare FMA. This expenditure was not warranted to verify conformance with the other CARs, or to address most of the Notes from the Auditors. Extensive field verification was completed during the 2005 FSC Assessment and again during the 2007 Annual Audit. More field-work and consultation with community groups and interested parties will be required to address the CARs and the audit of the final two Principles (Principle 4 and Principle 8) due at the next annual audit (2009).

The auditor and two AI-Pac staff visited two planning units in the south-easterly portion of the FMA. These sites were considered "typical" operations over the FMA. The field sampling for the 2008 Annual Audit was based on verification of stand level practices, implementation of plans and follow-up inspections. The following aspects of the National Boreal Standard were examined and/or discussed:

Criterion 6.3 – Ecological Function

- | | |
|--|--|
| 6.3.1 – spatial long-term planning | 6.3.10 – residual structure/retention |
| 6.3.2 – site plans | 6.3.11 – salvage operations |
| 6.3.3 – avoid site/soil damage | 6.3.15 – regional fire management policies |
| 6.3.6 – target for landscape patterns | 6.3.16 – access management |
| 6.3.7 – size and configuration of blocks | 6.3.17 & 6.3.18 – riparian buffers |
| 6.3.8 – genetic diversity | 6.3.19 – overlapping tenure holders |
| 6.3.9 – native species | |

Criterion 6.5 – Development and Implementation of Written Guidelines:

- | | |
|-----------------------------|------------------------------------|
| - loss of productive land | - nutrient loss on sensitive sites |
| - soil rutting & compaction | - negative hydrologic impacts |

- soil erosion
- operations in riparian areas
- damage to sites cultural significance

3.4. Stakeholder consultation process

Stakeholder type (i.e. NGO, government, local inhabitant etc.)	Stakeholders notified (#)	Stakeholders consulted or providing input (#)
NGO	6	4
First Nations	3	1

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	National Boreal Standard (Aug. 6, 2004)
Revisions to the standard since the last audit:	<input checked="" type="checkbox"/> No changes to standard. <input type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	n/a
Implications for FME:	Not applicable - no new requirements