Corrective Action Verification Audit (CVA) Report

Organization: Alberta-Pacific Forest Industries Inc.
Cert/Ver/Val Code: SW-FM/COC-001626
Report Date: March 27, 2013

I. AUDIT PROCESS

Auditor, Qualifications: Glen Dunsworth

Glen has over 25 years experience in forest renewal, biodiversity and forest genetics research in coastal British Columbia and Alberta. His post-graduate training was in Forest Genetics followed by a two-year period leading a reclamation breeding program for native woody species on the Great Canadian Oil Sands site in Fort McMurray. His exposure to a wide range of operational silvicultural problems related to stand establishment began with MacMillan Bloedel in 1978. Glen has 30 years experience in forest renewal and genetics as well as landscape ecology and conservation biology. During 1999 to 2004 he led the Ecology Team for the Forest Project – MacMillan Bloedel’s and Weyerhaeuser’s phasing-in of variable retention and stewardship zoning. The Team won the Ecological Society of America Corporate Award for Excellence in 2002. He was responsible for the development and implementation of the Adaptive Management and Monitoring Program in support of the Forest Project. Glen has worked since 2004 on two CSA certifications and twenty FSC audit teams in BC, Alberta and Ontario. He is currently a forest ecology consultant and has recently co-authored a book with Dr. F. Bunnell on forest biodiversity conservation and adaptive management through UBC Press.

Audit Date(s): March 5-7, 2013
CVA Type: Desk review ☑ On-site ☐ Location(s):
Audit Overview: This is a Major NCR Verification audit following from the 2012 annual audit of Alberta-Pacific Forest Industries Inc. Evidence was due and received prior to March 3, 2013.
Changes to Scope since last Audit: None
## NON-CONFORMITY REPORT (NCR) EVALUATION

<table>
<thead>
<tr>
<th>MAJOR CAR: 04/10</th>
<th>Reference Standard #: Indicator 9.3.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-compliance:</td>
<td>Major ☑ Minor □</td>
</tr>
</tbody>
</table>

**2010 Description of non-compliance:** Al-Pac has identified HCVFs that are located in areas that are impacted by overlapping tenures on the FMA Area. Though Al-Pac has initiated discussions with overlapping tenure holders not all significant overlapping tenure holders have been contacted and informed of the engagement process, HCVF locations, management strategies and monitoring program. In addition, HCV management and monitoring strategies (including, as appropriate, targets, management action thresholds, and specific future mitigation actions) have not yet been revised through consultation with overlapping tenure holders.

**2012:** Al-Pac has made good efforts in collaborating with non-forest tenure holders since 2010, as well as some forest quota holders. However, Al-Pac has not demonstrated that all forest tenure (quota) holders are aware of, or are implementing, the appropriate HCVF management strategies on areas within the FMA where HCVs have been identified.

### Corrective Action Request:
Al-Pac shall create conditions with a very high probability of securing the long-term maintenance or the restoration of applicable conservation attributes.

### Timeline for Compliance:
Within 3 months of the finalization of this report (04/03/2013).

### Evidence to close CAR:
Al-Pac provided evidence for conformance in three areas: contact and awareness of quota holders to HCVF locations and management strategies, the revision process for HCV management strategies through quota holder consultation, and implementation of HCV management and monitoring strategies with quota holders.

All major and minor quota holders were contacted about HCVF locations and management strategies by Al-Pac between December 2012 and February 2013. The contacts included documentation of the HCVFs, their intent and associated management strategies, Al-Pac’s HCVF monitoring program and maps of HCVF geographic locations, and the associated intersection of quota holder proposed harvest blocks to the end of the current Forest Management Plan (FMP) period in 2015. In addition to this documentation the major quota holders (3) and were given a PowerPoint presentation of the HCVF process and resultant management and monitoring strategies and asked for feedback or issues they would have with implementation. Al-Pac also contacted each of the minor quota holders (3) for a face-to-face presentation of the same information.

All quota holders were interviewed by phone and confirmed their receipt of the HCVF documentation and maps and their attendance to presentations by Al-Pac. Complete understanding of the HCVF concepts and process was mixed but all quota holders understood the basic information and were clear that the Operational Ground Rules (OGRs) and the FMP clearly reflected their requirements for implementation of the HCVF management strategies and that they adhered to both. They also all confirmed that they were aware of where their future harvest blocks occurred on HCVFs and currently had no implementation issues. Al-Pac provided a summary table documenting the specific elements of the FMP and OGRs associated with each HCVF. The Alberta Government, in their review and approval of harvest block planning, provides oversight on implementation of OGRs and the FMP and there have been no reports of quota holder non-compliance.

Quota holders were advised in writing and in person of the new FMP process and the opportunity this provided for all quota holders to provide input on revisions to HCVF management strategies relative to their future harvest plans. This is a two-year process and quota holders were encouraged to...
provide input as early as possible. Although quota holder incursion on HCVFs was limited during the current FMP, quota holders provided at least two examples of block level revisions for both the caribou HCVF (HCVF 3.1) and the Athabasca River ESA (HCVF 3.3) showing Al-Pac consultation in tactical planning to ensure HCVF objectives and management strategies are met. Interviews with quota holders confirmed that they implement the HCVF management strategies through adherence to the FMP and OGRs, and that the Alberta Government and Al-Pac monitor this implementation. In one instance (Bobocel Lumber), Al-Pac has entered into a Memorandum of Understanding (MOU) that ensures Al-Pac will provide all the harvest planning and as a consequence direct over-sight of HCVF implementation. Al-Pac staff were interviewed and confirmed that they spot check some, but not all, quota holder blocks where their operations occur in HCVFs, and that all quota holder blocks are subject to the same Government review for compliance with OGRs and FMP objectives as the Al-Pac harvest blocks. Al-Pac staff also confirmed phone consultation, document delivery, face-to-face presentations and attendance of quota holders to Al-Pac HCVF presentations. They reiterated that quota holders received encouragement to participate early and often in the development of the 2015 FMP.

Al-Pac is in conformance with this Indicator. The Major NCR is closed.

CAR Status: CLOSED
Follow-up Actions (if app.): None required.

II. CONCLUSIONS

NCRs Closed: ☒ No follow-up required related to closed NCRs
☐ Original NCRs closed and new NCR(s) issued, see section IV below

NCRs Open:
☐ Certification/Verification/Validation not approved; conformance with NCRs required
☐ Major NCRs not closed; suspension of certification/verification required
☐ Minor NCRs are upgraded to Major; see section IV below
☐ New NCR(s) issued, see section IV below

Comments/Follow-up Actions:

III. OPEN NCRs

Existing NCRs (from 2012) annual audit:

<table>
<thead>
<tr>
<th>NCR#</th>
<th>01/12</th>
<th>NC Classification:</th>
<th>Major</th>
<th>Minor X</th>
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<tbody>
<tr>
<td>Standard &amp; Requirement:</td>
<td>FSC National Boreal Standard, Indicator 5.6.2</td>
<td></td>
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<tr>
<td>Report Section:</td>
<td>Appendix IV</td>
<td></td>
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<tr>
<td>Description of Non-conformance and Related Evidence:</td>
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The 2012 timber supply review and annual harvest level does not include removal of the Dillon River Wildland Park which occurred with the completion of the LARP in September 2012. In addition, the 2012 review also includes the addition of the S-14 and the former donut holes to the FMA, which as explained in Section 2.2, are not yet included in the certified area. Thus, the AAC projected in the 2012 review is very likely to be higher than the rate that will be supported within the certified area, because the 2012 review includes 1.16 million ha of land that is not included within the certified area (in S-14 and the “donut holes”, and the Dillon River Wildland Park). Thus, Al-Pac has not established a harvest rate that can be sustained from the current certified area within the FMA. A review based upon the area of forest that is certified is required to meet Indicator 5.6.2.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: By the next annual audit.

Evidence Provided by Organization: PENDING

Findings for Evaluation of Evidence: PENDING

NCR Status: OPEN

Comments (optional): 

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<tr>
<td>02/12</td>
<td>Major</td>
<td>FSC National Boreal Standard, Indicator 6.9.2</td>
<td>Appendix IV section 6.9</td>
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Description of Non-conformance and Related Evidence:
Al-Pac provided the audit team with a list of the seed mixture used by the company. Three species used are non-native species (annual rye grass, perennial rye grass and boreal creeping red fescue). Al-Pac has not provided evidence that a native seed mix is not available, and that the non-native species used in the seed mix are non-invasive, as is required by indicator 6.9.2 of the FSC NBS. Furthermore, Al-Pac has suggested that quota holders use the same seed as Al-Pac, but no evidence to support this claim has been provided.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: By the next annual audit.

Evidence Provided by Organization: PENDING

Findings for Evaluation of Evidence: PENDING

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Description of Non-conformance and Related Evidence:
Al-Pac’s seed mix includes non-native species. However, Al-Pac has not demonstrated that they are monitoring the efficacy and invasiveness of these non-native species, as is required by indicator 6.9.3 of the FSC NBS.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: By the next annual audit.

Evidence Provided by Organization: PENDING

Findings for Evaluation of Evidence: PENDING

NCR Status: OPEN

Comments (optional):

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NCR#: 04/12  NC Classification: Major Minor X
Report Section: Appendix IV section 9.1

Description of Non-conformance and Related Evidence:
A peer review of the original 2004 HCVF document was conducted and is publicly available on the Al-Pac website (http://www.alpac.ca/index.cfm?id=highvalueconservationforest). However, there has been no outside review of any of the work following the 2004 original report, including the updates made during the 2008 evaluation of categories 1-6, or the 2010 and 2012 updated version of the HCVF report.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: By the next annual audit.

Evidence Provided by Organization: PENDING

Findings for Evaluation of Evidence: PENDING

NCR Status: OPEN

Comments (optional):

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NCR#: 05/12  NC Classification: Major Minor X
Standard & Requirement: FSC National Boreal Standard, Indicator 9.3.1
Report Section: Appendix IV section 9.3

Description of Non-conformance and Related Evidence:
Al-Pac has developed an updated HCV management strategy report (Management and Monitoring Strategies for High Conservation Values in the Alberta-Pacific Forest Management Agreement Area (2010-2015), dated September 2012. This report evaluates the management strategies, mechanisms for implementation and effectiveness monitoring, as well as effectiveness measure for HCVs identified in Al-Pac’s 2010 HCVF report.

However, some HCV management strategies (for example, HCV 1.2 and 5.1 and others) are missing specific measures or are not fully developed in a way that amply describes the specific management approach to maintain or enhance the high conservation value at the site/operational level.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

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### IV. AUDIT REPORT APPROVAL

**Note:** a formal Q-09 Report Review and Approval (RRA) Checklist conducted by an independent, authorized reviewer is required when the CVA results in certificate/verification/validation issuance or suspension/termination, or when there is a change in scope. In all other cases, the report may be approved with the 2nd checkbox below by an authorized RRA reviewer which may be the CVA auditor, or by a Senior Auditor.

- [ ] Refer to separate Q-09 RRA Checklist
- [x] Report approved by way of this checkbox

Approved by: Krista West
Date: March 27, 2013

- [x] Salesforce has been completed with applicable files uploaded, and is updated based on any changes to the Organization details or other areas relevant to the CVA.