

# FSC<sup>TM</sup> CERTIFICATION SYSTEM

## FOREST MANAGEMENT CERTIFICATION SURVEILLANCE AUDIT n° 2 Public REPORT

Report finalisation date: 3 May 2016

### Spray Lake Sawmills

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Forest location(s): Canada, Cochrane, Alberta

Certificate registration code: BV-FM/COC-104091

Date of issue: 25 Oct 2013

Date of expiry: 25 Oct 2018

<b>Main Evaluation :</b>	6 August to 10 August, 2013
<b>Surveillance 1</b>	27 October to 31 October 2014
<b>Surveillance 2</b>	18 August 2015 to 22 August 2015
<b>Surveillance 3</b>	
<b>Surveillance 4</b>	

## BUREAU VERITAS CERTIFICATION

[www.certification.bureauveritas.fr](http://www.certification.bureauveritas.fr)

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Lead auditor and report writer: Craig Howard

## CONTENT

<b>1 - Description and background of the applicant forest entity .....</b>	<b>3</b>
1.1 - General description and identification.....	3
<b>2 - Scope of certificate .....</b>	<b>3</b>
2.1 - Certification application type and description of FMU(s) .....	3
2.2 - Product categories and main commercial timber:.....	4
<b>3 - Description of evaluation .....</b>	<b>4</b>
3.1 - Composition of the audit team .....	4
3.2 - Description of the audit program.....	5
3.3 - Interview and stakeholders input and treatment.....	7
3.4 - Other evaluation techniques .....	42
<b>4 - Update about any changes to the scope of the certificate .....</b>	<b>42</b>
4.1 - Use of chemicals .....	42
4.2 - Number of accidents in forest work (serious/fatal) since the last audit.....	42
<b>5 - Standard .....</b>	<b>42</b>
<b>6 - Observation.....</b>	<b>43</b>
6.1 - Documents review.....	43
6.2 - Evaluation results with reference to the FSC referential / standard which have to be evaluated in surveillance audit.....	44
6.3 - Result regarding the correction of Non-Conformities (NC).....	51
6.4 - Result regarding the resolution of complaints.....	52
<b>7 - Result of surveillance evaluations .....</b>	<b>54</b>
7.1 - Synthesis on the conduct of the audit and closing meeting.....	54
<b>8 - Records of Non-Conformities and observations and new ones raised during the audit .....</b>	<b>54</b>
8.1 - Records of Non-Conformities.....	55
8.2 - Records of observations .....	56
<b>9 - Proposals regarding the certification decision.....</b>	<b>57</b>
9.1 - Proposal of conclusion on whether the candidate entity achieved or not the required level of conformance .....	57
<b>10 - Certification decision.....</b>	<b>57</b>
<b>11 - Appendices .....</b>	<b>58</b>

## 1 - Description and background of the applicant forest entity

### 1.1 - General description and identification

Forest Management company			
<b>Name</b>	Spray Lake Sawmills		
<b>Address</b>	305 Griffin Road, Cochrane, AB, T4C 2C4		
<b>Telephone</b>	1 405 851 3338		
<b>E-mail</b>	jason.mogilefsky@spraylakesawmills.com		
<b>Web site</b>	http://www.spraylakesawmills.com/		
<b>President of the entity company</b>	Barry Mjolsness		
<b>Contact person (responsible) for FSC certification</b>	Jason Mogilefsky		
<b>FSC trademark responsible</b>	Jason Mogilefsky		
<b>Activity</b>	forest management and logging		
<b>Annual turnover:</b>	\$25-100 million		
<b>Category of forest management</b>	Natural forest		
<b>Number of forest workers (including contractors):</b>	Forest field activity	Number (Male) 11	Number (female) 0
	Administrative/office activity	Number (male) 3	Number (female) 1
	Industrial and transformation process (if relevant)	Not applicable	Not applicable

## 2 - Scope of certificate

### 2.1 - Certification application type and description of FMU(s)

#### 2.1.1 - Certificate

	Single FMU (YES/NO) <sup>1</sup>	Multiple FMU	Group (YES/NO)
Normal Certificate	no	Yes	No
Small SLIMF Certificate	No	No	no
Low intensity SLIMF Certificate	no	No	No

<sup>1</sup> Fulfil where the answer is correct

### 2.1.2 - Description of FMUs

Classification	Number of FMUs	Privately managed	Community managed	Total
Less than 100 ha in area				
100 – 1000 ha in area				
1000 – 10 000 ha in area				
More than 10 000 ha	2	173 670 ha B9B 163 778 ha B10B		337,448 ha
Meeting the eligibility criteria as SLIMF				
<b>TOTAL</b>		<b>337, 448 ha</b>		<b>337, 448 ha</b>

### 2.2 - Product categories and main commercial timber:

List of Timber Product Categories available for sale as FSC-certified products				
Trade Name	Species (botanical name)	Product Type/ Nature (round wood, pulpwood) W1.1	Selling mode	FSC product claim
Roundwood logs	<i>Picea Glauca</i> <i>Pinus contorta</i>	Logs (W1.1)	FOB Company scale	FSC 100%

## 3 - Description of evaluation

### 3.1 - Composition of the audit team

Evaluation Team (main assessment)	Notes and CV (put CV in appendices and sum up the notes from previous audits) of team member	MA (fulfill with cross in the relevant column)	AS1	AS2	AS3	AS4
Team Leader	Craig Howard, RPF			X		

<b>Auditor 1</b>	Kandyd Szuba PhD, RPF (Ecologist).			X		
<b>Auditor 2</b>	Sarah Bros, RPF			X		
<b>Auditor 3</b>						
<b>Local Specialist (Forester and ecologist)</b>						
<b>Local Specialist (social)</b>						
<b>Trainer</b>						
<b>Peer Reviewers</b>	<b>Notes</b>					
<b>Peer Reviewer 1</b>						
<b>Peer Reviewer 2</b>						

### 3.2 - Description of the audit program.

#### 3.2.1 - Surveillance audit schedule and last survey audit schedule

SURVEILLANCE n° 2 - AUDIT SCHEDULE			
Team	Time	Detailed visited sites	Check point, Field assessment activity and justification of the selection of the points monitored and on-sites visits performed
<b>- 18 August 2015</b>			
Howard, Szuba, Bros	8:00 am	Offices	Preparation meeting of the audit team
Howard, Szuba, Bros	8:30 am	Offices	Opening meeting of the audit in presence of Ed Kulcsar (Woodlands Manager), Arnold Fiselier (General Manager), Rob Berndt (Operations Manager), Allen Mottet (Harvest Planner), Tannis Zubot (Administrative Assistant), Darrell Panas (Silvicultural Forester), Dan LaFleur (Harvest Supervisor), Bryan Hennessey (Harvest Supervisor), Matt Denney (Planning Forester), Jason Mogilefsky (Environment and Safety Manager), Gord Lehn (Director. Communications/ Ecological Good and Services)
Howard, Szuba, Bros	9:00 am	Offices	Site Selection
Howard, Szuba, Bros	1:00 pm	Offices	Document review
Howard, Szuba, Bros	6:30 pm	Frank Memorial Hall (Cochrane, AB)	Open House / Public Consultation
<b>19 August 2015</b>			
Howard, Szuba, Bros	0730 - 1600	Field	Site inspections

Howard, Szuba, Bros	1900-2100	Beaupre Community Hall	Ghost Valley Community Open House
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20 August 2015			
Szuba, Bros	0730 - 1200	Field	Site Inspections
Howard	0730-1200	Offices	Document Review
Howard, Szuba, Bros	1200- 1700	Offices	Stoney Nakoda Nation
Howard, Szuba, Bros	1900-2100	Days Inn	Ghost Watershed Alliance Society

21 August 2015			
Howard, Szuba, Bros	0730 - 1400	offices	Document review
Howard, Szuba, Bros	1400-1500	Offices	Closing meeting of the audit in presence of Ed Kulcsar (Woodlands Manager), Arnold Fiselier (General Manager), Rob Berndt (Operations Manager), Allen Mottet (Harvest Planner), Tannis Zubot (Administrative Assistant), Darrell Panas (Silvicultural Forester), Dan LaFleur (Harvest Supervisor), Bryan Hennessey (Harvest Supervisor), Matt Denney (Planning Forester), Jason Mogilefsky (Environment and Safety Manager), Gord Lehn (Director. Communications/ Ecological Good and Services)
Howard, Szuba, Bros	1500		Auditors depart

Statement of the total person days spent for assessment:

activity	Number of person day
Pre-evaluation or preparatory work	1
Audit activity in field	11
Stakeholder consultation	2.5
Report writing	4.0
<b>TOTAL</b>	<b>18.5</b>

### 3.2.2 - Clear description of the sampling system employed to select FMUs or sites for evaluation and RATIONALE for their selection

The auditors selected 28 field locations for site inspections. Seven of these had been identified as areas of concern by various stakeholders including neighbouring rural residential landowners. The remainder of sites were selected to represent a wide range of operational activities (e.g. road construction and maintenance, harvest, road rehabilitation, site preparation or renewal) across the Forest Management Agreement area.

### 3.3 - Interview and stakeholders input and treatment.

#### 3.3.1 - Interview(s) of involved people met during audit.

Involved people			MA	AS1	AS2	AS3	AS4
category	name	Position					
Owner	Barry Mjolsness	President			X		
Employees	Arnold Fiselier	General Manager			X		
	Ed Kulcsar	Woodlands Manager			X		
	Rob Berndt	Operations Manager			X		
	Allen Mottet	Harvest Planner			X		
	Tannis Zubot	Administrative Assistant			X		
	Darrell Panas	Silvicultural Forester			X		
	Dan LaFleur	Harvest Supervisor			X		
	Bryan Hennessey	Harvest Supervisor			X		
	Matt Denney	Planning Forester			X		
	Jason Mogilefsky	Environment and Safety Manager			X		
	Gord Lehn	Director. Communications/ Ecological Good and Services)			X		
					X		
	Sub contractors:	George Zeer	Excavator operator			X	
Colby Kays		Excavator Operator			X		
Corey Stoneman		Contractor			X		
John Nylune		Operator			X		
Zach Graham		Operator			X		
Carmen Hebert		Trucker			X		
Perry Latribe		Trucker			X		
Gary Gurdip		Trucker			X		
	Mel Beeby	Trucker			x		

#### 3.3.2 - Stakeholders identification and consultation process

A letter of notice of the annual surveillance audit was sent to Stakeholders that were first identified during a pre-audit consultation on July 21, 2015. Subsequent emails were issued in response to stakeholder requests for information on consultation opportunities. An open house was held on August 18, 2015 in Cochrane, AB. The auditors attended a meeting with the Ghost Valley Community Group at the Beaupre community hall on August 19, 2015. A meeting was held with the Ghost Watershed Alliance Society on August 20, 2015. Another meeting was held with a representative of the Stoney Nakoda First Nations on August 20<sup>th</sup>, 2015

#### 3.3.3 - Record of stakeholder received comments or complaints

The company maintains significant records of stakeholder comment and interaction. The table below provides some of the input received from stakeholders.

Stakeholders reference (name / type) <b>To remove the name for public reports!!!</b>	date	Received comment or complaints	Theme (social, economy, environment)	Answer from the certificate holder	Answer from Bureau Veritas
Institutions/individuals informed about the evaluation					
Ghost Watershed Alliance Society Ghost Valley Community Group	19,20 Aug 2015	PAC: Composition, meeting structure, record of discussion; not a conduit of info to the Ghost Valley Community Group	Social		The Company has provided additional opportunities for consultation. The PAC appears to be serving as an effective vehicle for the Company to interact with a defined group on an ongoing basis.
Ghost Watershed Alliance Society; West Bragg Creek Trails Association; Ghost Valley Community Group	18,19,20 Aug 2015	SLS workshops and meetings: no follow-up; scheduled at inopportune times and at inconvenient locations; organization is ineffective; "door always open" policy doesn't let others participate in the conversation; SLS is "telling what they're doing" not involving people in decision-making. One person said communication was good.	Social		SLS has provided many opportunities for public involvement, public review, and public participation. At the time of this audit there is a highly interested stakeholder group primarily comprised of neighboring rural residential landowners.
Ghost Watershed Alliance Society	20 Aug 2015	Request for GIS data on watersheds denied	Social		SLS has provided their proprietary data under a data share agreement to another party for research purposes. Maps on the SLS web site have considerable detail and could be used for a wide variety of purposes. SLS is not required to provide everyone who asks for their proprietary data.
Ghost Watershed Alliance Society	20 Aug 2015	The Company does not have an adequate wetland inventory	Environment		The Alberta Gov't has a new wetland policy (2013) and plans to develop a



					wetland evaluation system. Wetlands are mapped in the AVI (but perhaps not classified in enough detail for GWAS).
West Bragg Creek Trails Association	18 Aug 2015	Trails: trail network has expanded; SLS has helped to build and protect trails; one case where a trail was damaged and not repaired for a year. Unauthorized use of trails by other users indirectly because of SLS activity. Relationship with SLS has improved since 2012.	Environment		Field visits show SLS strives to maintain a high level of care for trails.  No unauthorized use of roads or trails were observed during the site visits. Gates were locked and barriers in place at all sites checked.
Most Groups	18, 19,20 Aug 2015	SLS's publicly available maps aren't detailed enough (e.g., harvest block maps shown at open houses need more detail and better resolution so location can be easily determined)	Environment		The auditors were able to locate and download maps that showed reasonable block detail from the Company website.  SLS provides detailed maps for downloading on their web site. SLS should keep working at this to improve public engagement
West Bragg Creek Trails Association	18 Aug 2015	Sedimentation to streams and debris in streams caused by SLS activity	Environment		Auditors inspected one site with ineffective sediment control. Field notes as follows: Very steep approach to creek; road fill and ditch material was eroding and passing over a failed filter barrier.; quad trail runs through creek with no bmp crossing, the ATV trail was in place prior to the

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					temporary SLS road; Steepness of the stream crossing approach is not consistent with conventional best management practices. Not a fish bearing stream. Temporary road. Sediment didn't appear to enter the stream
City of Calgary	18 Aug 2015	Forestry of least concern with respect to water quality - issues are sewage and agriculture	Environment		No comment
Canadian Parks and Wilderness Society	18 Aug 2015	Retention is mainly aspen and spruce, not pine; coarse woody material is all aspen	Environment		Field visits suggested all species are retained, although hardwood and some rare species (Douglas fir) are favoured. Processing at the stump ensures coarse woody material of pine and spruce is available on all cuts.
West Bragg Creek Trails Association	18 Aug 2015	Old growth is disappearing - remains only on mountain tops.	Environment		The 5 year stewardship report and a separate analysis performed for the audit suggest that this is not the case. OG is more common than the PIC suggests, and it is common on both the active and passive landbases.
CPAWS; Ghost Valley Community Group	18,19 Aug 2015	Buffers around water and sensitive sites (wetlands) are inadequate	Environment		Field visits suggest buffers are as required in the OGRs and that they are working. Field sites did not reveal damaged wetlands

Canadian Parks and Wilderness Society	18 Aug 2015	Gap analysis - completely inadequate			The gap analysis was reviewed during the audit and appeared to comply with FSC requirements
Ghost Valley Community Group	19 Aug 2015	Concerned about flooding due to forest harvesting. Deficient models used by SLS.	Environment		The OGRs require SLS to ensure harvesting in watersheds does not increase water yield by >15%. SLS is aware of concerns about water and appears to be acting appropriately. Recent regional published reports (WWF Canada Report for the South Sask. River Watershed 2015; Calgary's Flood-resilient Future report 2014) do not support the idea that forestry is an issue.
Ghost Valley Community Group	19 Aug 2015	Compressed harvest schedule - a 20 year cut condensed into 2 years	Environment		The Company has explained that the harvest plan will concentrate in a shorter time period. However, 20 years worth of harvest is not being condensed within two years. Part of this is explained by poor markets between 2008 and 2010, which the Company deferred harvest. Efforts have been made to manage the impact of log truck traffic (i.e. one way runs). The environmental impacts do not change appreciably when implementing

					harvest over a shorter or longer term.
Ghost Valley Community Group	19 Aug 2015	Blowdown on property line and fences ruined	Environment		Buffers at private property boundaries are not required. Blowdown was not observed during site visits, in fact SLS appeared to take a great deal of care when dealing with adjacent private land. However, a fence built by SLS for a farmer was observed.
Ghost Valley Community Group	19 Aug 2015	The forest is not regenerating	Environment		This was checked specifically during the audit according to FSC criteria. The Company is replanting 100% of its harvest sites and monitoring renewal success (for natural and planted stock). Insufficiently restocked areas are "fill planted".
Ghost Valley Community Group	19 Aug 2015	Habitat mapping in DFMP based on outdated AVI	Environment		The AVI is being updated and SLS is supplementing this with Lidar data. Habitat models were approved by the government. The new AVI will be used to update all models (e.g. growth and yield, habitat) when the DFMP is completed in 2018. The interval of time between the last AVI and that planned for use in the next planning session is considered reasonable.

Ghost Valley Community Group	19 Aug 2015	Occurrence database for species at risk and sensitive species is incomplete	Environment		The process in place ensures all known occurrences are taken into account. SLS staff & contractors receive an annual training on species at risk and what to do if new values are encountered during operations. AAF is responsible for the inventory of ecological values and supplies an annual update to SLS on species occurrences. There is an annual review of SLS harvest plans by AAF which helps to ensure current info is used. SLS supports research projects that help to identify important habitats.
Ghost Valley Community Group	19 Aug 2015	Douglas fir cut when it should be retained. There is a pile of logs in the yard at the mill.	Environment		The HCVF report says that Douglas Fir will be retained wherever possible. Field visits suggest staff make an effort to move boundaries before harvesting begins to ensure Douglas Fir is retained. There is clearly incidental take, but the auditors were satisfied that the harvest program takes reasonable steps to avoid Douglas Fir
Individuals who were interviewed					
Ghost Watershed Alliance Society	20 August 2015	Please see comments in response to letter issued by GWAS	Environment		

Individual	18 August 2015	Company operations can have an impact on water quality for the City of Calgary and planning will be required	Water quality		See notes on written comments below
Individual	18 August 2015		Environment		
Individual	20 August 2015		Environment		
Individual	Aug 19 2015	Participated in Ghost Valley community meeting	Environment/Social		
Individual	Aug 19 2015	Made presentation at the Ghost Valley Community Group meeting;	Environment/Social		The auditors reviewed the slide show and have included a response to the key points above.
Individual	Aug 19 2015	Made presentation at the Ghost Valley Community Group meeting. Note the Company is poor at consulting with the public.	Environment/Social		.
Individual	Aug 19 2015	Participated in the Ghost Valley Community Group meeting	Environment/Social		
Individual	Aug 19 2015	Participated in Ghost Valley Community Group meeting	Environment/Social		

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 Version: 1.2

Individual	Aug 19 2015	Participated in Ghost Valley Community Group meeting	Environment/Social		
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Individual	Aug 19 2015	Participated in Ghost Valley Community Group meeting	Environment/Social		
Individual	Aug 19 2015	Participated in Ghost Valley Community Group meeting	Environment/Social		
Doug Richards	Aug 19 2015	Participated in Ghost Valley Community Group meeting	Environment/Social		
Individual	Aug 19 2015	Participated in Ghost Valley Community Group meeting	Environment/Social		
Greater Bragg Creek Trails Association	Aug 18 2015	Relationship with the Company is improving. Trail management on operational blocks is complicated by the requirement for government approvals.	Environment/Social		
Alvise Doglioni Folk Tree Lodge	Aug 18 2015	Company is a poor communicator	Environment/Social		
Individuals who contributed information in writing					
Ghost Watershed Alliance Society	14 Aug 2015	Block 2635 deep rutting from wheeled logging machinery	Environment – management of harvest	The Company has an	The auditors inspected 28 blocks that had recent

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		<p>was observed at the north-eastern edge of the block, which borders a wetland/fen.          Block 2273: deep rutting from wheeled logging machinery was observed at the north-western spur of the block, which borders and partially encroaches into a wetland/fen          Haul road between block 2273 and 2239: bridge crossing at the so-called Cache. This structure blocked off the access to a designated ATV trail. ATV users are bypassing the bridge structure and damaged some of the geotextile in order to access the designated trail          We are generally concerned about the short time frame this area (Atkinson Creek, June 2013 through 2014) was logged in apart from the fact summer logging occurred in this area, which has large wetland / fen complexes</p>	<p>operations near watershed values</p>	<p>ongoing dialogue with the GWAS. This is expected to continue as programs to evaluate forest management impacts on the watersheds evolve.</p>	<p>harvest, site preparation, road reclamation or planting including 7 blocks that had been specifically identified by stakeholders. The field notes from block 2273 are as follows: Site Preparation, harvest block, Walked edge of cut boundary – evidence of cattle/feral horses – no issue with site degradation or rutting          The topic of watershed management was common among several stakeholders. The available government (City of Calgary and Alberta) water quality data demonstrates forest reserve water quality to be in good to excellent condition.</p>
Ghost Watershed Alliance Society	18 Sept 2015	<p>A letter was received. Points have been extracted and listed below:</p>	Environment		See below
		<p>We would like to note our concern about the use of the Boreal Standard for this forest, as it clearly is not a boreal forest and is facing pressures that can not be addressed appropriately by the Boreal Standard.</p>	Environment		<p>FSC does not have sub regional standards. The Boreal Standard is the best suited to the forest type. It is unlikely that a more targeted FSC standard will be developed.</p>
		GWAS	Environment		The Company has



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Ref: AR000000  
 Version: 1.2

	<p>representatives attended a workshop on Wednesday, April 8, 2015 in Water Valley at the Water Valley Community Hall from 1:00-4:00 PM Facilitated, by invitation, the workshop with the “intent being to have a rough draft of a consensus supported list of values and objected for the Forest Management Agreement Area.” This was the only input session GWAS was invited to this year. No follow-up occurred from Spray Lake Sawmills after the workshop. No minutes or results were distributed to date. GWAS has not been provided with an opportunity to give input into the Ghost Final Harvest Plan in 2015, nor were we informed of any actual harvest start dates. Concerns around logging in the Atkinson compartment, which contains large wetlands, were largely dismissed (field trip with Jordan Dyck and Jason Mogilefsky). Several arguments were misinterpreted by SLS. GWAS was unable to follow up, due to the flood of 2013 taking priority. Please see documentation provided to you during the interview on August 20th.</p>			<p>provided evidence of several events, contact points and personal interactions that show a significant program of public outreach including many meetings and field trips with GWAS staff. It is evident that the program has been deemed insufficient by this and other stakeholders.</p>
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	<p>On several occasions a certain SLS staff member has been rude and disrespectful to GWAS Directors and Officers. We do not consider this being conducive to a collaborative approach.</p> <p>To date SLS has failed to cooperate in providing GIS data on already harvested cut blocks in the watershed for the Ghost River State of the Watershed (SOW) report, which is being developed under Alberta Government guidelines. SLS also has not responded to an email requesting the submission of the, concerns noted by Gord Lehn with the Terms of Reference of the Ghost River SOW report.</p> <p>SLS staff has repeatedly complained about GWAS to the Bow River Basin Council (partner organization and funder), but is not willing to make its concerns known to GWAS.</p> <p>GWAS is currently awaiting response from SLS to join a facilitated session between GWAS and SLS to work through the issues listed above.</p> <p>Final harvest plans are provided to the public only once that they have been approved by the Alberta Government, providing little chance</p>			
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		for meaningful input and potential changes.			
		<p>GWAS -The Ghost Cumulative Effects Study Phase II (Author: Dr. Brad Stelfox. Peer-reviewed) showed that AAC could not be maintained when natural disturbances are taken into consideration. The study is available for download on the GWAS website: <a href="http://www.ghostwatershed.ca">www.ghostwatershed.ca</a> under Research &amp; Data.</p> <p>A certain percentage based on historic records should be deducted from the AAC to take natural disturbances into account before they occur, rather than making adjustments to the AAC after the fact.</p>	Environment		<p>The auditors reviewed the AAC calculations as they pertain to indicator 5.6. The Company is aware of the limitations of their AAC and have been harvesting well below the calculated threshold. The Company is prepared to reduce the harvest level if a natural depletion takes place. The AAC will be revised following the acquisition of an updated forest inventory, in preparation for production of the 2018 DFMP. Based on current assumptions in the AAC calculations, and the relatively low level of harvest activity, the auditors conclude that the Company is operating in a manner that has sufficient allowance for natural depletions.</p>
		<p>GWAS is questioning the regrowth rate of trees in the watershed due to the harsh climate. 5-year Stewardship report by SLS does not adequately address the minimum monitoring requirements of Principle 8.2.</p>	Environment		<p>The growth and yield program used by the Company in support of its AAC calculation was reviewed by the auditors and found to be acceptable. The program is supported by operational monitoring of forest renewal, which includes planting 100% of harvest blocks, monitoring of seedling (natural and planted) survival, in</p>

					fill planting where required. The auditors inspected 10 sites that had renewal activity and found all to be within operating parameters defined by the Company. The Company will be conducting a new inventory in support of the 2018 DFMP and that will support growth and yield analysis.
		<p>GWAS does not believe that the HCVF conservation attributes are being maintained by the logging that was performed in 2013/14 in the Atkinson Creek compartment, which is HCVF Remnant #12 as per John Kansas High Conservation Value Forest report, which was commissioned by SLS.</p> <p>On our field trips we found numerous areas with rutting from machinery right adjacent or even within wetlands/fen areas (see photos provided by e-mail). Haul roads were built right through wetlands. Geotextile barriers around bridge abutments were frequently overwhelmed by sediment in several places.</p>	Environment		<p>The auditors inspected block 2632. Field notes are as follows: Located area of rutting – 2 ruts approx. 10-15' long &amp; 6" deep – isolated – observed frogs in water held by ruts – ruts beginning to close in and settle; Viewed 2015 planted tree survival – trees were planted along the rut edges.</p> <p>Other sites inspected by the auditor did not show significant rutting.</p> <p>The auditors interviewed staff, and more importantly operators, to assess the Company's awareness of and reaction to soil disturbance. The findings showed a high degree of awareness among both parties.</p>
		It has been acknowledged by the Alberta government staff that we do not know what the effect of clear-cut logging on wetlands and fens	Environment		No sites were inspected that showed clear cuts of wetlands or fens.

		with zero meter buffers is. However several studies in the US have shown that there are negative effects on the wetlands and fens from clear-cut logging. We therefore believe that the precautionary principle has not been applied to the Atkinson Creek compartment harvest. Field studies should be completed to evaluate the effects of clear-cut logging on these important watershed features.			
		GWAS would be interested in an assessment by a biologist as to the impact on the habitat of several sensitive species such as Boreal Toad, Long-toed Salamander and Barred Owl, just a few of the species present in this part of the watershed (Atkinson Creek compartment). Amphibians are an important indicator species for watershed health.	Environment		The auditors support the suggestion but there is no evidence that management operations by the Company is having a deleterious effect on these species. There is not evidence to support a non-conformance.
		GWAS has discovered significant data gaps in this area of the watershed: - No wetland inventory has been completed in the area to date. - Wildlife inventories are incomplete as they are mostly done by desktop modeling (see DFMP: Habitat Suitability), not field inspections. If field inspections	Environment		With the exception of RTE species, the auditors are not aware of any jurisdiction that has completed a population-based inventory of wildlife species. Habitat has been used as a functional proxy.  As noted above, the Alberta Gov't has a new wetland policy (2013) and plans to develop a wetland

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 SPRAY LAKE SAWMILLS

		were undertaken, they were usually done in a matter of very few days.			evaluation system. Wetlands are mapped in the AVI (but perhaps not classified in enough detail for GWAS).
City of Calgary		A detailed letter on water quality issues was delivered to the Company in July of 2014 discussing a number of issues concern the impact of forest management on the supply of water for the city of Calgary. Topics included: The risk of forest harvesting contributing to hydrological extremes, water quality risks due to forest harvesting, water quality risks due to forest management, integration and adaptive management. The letter closed stating that the City looked forward to continuing further conversations...	Water Quality	The Company provided a detailed response on July 23, 2014. The letter notes that the City of Calgary is on the Company's Public Advisory Committee and that the Company agrees that continued vigilance is required to continue to "maintain and enhance" the water quality found on the forest reserve. The Company closes by noting they are looking forward to develop a memorandum of understanding with the City	The auditors reviewed the correspondence between the Company and the City of Calgary. Interviews with the letter authors indicated an ongoing relationship that was based on technical discussion points. The dialogue was positive and professional.
Nature Alberta	16 August 2015	Nature Alberta has been very happy with the efforts that SLS is making to work with stakeholders and do their very best to keep a good balance	Environment		Thank for your comments.

		<p>in the ecology and environmental systems. ... The Company has to work under challenging conditions with numerous government changes, politically motivated decisions, and significant weather related events. (i.e. flooding, road closures, political waffling on remediation , etc.)</p> <p>Today, the local fishery was shut down, because of low water, and high temps, causing mortality of the trout who like cold water!</p> <p>SLS is a small company and can respond immediately to concerns, when the concerns are called to their attention.</p> <p>SLS does a great job!</p>			
<p>Neighboring rural residential landowner</p>	<p>19 August 2015</p>	<p>Email to the auditor: sorry for this late message, but I hope you can have a look in some form at the proposed SLS cutblocks in the Ghost river compartment 0663, 0656, 0668, which are north of Transalta road prior to the meeting in the evening. These blocks (consuming the whole mountain ridge) manifest the culmination of potential issues. To name a few: hauling road design (steep sections -more than</p>	<p>Environment</p>		<p>August 24 Email response: Thanks for the note Andreas and sorry for the tardy reply.</p> <p>We weren't able to put "boots on the ground" on this one.</p> <p>We did review the company planning approach.</p> <p>It looks like a challenging site.</p> <p>The Company has continued to meet with this stakeholder regarding layout of this block.</p>

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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

Ref: AR000000  
 Version: 1.2

		60% cross slope) wet areas, springs, interior firs (some are flagged for harvest) steep slopes, intense understory that will be lost by clearcutting operations, focus on old growth timber apparent at perimeter of cutblocks, creek crossings, potential for significant erosion, scale and number of adjacent cutblocks.... The proposed harvest will hardly qualify as sustainable under any criteria!			We note that the Company has been responsive to change requests on other block boundaries. It would be better if the changes had been identified by the company in advance, but it is acceptable to have reacted sensibly to suggestions from interested parties. This will be followed up on the next surveillance audit.
Canadian parks and Wilderness Society	23 Sept 2015	Several topics were raised in this letter. The response has been detailed below	Environment		
		Page 1 - SLS must provisionally defer logging in large landscape level forests until a credible conservation plan has been completed, including conservation design aspects, protected area gap analysis, and identification of candidate areas to fill gaps, as required under 9.3.1 of the Standard.	Environment		<u>A Credible Conservation Plan was Completed</u> - In 2014, the Alberta Government approved the South Saskatchewan Regional Plan (SSRP), a credible conservation plan that includes the certified area. It identifies new and expanded conservation areas, recreation areas, and parks. <u>A Gap Analysis was Performed</u> - SLS has completed a gap analysis and has identified potential areas in the certified forest to fill gaps. <u>Landscape-level patches were identified and plans exist to keep access levels low</u> - During development of their HCVF report, SLS identified landscape-



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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

				<p>level patches and remnant forest patches that were relatively unfragmented, as required by 9.3.1. To do this, SLS buffered all human habitation and <u>permanent</u> roads by 100 m and assessed the remaining connected landscape patches. However, temporary roads (such as those that would be decommissioned) were not buffered out, contrary to what is done in some other forests across the boreal region. As a result, a relatively large number of "unfragmented" patches was identified. This included 2 large landscape-level forests (178,867 ha in size with 66,369 ha in the FMA in the southern part of the forest, and 161,319 ha in total with 44,000 ha in the FMA in the north-western part of the forest), and 15 smaller ("remnant") patches of forest in the FMA ranging from 5,632 to 38,587 ha in size. Table 7 of the HCVF report shows that the remnants all contain a measurable density of linear features (presumably not permanent) ranging from 1.4 km/100 ha to 4.3 km /100ha. Two of the remnants were identified as HCVFs based on relatively</p>
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				<p>low density of linear features and large proportions of relatively rare deciduous and mixedwood forest. These patches are relatively unfragmented but they do contain temporary roads and other temporary structures. Thus, a combination of decommissioning, gates, road use agreements with other users, habitat provisions for grizzly bears and other species at risk, and other methods is used to reduce the levels of infrastructure and maintain low levels of fragmentation (see pages 130-131 in the HCVF report).                  Conclusions: The elements of indicator 9.3.1 relevant to landscape-level patches have been addressed:                  A credible conservation plan for the region was completed (the SSRP),                  A gap analysis was performed,                  Areas in the certified forest were identified to fill gaps, and                  Relatively unfragmented patches were identified on the certified area.                  SLS has gone beyond these requirements, however, by developing and implementing comprehensive plans to keep access</p>
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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

					<p>levels low in the patches they identified that were not incorporated into new parks under the SSRP</p> <p>There are no grounds for a non-conformance under 9.3.1.</p>
		<p>No evidence that SLS has done anything to adjust its operations to address road issues as they relate to grizzly bear habitat</p>	Environment		<p>The Alberta Government's recovery Plan for the Grizzly bear (<a href="http://esrd.alberta.ca/fish-wildlife/wildlife-management/grizzly-bears/grizzly-bear-recovery-plan.aspx">http://esrd.alberta.ca/fish-wildlife/wildlife-management/grizzly-bears/grizzly-bear-recovery-plan.aspx</a>) suggests that the main cause of mortality for grizzlies is illegal and legal (self-defence) hunting. Increased human access could therefore have a negative effect on grizzlies. The grizzly bear was identified as an HCV in the Oct. 29, 2014 version of the HCVF report. Page 119 of the report outlines the management in place in the certified area to maintain or enhance habitat for the species: Implementing recovery plan recommendations through the OGRs, Working with ESRD to identify denning and seasonal hotspots that should be avoided in access planning, and Minimizing road densities through road location planning, the use of temporary roads, and road decommissioning.</p>

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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

				<p>During the field audits of 2014 and 2015, the auditors observed many decommissioned roads and many locked gates where access was restricted.</p> <p>Conclusions: SLS has adjusted its operations to address grizzly bear requirements, consistent with the provincial recovery strategy. There are no grounds for a non-conformance.</p>
		<p>No evidence that SLS has done anything to change its operations to reflect sensitivity to critical habitat for westslope cutthroat trout or bull trout</p>	<p>Environment</p>	<p>CPAWS identifies access as the major concern for these species because access affects water quality and angling pressure. Alberta's "Bull Trout Conservation Management Plan" (2012-2017) identifies angling pressure, competition with introduced trout species, habitat connectivity (which is reduced if culverts are used at stream crossings), road density, and sedimentation of streams as important issues for bull trout. Alberta's "Westslope Cutthroat trout Recovery Plan, 2012-2017" identifies similar issues as threats to the cutthroat trout. The bull trout and westslope cutthroat trout were identified as HCVs in the Oct. 29, 2014 version of the HCVF report.</p>

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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

				<p>Page 120 of the report outlines the management in place in the certified area to maintain or enhance habitat for these species, including co-operating with the Alberta government to map stream reaches and spawning areas, to assess potential increases in water yield during forest management planning, and to implement recommendations regarding timber harvesting and water crossings as identified in the recovery plan.</p> <p>4 - During the field portion of the audit in 2014 and in 2015, 19 and 18 stream crossings, respectively, were observed. It was confirmed that SLS uses bridges and box culverts with open bottoms at stream crossings, and culverts are used only for cross drainage along roads; this maintains connectivity and water quality for fish. Crossings were generally very well done, including two that were known to cross cutthroat trout streams. Roads are actively decommissioned and gates are kept locked as required, no doubt helping to reduce angling pressure on these fish.</p> <p>Conclusions: SLS</p>
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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

				<p>has adjusted its operations to address westslope cutthroat trout and bull trout requirements, consistent with the provincial recovery strategy and conservation plan. There are no grounds for a non-conformance.</p>
		<p>Streams in the Oldman watershed may contain critical habitat or important habitat areas for westslope cutthroat trout or bull trout, despite not having been designated as such. These streams should be treated as "Class A water bodies" which prohibit roads, landings, and cutblocks within 100 m of the high water mark. The buffer on Class B water bodies is only 60 m.</p>	<p>Environment</p>	<p>The letter does not identify specific streams that they believe to have been improperly treated. Alberta's document "Species at risk 2014-15 recovery action summary - Westslope Cutthroat Trout" (<a href="http://esrd.alberta.ca/fish-wildlife/species-at-risk/species-at-risk-publications-web-resources/fish/default.aspx">http://esrd.alberta.ca/fish-wildlife/species-at-risk/species-at-risk-publications-web-resources/fish/default.aspx</a>) states that the province has identified critical habitat and that it is "continually being refined and updated". The Operating Ground Rules which govern SLS operations specify that sensitive sites for these fish must be identified. The OGRs are reviewed annually with the Alberta government, presenting an opportunity to make changes to stream designations and management requirements based on new information. The HCVF report (p. 120) indicates that SLS is working closely with the</p>

FSC™ Forest Management Certification  
 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

Ref: AR000000  
 Version: 1.2

				<p>Alberta government to ensure that requirements of the westslope cutthroat trout recovery plan are implemented. Conclusion: SLS appears to be working with ESRD to protect habitat for westslope cutthroat trout and bull trout. A process is in place to enable changes to stream designations to be made based on new or better information. The Alberta government appears to be striving to collect new information. The Company's activities appear to be consistent with the requirements of the FSC Boreal Standard. There is insufficient evidence to merit a non-conformance</p>
		<p>Disregard for threatened species calls into question the efficacy of the certification process.</p>	<p>Environment</p>	<p>The letter refers to the photos submitted and the potential impact on westslope cutthroat trout and bull trout. As noted above, SLS appears to be adhering to the requirements of the relevant recovery strategies, conservation plans, and related OGRs. The HCVF (2014) report identifies many species as HCVs based on threatened status, and describes management strategies in place to maintain or enhance them. Conclusions: SLS has identified many HCVs based on their status as species at</p>

					<p>risk, and has described the management approaches in place to protect them and to provide habitat. SLS appears to be adhering to the requirements of relevant recovery strategies, conservation plans, and related OGRs. There is insufficient evidence to merit a non-conformance.</p>
		<p>It is unclear whether SLS altered its practices to protect headwaters. Rutting observed near wetlands, as well as a lack of buffers.</p>	Environment		<p>The FSC Boreal Standard does not differentiate among headwaters and other bodies of standing water; all streams, Valleys, and rivers must be protected from negative effects. The OGRs specify what must be done to protect waterways. The field portion of the audits in 2014 and 2015, in which a large area was sampled, suggest that SLS is protecting water bodies appropriately and following the government approved OGRs. Conclusions: There is insufficient evidence to merit a non-conformance.</p>
		<p>SLS is not working within their sphere of influence to move candidate protected areas to full protection. The only "new protected areas" in the SSRP were above the treeline in SLS's passive land base". Also, ENGOs requested that SLS</p>	Environment		<p>Principle 6.4 of the FSC Standard requires applicants to perform a gap analysis on the certified area, to identify candidate protected areas to fill those gaps, and to "work within their sphere of influence" to help to move the candidates to</p>



		<p>"advocate for full protection of the Castle wilderness", an area not part of the FMA. However, SLS has "publicly criticised the decision of the Alberta government " on this issue.</p>		<p>protected area status.        SLS has identified the following 2 types of areas to fill gaps and help to expand the protected areas network on the certified area:</p> <p>1) The Red Deer River area is a nationally ranked ESA with a disproportionate share of unique habitats; it has also been classified as an HCVF for its ecological value (as movement corridor, wintering area for ungulates, and fish spawning habitat.)</p> <p>2) SLS is working with interested parties through workshops and other consultation to identify parts of the passive landbase that could contribute to the network of protected areas by serving as permanent reserves.</p> <p>According to SLS, the government of Alberta has shown little interest in identifying and regulating additional protected area over and above what is in the South Saskatchewan Regional Plan. However, SLS continues to work toward achieving their own objectives by deferring harvest in the Red Deer area and working with interested parties to identify ecologically meaningful portions</p>
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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

				<p>of the passive landbase and adjacent area for protection. Work by SLS is ongoing and will continue through development of the new detailed forest management plan, due for implementation in 2018.</p> <p>The FSC Standard does not require the applicant to express its full support for every park designation anywhere in the province or in the region (e.g., the Castle Wilderness, where SLS has not operated since 2012).</p> <p>With all of the above in mind, the auditor concludes that SLS is in conformance with the requirements of the FSC Standard as they pertain to the certified area.</p> <p>Conclusion: The auditor has been persuaded by the evidence that SLS has working within its sphere of influence to move candidate protected areas within the certified landbase to full protection. SLS is in conformance with the requirements of the FSC Standard as they pertain to the certified area.</p>
		<p>Protected area targets are too low (below internationally accepted levels)</p>	<p>Environment</p>	<p>The FSC Standard (6.4.1) requires the applicant to complete (or make use of) a peer-reviewed scientific gap analysis to</p>

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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

				<p>address the need for protected areas in the eco-region(s) and ecodistrict(s) in which the forest is situated. It also requires (6.4.2) the applicant to design, identify and contribute candidate protected areas that make a maximum contribution to filling gaps in the protected areas system (as per 6.4.1) based on the relative responsibility of the applicant. SLS completed a gap analysis (Kansas and Mogilefsky) that was peer reviewed (Kremaster 2013), then re-written to take the reviewers comments and comments from the public into account. As noted in the 2015 BV-FSC evidence matrix for 6.4.1, SLS increased its own targets for parks from the provincial values of 2.1-7.1% (depending on the sub-region) to 12%, and has voluntarily contributed to regional efforts to identify and design protected areas since the "Special Places 2000" campaign of WWF. The figure 12% was used by SLS to calculate the area of gaps that should be identified within the FMA/B9 Quota area in the Gap Analysis report (see Table 1 of the Gap Analysis report). During protected area planning sessions for</p>
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				<p>the Upper Ghost River and Upper Atkinson Creek areas, stakeholders identified 7,261 ha of candidates; this was increased by SLS to 7,817 ha to improve connectivity, and to capture wetlands, creeks, and other key habitat. We believe this is consistent with the requirement for the applicant to make a maximum contribution" and demonstrates that SLS takes the identification of new protected areas seriously. Regarding the targets being "too low", according to Langhammer et al. (2007<sup>2</sup>), there are 2 general methods of gap analysis have emerged in the literature:          Gap analysis that emphasizes targets for % representation, and          Gap analysis that seeks candidates that best complete existing networks while looking for sites with high irreplaceability and vulnerability. The International Union for the Conservation of Nature (IUCN) promotes assigning the highest priority to protecting key biodiversity areas of value to species,</p>
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<sup>2</sup> Langhammer, P.F., Bakarr, M.I., Bennun, L.A., Brooks, T.M., Clay, R.P., Darwall, W., De Silva, N., Edgar, G.J., Eken, G., Fishpool, L.D., Da Fonseca, G.A., Foster, M.N., Knox, D.H., Matiku, P., Radford, E.A., Rodrigues, A.S., Salaman, P., Sechrest, W., Tordoff, A.W., 2007. Identification and gap analysis of key biodiversity areas: Targets for comprehensive protected area systems. IUCN, Gland, Switzerland.

				<p>rather than areas chosen merely to fill representation gaps (and to achieve arbitrary targets; Langhammer et al. 2007). According to Dudley and Parish (2006<sup>3</sup>), whose gap analysis guide was prepared on behalf of signatories to the global Convention on Biological Diversity, a gap analysis methodology that relies solely on available species data where such data are poor, or on "higher scale environmental surrogates" for species, such as enduring features (landforms), is "unlikely to meet the guiding principles" set out in their manual.</p> <p>Dudley and Parish (2006) promoted the idea that a gap analysis should use a coarse filter-fine filter approach that combines elements of representation with areas of key importance for species. When identifying areas to fill gaps, SLS took important elements identified under 6.4.1 into account (e.g., intactness, connectivity, HCVF status, ecological value, representation). The auditors conclude that SLS is conformance with the FSC standard.</p>
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<sup>3</sup> Dudley, N., and J. Parish. 2006. Closing the gap. Creating ecologically representative protected area systems: A guide to conducting the gap assessments of protected area systems for the convention on biological diversity. Secretariat of the Convention on Biological Diversity Technical Series No. 24. Montreal, Quebec.

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 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

		Opportunities for public participation are not meaningful and inclusive.	Environment		SLS has provided many opportunities for public involvement, public review, and public participation.
		General comment that SLS should be going beyond basic government requirements if they are seeking FSC certification.	Environment		Neither the FSC Boreal Standard (2004 version) nor the FSC International Standard - Forest Management Evaluations (FSC-STD-20-007, 2009 version) states that an applicant must exceed basic government standards in order to be certified. Rather, the focus is on the contents of the Standard itself. The FSC Boreal Standard says (p. 14) that the Standard "identifies the practices to be employed in a well-managed Canadian boreal forest". The auditors reviewed all of the available evidence relevant to the certified area under the indicators in the FSC Boreal Standard. Adherence to government requirements was confirmed (such as those related to protection of non-timber values, including implementation of recovery plans, implementation of OGRs, and the support of research projects as required

FSC™ Forest Management Certification  
 Surveillance Audit Report  
 SPRAY LAKE SAWMILLS

					<p>under section 32[1] of the FMA; see the 5-year Stewardship report for details). Conformance to the FSC standard was confirmed as well. Some exemplary practices were also noted, including: A well-trained workforce and group of contractors who understand the importance of protecting species at risk and high conservation values and who appear to be, based on interviews , committed to stopping work when new values are encountered and reporting these occurrences to AAF; Operational practices which include walking potential cutblocks at least twice before operations begin in an effort to confirm site conditions and to identify sensitive areas where additional precautions must be taken; stream crossings that were well done and roads that were decommissioned quickly and effectively. The available evidence suggests that management of the certified area by SLS is in conformance with the requirements of the FSC Boreal Standard.</p>
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		<p>Allison Creek Road - winter logging road built too close to critical habitat for Westslope Cutthroat Trout; turbid runoff enters a ditch and flows down the slope toward Allison Creek; bark bags are not effective silt barriers;</p>	<p>Environment</p>	<p>This site was not identified by CPAWS as an issue at the public meeting held by BV in Cochrane Alberta on Aug. 18, 2015. According to p. 2 of the CPAWS letter, the area is outside the FMA. Therefore, it would not have been checked during the surveillance audit in 2015.</p> <p>The photos supplied show a geotextile barrier that appears to be intact, and likely functioning, between the creek and the turbid water flowing toward it.</p> <p>During the surveillance audit of the certified area in 2015, 18 stream crossings and 3 cases of ephemeral flow were observed, and during the 2014 audit a total of 19 other stream crossings was observed, including two inhabited by Westslope cutthroat trout. All of the crossings examined by the auditor in the certified area appeared to be well done and functioning.</p> <p>The suggestion that forest management activities caused environmental damage to this stream could not be confirmed during the 2015 surveillance audit.</p> <p>There is insufficient evidence to merit a non-conformance on the certified area.</p>
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<p>Stoney Nakoda Nation</p>	<p>22 Sept 2015</p>	<p>The Stoney Nakoda Nation (SNN) has not provided Spray Lake Sawmills with free, prior and informed consent.        SNN have been opposed to SLS General Development Plan in the Jumping Ground Creek and McLean Creek areas since 2011. This was raised with SLS and the concerns were not implemented.        The cumulative impacts of clear cut logging is largely not understood.</p>	<p>Social, Environmental</p>	<p>The Company has been sharing and will continue to share all of its plans with the SNN and request their input including face to face meetings.        The Company believes they have a very active, amicable and respectful relationship with The SNN.. SLS had over 21 communication exchanges with the SNN concerning the project. SLS deferred the block of concern for 2.5 years waiting to learn the values of importance in a promised report that did not materialize. The SNN would not explain any specifics of what needed protected. All of the areas</p>	<p>A minor NCR has been issued against the requirements of indicator 3.1.2</p>
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				described by the SNN were outside of the project area.	

### 3.4 Other evaluation techniques

No other evaluation techniques were used.

## 4 Update about any changes to the scope of the certificate

There have been no changes in the scope of the certificate.

### 4.1 Use of chemicals

This section is not applicable as there are no chemicals (fertilizers or pesticides) used on the forest.

### 4.2 Number of accidents in forest work (serious/fatal) since the last audit

No workplace accidents have been recorded in the past year.

## 5 Standard

	Ref / n° management FSC national standard	Ref / n° checklist	Other documents if relevant
<b>Main assessment</b>	Canadian National Boreal Standard (August 6, 2004)	Canadian National Boreal Standard (August 6, 2004) SF 03	
<b>Surveillance 1</b>	Canadian National Boreal Standard (August 6, 2004)	Canadian National Boreal Standard (August 6, 2004) SF 03	
<b>Surveillance 2</b>	Canadian National Boreal Standard (August 6, 2004)	Canadian National Boreal Standard (August 6, 2004) SF 03	
<b>Surveillance 3</b>			

	Ref / n° management FSC national standard	Ref / n° checklist	Other documents if relevant
Surveillance 4			

## 6 Observation

### 6.1 Documents review

#### Administrative and legality

- Detailed Forest Management Plan (Dec. 2006)
- General Development Plan
- Forest Management Agreement (FMA)
- Historical Resource Impact Assessments
- License & agreement Register,
- AEP website
- SLS website
- PAC (Crowsnest & FMA) meeting minutes
- Grazing timber agreements
- SLS Operations Worksite Hazard Assessment and Pre-Work forms

#### Internal social issues

- Email correspondence from stakeholders

#### External social issues

- Alberta's First Nations Consultation Guidelines on Land Management and Resource Development (updated Nov. 14, 2007)
- 2014-2015 First Nations correspondence log
- Letters from stakeholders to SLS & BV
- Public Consultation Log

#### Environmental and HCVF

- HCVF Report (2014)
- Preindustrial Forest Report (2013)
- Projecting Effects of Timber Harvest Scenarios on Vegetation and Wildlife Habitat" by Kansas and Collister (2004)

#### Management and harvesting operation

- AEP Compliance and Enforcement web page
- Woodlands Operations Manuals
- SLS Safety Policy
- SLS Emergency Procedures
- Safety training log

- Species At Risk training materials
- 2015-16 Woodlands Contractor Training Guide
- Operating Ground Rules
- Harvest Monitoring Reports
- Road & Water Crossing Monitoring reports

## 6.2 Evaluation results with reference to the FSC referential / standard which have to be evaluated in surveillance audit

### PRINCIPLE 1: Compliance with law and FSC Principles

Principle 1. The Forest Management Agreement (FMA) negotiated between the Province and SLS grants the Company an interest in the forest resource. FMA renewal process currently underway (as of Jan. 2011).

The Detailed Forest Management Plan (DFMP) must be consistent with Alberta legislation. The DFMP is prepared by multiple professionals and validated by a Regulated Forestry Professional and approved by the Executive Director of the Forest Management Branch of AEP.

Timber Harvest Planning and Operational Ground Rules (OGRs) are a requirement of the FMA and provide day to day guidance for on the ground operations. Chapter 5 address integration with other users (e.g. other operators, tourism & recreation, trapping, grazing, aesthetics, historical resources). Regulated Forestry Professionals.

An open line of communication between SLS and the Regulator (AEP) allows for information sharing. Regulated Forestry Professionals on staff must meet annual continuing competence requirements (evidence can be found in personal staff training records submitted to CAPF and CAPFT) and are responsible to remain current on legislation impacting their area of responsibility. Minimum Training hours are required for subjects relating to legislation and policy.

Operating plans prepared on an annual basis are reviewed and approved by the Regulator (AEP). Plans include the GDP, AOP, Road Construction, Maintenance/Monitoring and Reclamation Schedules, Fire Control Plan, etc. This provides an opportunity to ensure that plans are consistent with legislation.

SLS New Employee Orientation addresses legislation (e.g. Drivers Abstract, Safety, 1st Aid, WHMIS, ATV rider, Review of FMA, review of OGRs, etc.). Employee payroll system (Avanti) tracks required training (WHMIS, 1st Aid, ATV, etc) with associated expiry dates.

Changes to legislation and agreements are communicated at monthly Woodlands Planning Sessions with FSC, including P1 as agenda items.

Details of changes to legislation and agreements are communicated to log haul contractors at the annual training start-up sessions or through periodic contractor meetings, and through day to day communication with SLS field supervisors.

Timber Dues are remitted monthly to the AEP Timber Production Revenue System (TPRS). Daily check process is in place to maintain accurate load slip data to ensure proper volume information is uploaded to TPRS.

The risk of illegal harvesting in Canada is low. All loads hauled on Provincial Highways require a permit. The greatest risk may come from firewood/ Christmas tree harvesting by the general public. Permits from AEP are required for these activities and consequence (environmental/financial) is low.

Any illegal activity identified would be reported to a Forest Officer at AEP. AEP is responsible for enforcement of rules relating to Forest Land Use Zones. Fish and Wildlife Division has a Report a Poacher program for the reporting of illegal hunting.

In the event of a trespass by SLS, internal process involves preparing an incident report with root

cause analysis and self-reporting to AEP.

**PRINCIPLE 2: Tenure and use rights and responsibilities**

Criterion 2.3.:SLS has processes in place for dispute resolution with an array of user groups:

Grazing - Grazing Timber Integration Manual has a dispute resolution procedure.

Trapping - Referral letters sent to trappers regarding FHP with opportunity to view plans. Opportunity to identify potential impacts regarding trap locations, trails, cabins, or other improvements. Notification is made 10 days prior to the start of operations.

For disputes involving claims of habitat loss by a trapper, the Trappers Compensation Program is administered through the Alberta Trappers Association.

Oil and Gas - Forest Industry has a Land Use Sub Committee established through the Alberta Forest Products Association (AFPA). Master Land Withdrawal & Master Road Use Agreements have been established through that committee. Oil and Gas (O&G) companies come forward to FMA holder (SLS) with requests for land withdrawals. Altus (formerly Ezra Consulting) manages FMA consent requests on behalf of SLS as they come forward from the O&G sector. FMA holders will approach the O&G company if there is an issue (e.g. pipeline, road, or well site location). This also provides an opportunity to integrate operations. FMA holder may withhold consent if a dispute arises. AEP intervenes and has final decision on approvals if FMA consent not given.

SLS has reciprocal road use Agreements in place for most O&G or utilities companies. i.e. SLS uses their roads at no charge - they use SLS roads at no charge. Roads are left in the condition they were found, or better.

First Nations: Consultation Guidelines also address disputes Part IV, pg 11, step 6.

General- AEP, as the regulator on crown land, becomes involved in disputes of a significant nature. Dispute resolution is often part of the terms of reference for major projects e.g. DFMP Chapter 1, planning team dispute resolution, Terms of Reference Section 6. Major issues related to this indicator could potentially affect tenure (FMA) renewal.

Although there are a few parties that challenge forest management operations, none have been elevated to the level of a dispute of a significant nature that requires AEP involvement.

**PRINCIPLE 3: Indigenous Peoples' Rights**

Criterion 3.2.: Comments: The FMA stipulates that SLS must engage in consultation with First Nations in the development of forest management plans. AEP is responsible for initiating the consultation process and when a First Nation requests consultation SLS is then responsible. The AEP website contains forms and letter templates that may be used for consultation and outlines the type of information to be sent to the affected First Nation. AEP requires SLS to maintain an annual log of correspondence with affected aboriginal communities that is submitted to AEP.

SLS has a dedicated staff member who is responsible for regular correspondence with aboriginal communities affected by forest management activities.

Interviewed aboriginal communities stated several staff from SLS attended aboriginal awareness training in 2015.

The GDP is sent to each identified First Nation community annually for comment and information. SLS maintains the required First Nations Consultation Log. A review of the Log confirmed there was no evidence to suggest there were any issues with harvesting within the last year. However, in an interview with SNN evidence from 2011 was provided that harvesting in an area close to their community would destroy valuable cultural trees (i.e. mature trees with specific characteristics) and hunting and gathering. Spray Lake Sawmills worked with the community to protect trees in one harvest block but harvesting took place. Interviews with the aboriginal community during the 2015 surveillance audit indicated they were not satisfied with the efforts by SLS.

A letter received from SNN's lawyers indicated there was no prior free and informed consent given to SLS carry out harvest operations in the Jumpingpound Creek and McLean Creek areas and SNN was not satisfied with SLS efforts to protect indigenous cultural values. SLS responded they were not aware that the SNN were dissatisfied with the 2011 operation.

The auditors reviewed a substantial file of evidence showing ongoing communications between SLS and the Band, and that the Jumping Ground Creek and McLean Creek harvest areas were the subject of a specific open house for the SNN prior to harvest operations commencing. This included a short list of actions items. The band did not supply a follow up report to the meeting as promised, and a joint field visit indicated the areas of band interest were outside of the harvest project area.

The Company has made ongoing attempts to contact the SNN, including annual notification of operational plans and participation in a cultural awareness training session hosted by SNN in 2015. The Company was unaware of SNN dissatisfaction until they were notified by the auditors in September 2015.

Based on the SNN lawyers complaint letter stating free and informed consent was not provided, and that the SNN were not satisfied with SLS's efforts to protect values, the auditors concluded, SLS is not in conformance with this indicator and a minor NCR 3.1.2 has been issued.

Spray Lake has a written policy that recognizes indigenous people's rights, the need for communication and the promotion of economic opportunities within SLS's control. The Company maintains a First Nation communication log which is submitted annually to the Alberta Government for review and approval as required by Alberta's First Nations Consultation Policy.

SLS has a dedicated staff that is responsible for ongoing communication efforts with indigenous communities with interests on forest area. Particular to this concern, SLS records indicate over 21 communication exchanges between the Company and SNN where the Company was trying to reach agreement and learn where the special sites were in order to protect them. The block identified of interest by the SNN was voluntarily deferred by SLS for 2.5 years, to provide additional time for the SNN to specify value areas needing protection in the promised follow-up report; however the SNN did not provide any additional information to the Company.

**PRINCIPLE 4: Community relations and worker's rights**

Criteria 4.2: The Company has met all applicable laws and/or regulations covering health and safety of employees and their families.

Criteria 4.4 requires local communities, community and non-government organizations, forest workers, and the interested public affected by forest management to be provided with meaningful opportunities to participate in forest management planning. The auditors heard from a large group of neighboring rural residential landowners (The Ghost Valley Community Group) and observed passionate, ongoing discussions between the Company and these stakeholders.

To speak to the specific of the standard, the Company has provided opportunities for input from the stakeholders in several formats. There is a standing Public Advisory Committee, established by the Company and intended to provide input from stakeholder representatives on an ongoing basis. The Company has held open houses, field tours and individual consultations. They have recently (September 2014) established a Public Communications Database to track public consultation efforts. As of this audit there were 55 separate Ghost Valley communication records involving 8 different SLS staff members. At the time of this audit four out of the fourteen Public Advisory Committee members either live in the Ghost Valley Community or are a member of a Ghost group.

Some stakeholders expressed satisfaction with Company's performance and their response when a concern is identified.

Others presented the auditors with a list of topics they contend the Company has not addressed, or not allowed them to discuss, in a meaningful manner.

In the opinion of the audit team, the Company has provided sufficient opportunities for input from stakeholders to meet the requirements of the FSC Standard and the energy expended on public consultation is greater than the audit team has likely witnessed on any other forests.

Having stated that, the auditors recommend that continued effort is required. The audit team

observed more passionate challenges to the Company's forest management program that has been witnessed on most other forests. The situation has moved to the point where some comments were personally derogatory, made to the auditors in private, and in an open forum. While the auditor interviews, in almost every case, presented articulate comment, the communications process appears to have moved past the stage where meaningful listening is taking place. There is abundant opportunity for input and the Company can demonstrate its engagement with stakeholders and the public with its public communication database. Further the Company provided several examples where plans were made and or changed to address that input.

This audit showed the Company is conforming to the technical forest management requirements of the FSC standard. On many levels, performance observed by the audit team is exemplary: the work force is well-trained (Staff and contractors) who understand the importance of protecting species at risk and high conservation values and who appear to be, based on interviews, committed to stopping work when new values are encountered and reporting these occurrences to AAF; Operational practices which include walking potential cutblocks at least twice before operations begin in an effort to confirm site conditions and to identify sensitive areas where additional precautions must be taken; stream crossings that were well done; Road decommissioning, in particular in block roads and skid trails, were decommissioned quickly and more effectively than this team has witnessed anywhere. Harvest is processed at stump side leaving abundant coarse woody debris and dispersed seed, both important from a renewal and soil management perspective.

**PRINCIPLE 5: Benefits from the Forest**

Criteria 5.6 The Company's DFMP (Detailed Forest Management Plan) is comprehensive. It is based on a robust forest inventory and includes direction on long term wood and habitat supply under several different scenarios. The DFMP has been supplemented by the High Conservation Value and Pre industrial condition reports, which updates key ecological assessments. The Annual Allowable Cut is determined during the DFMP process. A detailed analysis is undertaken that examines a range of scenarios with the best information available (including new forest inventory). The land base is netted down to the operable land base with reserves removed. The AAC once established is then reduced by 7.5% to account for other values (beyond those already accounted for). The five year stewardship report shows an actual harvest between 2007 and 2012 of 878,974 m3 measured against calculated AAC of 1,595,715 m3 or about 55% of the available volume. The DFMP, HCVF, PIC and 5 year stewardship reports are all available on line at the company website.

**PRINCIPLE 6: Environmental Impact**

Principle 6 was reviewed in its entirety on this audit. Most of the information supporting the analysis has not changed in the past year.

The pre-industrial forest condition (PIC) and disturbance regime of the Spray Lake Sawmills forest management area has been completed, is thorough and detailed. According to the peer reviewer its conclusions are "consistent with documentation throughout the Alberta East Slopes region". The PIC report is posted on the SLS web site and is available to the public.

The Detailed Forest Management Plan (DFMP) identifies 18 vertebrate wildlife species as Management Indicators for forest ecosystem planning. Habitat for these species is mapped in the DFMP. Thirteen of these species are classified as Species At Risk (SARs), defined broadly to include endangered, threatened, special concern, or sensitive species: Northern Goshawk, Sandhill Crane, Barred owl, Great Gray Owl, Black-backed Woodpecker, Pileated Woodpecker, Northern bat, Grizzly Bear, Cougar, Canada Lynx, Long-toed Salamander, Western Toad, and Red-sided Garter Snake.

There is no single document identified as a "benchmarking" document for the FMA. However, a wide variety of measures of current forest condition was identified in the DFMP, especially in Chapter 2 (Landscape Assessment), that serve as benchmarks for habitat supply projections and impact assessments. These benchmarks are required under the Alberta Forest Management Standard (2006).

Age classes, old growth, and habitat supply information for 18 management indicator species are also

available. Much of the information is based on the Alberta Vegetation Inventory (AVI). Recently, the AVI has been supplemented by SLS with LIDAR information to produce detailed terrain and cover maps for annual planning. The AVI is also being updated for the next DFMP (2018).

In the DFMP, Kansas and Collister (2004) used current forest condition in their assessment of the impact of 2 potential forest management scenarios on wildlife habitat supply. The area of vegetation cover types and ecosections at the commencement of the DFMP is summarized.

The HCVF report identified two regionally significant and two locally significant patches of forest with few roads, power lines, or pipelines,:

- block one covering 178,867 ha, including 66,369 ha inside the South FMA, and
- block two covering 161,319 ha, including 44,000 ha inside the North FMA
- remnant 12 covering 15,242 ha inside the North FMA
- remnant eight covering 28,245 ha in the South FMA

The gross total area of the land base covered by the HCVF report is 337,447 ha. Therefore, these large, continuous patches of core area represent 153,856 ha or 45.6% of the land base. It was confirmed in the field in 2015 that SLS is striving to maintain low levels of infrastructure in these blocks and beyond by using a variety of means described in the detailed access management plan and the Stewardship Report.

Road density and road type on the landscape are discussed in the DFMP, and a linear feature analysis is described. The density of roads in different compartments of the FMA is also described.

A process is in place to map and report to the provincial government every occurrence of SAR that is encountered during operations (SAR training materials). This involves field checking by SLS and contractors during pre-harvest inspections, and general awareness during boundary marking and other operations. Contractors interviewed all had SAR reference material on hand and described the process they would use if they observed an unusual species on site.

Version 3.0 of the HCVF report explains how management on the FMA provides for the SAR that have landscape-level requirements, such as the grizzly bear (road densities, denning and foraging hotspots), goshawk (habitat supply), and bulltrout (influence on water yield in key streams).

The Company provided evidence that field workers are trained in the identification of SAR and the procedures that must be followed if SAR are discovered during the course of operations (2015 spring start-up presentation; 2015 SAR identification manual; Woodlands Contractor Training Guide with a section on SAR). During the audit, 9 field workers (supervisors, machine operators) were questioned about SAR identification and procedures. All demonstrated an appropriate level of knowledge and indicated that they had attended the 2015 training session.

Operations staff of SLS and contractors are trained to avoid site damage. Hundreds of hectares of harvesting, and site preparation, numerous water crossings, and many kilometres of forest access roads were observed over the course of three field days during the audit. No significant site damage was observed. The operations of SLS are in conformance with this indicator.

In a detailed analysis, the five Year Stewardship Report compares the current and long term supply of forest types and communities on the landscape. The report considers spruce, pine, aspen, and mixedwood forest types separately, and assesses the supply of four broad age classes (regeneration forest 1-20, young 21-70, mature 71-170 and old growth >170 years), in 4 ecological zones (upper foothills & subalpine, lower foothills, montane, and subalpine) for each forest type. In all comparisons, regenerating and young forest are currently underrepresented or at the lowermost edge of the range of natural variability defined by the PIC analysis.

Mature forest is more abundant (outside the maximum estimate in the range of natural variation) than the PIC would predict in 87% of comparisons, and as abundant in 13%. Old growth is more common than would be expected. It is logical that old growth could be underrepresented in some cases because of the enormous wildfire that swept through much of the FMA area in 1910. Both the non-



spatial and the spatial analysis conducted by Spray Lake Sawmills indicate that all underrepresented forest types and communities will be increased significantly in abundance over the long term given the current management regime.

Spruce and pine planting stock used by the Company is grown from seed collected in the same seed zone as the harvest block in which the seedlings will be planted. Seed collection follows the Alberta Forest Genetics Resource Management and Conservation Standards (see p. 27 of the Stewardship Report). It was confirmed in the field that natural regeneration is a significant supplement to planted stock on virtually all sites.

The FMA/B9 Quota Area in which SLS operates is located in a region where provincial parks, national parks, and other conservation areas cover a significant portion of the landscape. For example, in the area covered by the Protected Areas Gap Analysis (the "regional assessment area" or RAA), about 37% of the area is protected. This does not include lands immediately adjacent to the RAA where Banff National Park occurs.

SLS has participated in initiatives to identify new parks in the region. Examples are the "Special Places 2000" program of World Wildlife Fund Canada, and more recently the "South Saskatchewan Land Use Plan". During the earlier process, SLS voluntarily contributed 18,889 ha of its timber quota area for incorporation into Sheep River Provincial Park and Bluerock Wildland Provincial Park, two areas that helped to fill the province's targets. During the recent SSRP process, SLS acted as a member of the Regional Advisory Council (RAC). The RAC used gap analysis methods to nominate nine conservation areas, including two within or immediately adjacent to the FMA, as new protected areas in that process. SLS deferred management activities in these areas.

The final approved SSRP will create more than 136,000 hectares of new or expanded conservation areas. None of them however is within the FMA.

For the Company's Gap Analysis, SLS used a regional assessment area (RAA) larger than the FMA/Quota area, encompassing seven natural subregions identified by the province and in and adjacent to the FMA. This is a logical and rational way to assess gaps that can make meaningful contributions to the conservation of biological diversity in the region.

SLS prepared a gap analysis document (Kansas and Mogilefsky), which was peer-reviewed (Kremaster 2013), then re-written to take the reviewers comments and comments from the public into account. As a result of the review, SLS increased its targets for protected areas from the provincial values of 2.1-7.1% (depending on the sub-region) to 12%. Recognizing that the province has the final say in which areas are regulated as "protected areas", and that the province just completed the South Saskatchewan Regional Land Use Plan in which new parks were identified, SLS has identified the following two types of areas to potentially fill: SLS is actively attempting to engage interested parties in the design of these protected areas:

- 1) The Red Deer River area is a nationally ranked ESA with a disproportionate share of unique habitats; it has also been classified as an HCVF for its ecological value (as movement corridor, wintering area for ungulates, and fish spawning habitat.)
- 2) SLS is working with interested parties through workshops and other consultation to identify parts of the passive landbase (the area generally unavailable for timber harvest because of slope, unmerchantability, or ecological considerations) that could contribute to the network of protected areas by serving as permanent reserves.

The reforestation program is well designed and effectively implemented. Natural regeneration is supported by stump side processing with subsequent release of well dispersed seed on site. 100% of harvested blocks are planted. The Company has an ongoing monitoring program to assess regeneration success. The auditors witnessed only one block that required some replanting which had been completed. No herbicides are used on the forest and there has been no requirement for other pesticide use.

#### **PRINCIPLE 8: Monitoring and Assessment**

Criteria 8.2 Spray Lake Sawmills has included a monitoring and stewardship reporting component to the Forest Management Agreement. The initial stewardship report was prepared in 2013 covering the 2007 to 2012 term. This report provides a basis for adaptive management, as well as, being a public accountability document on how well the company is fulfilling its mandate.

Spray Lake Sawmills monitors its operation through inspections of active harvest sites, road building activities, water crossing construction, and forest regeneration activities. Monthly summaries of these inspections are provided to the government. AEP Forestry Officers complete compliance inspections through their Forest Operations Monitoring Program. The program has two main components: FOM - Forest Operations Monitoring, & SAM - Silviculture Monitoring. Non-compliances resulting in enforcement action are recorded in AEP Incident Reporting System (IRS) which can be found on the Ministry's website.

All loads of timber harvested on the forest are accompanied by a specific load ticket which identifies the location where the timber was harvested along with who harvested the timber and the destination of the timber. This serves to ensure that the chain of custody is maintained.

#### **PRINCIPLE 9: Maintenance of high conservation value forests**

Criteria 9.3 and 9.4 4 : The HCVF report outlines in detail the management and monitoring strategies in place for all the HCVs and HCVFs identified. The opportunities for public and First Nations involvement were describes under 9.2.1. The HCVF management and monitoring strategies are consistent with recovery plans (e.g., the provincial grizzly bear recovery plan). Protection and maintenance of critical habitat is addressed, and access management figures prominently in the DFMP, Stewardship Report and HCVF report.

The management strategies outlined in the HCVF report and the DFMP strive to protect species at risk, as described under criterion 6.2 of the FSC Standard (see above). Connectivity of the landscape is high and is described under 6.3.9 (viability of native species) and 6.3.13 (connectivity) of the standard. SLS has deferred logging in the Red Deer River Watershed Environmentally Significant Area, which was identified as an area that might be used to fill gaps in ecological representation once the process of identifying candidate protected areas is complete.

The "passive landbase", accounting for about 30% of the FMA, was also identified in the gap analysis as a source of potential areas to fill gaps in representation. The HCVF report indicates (p. 129) that some additional area was identified by SLS as "passive landbase" to help to achieve management objectives for HCVs.

Two large landscape level forests in the surrounding natural subregions that fall partly within the FMA area were noted in the HCVF report. There are no human communities and there is no permanent road infrastructure in the portions of those forests outside the FMA (HCVF report p. 57) that would necessitate co-ordinating management strategies across the FMA boundaries. The provincial government manages those lands and is in close contact with SLS on all aspects of forest management. SLS is required to comply with all government direction related to watershed protection, the protection of parks on the boundaries of the FMA, implementation of recovery plans, etc. Moreover, the OGRs (5.2.6) require SLS to meet with ASRD and Alberta Tourism Parks and Recreation to discuss annual plans. This would ensure that activities are coordinated across FMA boundaries.

The HCVF Report outlines the management and monitoring strategies in place to maintain or enhance the HCVs and HCVFs.

At the field level, pre-works provided to operations foresters and contractors identify sensitive sites, the presence of HCVs and HCVFs, and the required prescriptions. Blocks are walked before harvesting and again during boundary-marking to verify that prescriptions are appropriate, and changes are made if necessary. Each year SLS receives new information on species at risk, sensitive species, and other wildlife element occurrences in the FMA from ASRD, and new info on cultural values from the Alberta Natural Heritage Information Centre, which ensures the inventory of known occurrences of HCVs is up-to-date.

SLS has made a commitment to follow an adaptive management model in the planning and implementation of its forest management activities on the FMA (DFMP; Stewardship Report). Consistent with that commitment, the Company supports a wide variety of research and monitoring programs through a variety of other agencies (e.g., FRIAA - Forest Resource Improvement Association of Alberta, and FRI - Foothills Research institute) to assess needs and the effectiveness of management prescriptions (Stewardship report).

Forestry staff explained that SLS performs an annual review of HCVF monitoring. The Stewardship Report (section 2) explains that SLS is currently conducting an overall evaluation of the monitoring program and on-going research efforts, and that SLS is identifying future research needs to provide useable feedback for incorporation into current operations, the monitoring program, and for the development of the 2018 DFMP.

Based on the HCVF report, the associated peer reviews, the Stewardship Report, interviews with forest planning and operations staff, observations in the field, prevailing thought in the ecological literature, and the Company's commitment to review the results of monitoring on an annual basis, the audit team believes the management strategies in place for the HCVs are being implemented, and that they are consistent with a "precautionary approach".

Detailed information on, effectiveness monitoring, and management strategies in place for individual HCVs and HCVFs are in the HCV report. In some cases, monitoring is a joint responsibility of the provincial government (ASRD) and SLS (e.g., for Species at risk). The FMA stipulates that the government is responsible for assessing cumulative impacts. According to SLS staff, the monitoring plan is reviewed annually and changes are made if necessary. The results of monitoring will be used as input to the next DFMP, which is in preparation for 2018.

#### **PRINCIPLE 10: Plantations**

Criteria 10.6; 10.7; 10.8 : No forest stands meet the FSC standard definition of a plantation. This principle is not applicable to this certification.

*NOTE: To be updated with the revised FSC STD 01 001 (Version 5.1.).*

### **6.3 Result regarding the correction of Non-Conformities (NC)**

No non-conformances were issued on the previous audit and no non-conformances were open as of the previous audit.

n°	Criteria	Status	Date recorded	Text of the CAR	Objective Opening evidence and	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non- conformities	Closure date

#### 6.4 Result regarding the resolution of complaints

Stakeholders reference (name / organisation / type)	Date	Received complaints	FSC criteria-indicator	Answer (+Date)		
				Client	lead auditor	Bureau Veritas Certification
Stoney Nakoda Nations	11 Sept 2015	<p>The Stoney Nakoda Nation (SNN) has not provided the Spray Lake Sawmills with free, prior and informed consent.</p> <p>SNN have been opposed to SLS General Development Plan in the Jumping Ground Creek and McLean Creek areas since 2011. This was raised with SLS and the concerns were not implemented.</p> <p>The cumulative impacts of clear cut logging is largely not understood.</p>	3.1.3	<p>The Company has been sharing and will continue to share all of its plans with the SNN and request their input including face to face meetings. The Company believes they have a very active, amicable and respectful relationship with The SNN. SLS had over 21 communication exchanges with the SNN concerning the project. SLS deferred the block of concern for 2.5 years waiting to</p>	<p>A minor NCR has been issued against the requirements of indicator 3.1.3.</p>	<p>A letter of response has been issued to the Stoney Nakoda Nation.</p>

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Surveillance Audit Report  
Spray Lake Sawmills

				learn the values of importance in a promised report that didn't materialize. The SNN would not explain any specifics of what needed protected. All of the areas described by the SNN were outside of the project area.		
Canadian Parks and Wilderness Society		A summary of the contents of the letter has been included in Section 3.3.3 of this report.	4.4 6.4	No comments	The letter was reviewed by a PhD, RPF (Ecologist). No non-conformances were warranted based on the review.	A letter of response was issued on December 22, 2015
Ghost Watershed Alliance Society		A summary of the contents of the letter has been included in Section 3.3.3 of this report.	4.4,5.6 ,6.2,6.3,8.2,9.3	No Comments	The letter was reviewed by a PhD, RPF (Ecologist). No non-conformances were warranted based on the review.	A letter of response was issued on December 22, 2015.

## 7 Result of surveillance evaluations

TRANSFER AUDIT ASSEMENT DATE – 3 DECEMBER 2014	
Number of NC closed	60 minor NCRs were reviewed and closed
Pending NC	No non-conformances were pending on the transfer audit.
New NC raised	No new non-conformances were issued on the first transfer audit.
Certification Decision	The certificate remains valid.
SURVEILLANCE 1 DATE	
Number of NC closed	No non-conformances were closed on the first surveillance audit.
Pending NC	No non-conformances were pending on the first surveillance audit.
New NC raised	No new non-conformances were issued on the first surveillance audit.
Certification Decision	A recommendation for certification was issued. Certification was maintained
SURVEILLANCE 2 DATE – AUGUST 18-20, 2015	
Number of NC closed	Not applicable – no NCR's were open as of the first surveillance audit.
Pending NC	No NCR's are pending as of this audit
New NC raised	One minor NCR were issued as of this audit.
Certification Decision	A recommendation for certification has been issued.

### 7.1 Synthesis on the conduct of the audit and closing meeting

A closing meeting was held with Company staff and three BVC auditors. The auditors' confirmed that as of that date, no non-conformances would be issued. The auditors cautioned that the period for public comment was open for 30 days, and that review of documentation as ongoing, and that the auditors would be considering comments received within the audit period.

The auditors commented that the technical forestry observed was implemented at a very high standard. In particular, road rehabilitation was very well done. Residual structure was evident on all stands inspected, and the forest renewal program observed was effective.

## 8 Records of Non-Conformities and observations and new ones raised during the audit

## 8.1 Records of Non-Conformities

*New Non-Conformities raised during the audit, or pending Non-Conformities:*

n°	Criteria	Status	Date recorded	Text of the NCR	Objective Opening evidence and justification of their classification of major or minor	Closure deadline required	POTENTIAL NEW STATUTE	Closure evidence or remaining non-conformities	Closure date
1_04-2015	3.1.2	MINOR	2 October 2015	SLS is required to follow the AEP First Nations Consultation Guidelines and Policy on Land Management and Resource Development. The GDP is sent to each identified First Nation community annually for comment and information. SLS maintains the required First Nations Consultation Log. A review of the Log confirmed there was no evidence to suggest there were any issues with harvesting within the last year. A letter received from SNN's lawyers indicated there was no prior free and informed consent given to SLS to carry out	An interview with a designated representative of SNN and a letter received from SNN's lawyers indicated there was no prior free and informed consent given to SLS to carry out harvest operations in the Jumpingpound Creek and McLean Creek areas and the SNN were not satisfied with SLS efforts to protect indigenous cultural values. The Company had several points of contact with the SNN and no indication of the issue was raised. The auditors have deemed this to be a minor non-conformance.	Oct 2, 2016			

				harvest operations in the Jumpingpound Creek and McLean Creek areas and the SNN were not satisfied with SLS efforts to protect indigenous cultural values. Based on the lawyers complaint letter , and the interview with the SNN representative, SLS in not in conformance with this Indicator.					
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## 8.2 Records of observations

*New observations raised during the audit, or pending*

n°	Date recorded	Text of the OBSERVATION	Objective Opening evidence
1	20 August 2015	The company will need to continue discussions with stakeholders re indicator 4.2	There are two Ghost groups that are vocally unhappy with the performance of the Company. The Company has had ongoing discussions and opportunities for public input.



## 9 Proposals regarding the certification decision

### 9.1 Proposal of conclusion on whether the candidate entity achieved or not the required level of conformance

With the exception of the minor non-conformance issued, the auditors found the performance of Spray Lake Sawmills to be in conformance with the requirements of the FSC Boreal standard.

## 10 Certification decision

The HUB decides that the FSC FM certificate of Spray Lake Sawmills remains valid. The minor Non Conformity shall be closed by the 2<sup>nd</sup> of October 2016.

Issued the 18 December 2015, reviewed the 22/03/2016.

FM certification technical reviewer,

Lead Auditor,

**Florian Terrière**



**Craig Howard**

## 11 Appendices

- A. Response to letters received from the Canadian Parks and Wilderness Society
- B. Copy of the non-conformity form

## Appendix A – Response to the letter received from the Canadian Parks and Wilderness Society

The letter received by BV from CPAWS in Sept. 2015 after the surveillance audit appears to be very similar in content to the letter received by BV from CPAWS in October 2014, with some additions.

CPAWS identified important issues in their Sept. 2015 letter and expressed dissatisfaction with the lack of "meaningful opportunities" for public involvement. In the table below we assess each of the issues. Excluding the question of "meaningful opportunities for involvement", the evidence, which includes observations made during the audit, did not appear sufficient to warrant a non-conformance under specific indicators of the FSC Standard.

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
<p>Page 1 - SLS must provisionally defer logging in large landscape level forests until a credible conservation plan has been completed, including conservation design aspects, protected area gap analysis, and identification of candidate areas to fill gaps, as required under 9.3.1 of the Standard.</p>	<p><b><u>A Credible Conservation Plan was Completed</u></b> - In 2014, the Alberta Government approved the South Saskatchewan Regional Plan (SSRP), a credible conservation plan that includes the certified area. It identifies new and expanded conservation areas, recreation areas, and parks.</p> <p><b><u>A Gap Analysis was Performed</u></b> - SLS has completed a gap analysis and has identified potential areas in the certified forest to fill gaps.</p> <p><b><u>Landscape-level patches were identified and plans exist to keep access levels low</u></b> - During development of their HCVF report, SLS identified landscape-level patches and remnant forest patches that were relatively unfragmented, as required by 9.3.1. To do this, SLS buffered <b>all human habitation and permanent roads by 100 m and assessed the remaining connected landscape patches.</b> However, temporary roads (such as those that would be decommissioned) were not buffered out, contrary to what is done in some other forests across the boreal region. As a result, a relatively large number of "unfragmented" patches was identified. This included 2 large landscape-level forests (178,867 ha in size with 66,369 ha in the FMA in the southern part of the forest, and 161,319 ha in total with 44,000 ha in</p>	<p>The elements of indicator 9.3.1 relevant to landscape-level patches have been addressed:</p> <ul style="list-style-type: none"> <li>• a credible conservation plan for the region was completed (the SSRP),</li> <li>• a gap analysis was performed,</li> <li>• areas in the certified forest were identified to fill gaps, and</li> <li>• relatively unfragmented patches were identified on the certified area.</li> </ul> <p>SLS has gone beyond these requirements, however, by developing and implementing comprehensive plans to keep access levels low in the patches they identified that were not incorporated into new parks under the SSRP.</p> <p>There are no grounds for a non-conformance under 9.3.1.</p>

FSC Forest Management Certification  
 Initial Audit Report  
 Spray Lake Sawmills

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	<p>the FMA in the north-western part of the forest), and 15 smaller ("remnant") patches of forest in the FMA ranging from 5,632 to 38,587 ha in size. Table 7 of the HCVF report shows that the remnants all contain a measurable density of linear features (presumably not permanent) ranging from 1.4 km/100 ha to 4.3 km /100ha. Two of the remnants were identified as HCVFs based on relatively low density of linear features and large proportions of relatively rare deciduous and mixedwood forest.</p> <p>These patches are relatively unfragmented but they do contain temporary roads and other temporary structures. Thus, a combination of decommissioning, gates, road use agreements with other users, habitat provisions for grizzly bears and other species at risk, and other methods is used to reduce the levels of infrastructure and maintain low levels of fragmentation (see pages 130-131 in the HCVF report).</p>	
<p>Page 2 - No evidence that SLS has done anything to adjust its operations to address road issues as they relate to grizzly bear habitat</p>	<p>The Alberta Government's recovery Plan for the Grizzly bear (<a href="http://esrd.alberta.ca/fish-wildlife/wildlife-management/grizzly-bears/grizzly-bear-recovery-plan.aspx">http://esrd.alberta.ca/fish-wildlife/wildlife-management/grizzly-bears/grizzly-bear-recovery-plan.aspx</a>) suggests that the main cause of mortality for grizzlies is illegal and legal (self-defence) hunting. Increased human access could therefore have a negative effect on grizzlies. The grizzly bear was identified as an HCV in the Oct. 29, 2014 version of the HCVF report. Page 119 of the report outlines the management in place in the certified area to maintain or enhance habitat for the species:</p> <ul style="list-style-type: none"> <li>• implementing recovery plan recommendations through the OGRs,</li> <li>• working with ESRD to identify denning and seasonal hotspots that should be avoided in access planning, and</li> <li>• minimizing road densities through road location planning, the use of temporary roads,</li> </ul>	<p>SLS has adjusted its operations to address grizzly bear requirements, consistent with the provincial recovery strategy.</p> <p>There are no grounds for a non-conformance.</p>

FSC Forest Management Certification  
 Initial Audit Report  
 Spray Lake Sawmills

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	<p>and road decommissioning.</p> <p>During the field audits of 2014 and 2015, the auditors observed many decommissioned roads and many locked gates where access was restricted.</p>	
<p>Page 2 - No evidence that SLS has done anything to change its operations to reflect sensitivity to critical habitat for westslope cutthroat trout or bull trout.</p>	<p>CPAWS identifies access as the major concern for these species because access affects water quality and angling pressure.</p> <p>Alberta's "Bull Trout Conservation Management Plan" (2012-2017) identifies angling pressure, competition with introduced trout species, habitat connectivity (which is reduced if culverts are used at stream crossings), road density, and sedimentation of streams as important issues for bull trout. Alberta's "Westslope Cutthroat trout Recovery Plan, 2012-2017" identifies similar issues as threats to the cutthroat trout.</p> <p>The bull trout and westslope cutthroat trout were identified as HCVs in the Oct. 29, 2014 version of the HCVF report. Page 120 of the report outlines the management in place in the certified area to maintain or enhance habitat for these species, including co-operating with the Alberta government to map stream reaches and spawning areas, to assess potential increases in water yield during forest management planning, and to implement recommendations regarding timber harvesting and water crossings as identified in the recovery plan.</p> <p>During the field portion of the audit in 2014 and in 2015, 19 and 8 stream crossings, respectively, were observed. It was confirmed that SLS uses bridges and box culverts with open bottoms at stream crossings, and culverts are used only for cross drainage along roads; this maintains connectivity and water quality for fish. Crossings were generally very well done, including 2 that were known to cross cutthroat trout streams. Roads are actively decommissioned and gates are kept locked as required, no</p>	<p>SLS has adjusted its operations to address westslope cutthroat trout and bull trout requirements, consistent with the provincial recovery strategy and conservation plan.</p> <p>There are no grounds for a non-conformance.</p>

FSC Forest Management Certification  
 Initial Audit Report  
 Spray Lake Sawmills

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	doubt helping to reduce angling pressure on these fish.	
<p>Page 2 - Streams in the Oldman watershed may contain critical habitat or important habitat areas for westslope cutthroat trout or bull trout, despite not having been designated as such. These streams should be treated as "Class A water bodies" which prohibit roads, landings, and cutblocks within 100 m of the high water mark. The buffer on Class B water bodies is only 60 m.</p>	<p>CPAWS has not identified specific streams that they believe to have been improperly treated.</p> <p>Alberta's document "Species at risk 2014-15 recovery action summary - Westslope Cutthroat Trout" (<a href="http://esrd.alberta.ca/fish-wildlife/species-at-risk/species-at-risk-publications-web-resources/fish/default.aspx">http://esrd.alberta.ca/fish-wildlife/species-at-risk/species-at-risk-publications-web-resources/fish/default.aspx</a>) states that the province has identified critical habitat and that it is "continually being refined and updated". The Operating Ground Rules which govern SLS operations specify that sensitive sites for these fish must be identified. The OGRs are reviewed annually with the Alberta government, presenting an opportunity to make changes to stream designations and management requirements based on new information.</p> <p>The HCVF report (p. 120) indicates that SLS is working closely with the Alberta government to ensure that requirements of the westslope cutthroat trout recovery plan are implemented.</p>	<p>SLS appears to be working with ESRD to protect habitat for westslope cutthroat trout and bull trout. A process is in place to enable changes to stream designations to be made based on new or better information. The Alberta government appears to be striving to collect new information.</p> <p>The Company's activities appear to be consistent with the requirements of the FSC Boreal Standard. There is insufficient evidence to merit a non-conformance.</p>
<p>Page 2 - Disregard for threatened species calls into question the efficacy of the certification process.</p>	<p>CPAWS refers to the photos described below and the potential impact on westslope cutthroat trout and bull trout. As noted above, SLS appears to be adhering to the requirements of the relevant recovery strategies, conservation plans, and related OGRs.</p> <p>The HCVF (2014) report identifies many species as HCVs based on threatened status, and describes management strategies in place to maintain or enhance them.</p>	<p>SLS has identified many HCVs based on their status as species at risk, and has described the management approaches in place to protect them and to provide habitat. SLS appears to be adhering to the requirements of relevant recovery strategies, conservation plans, and related OGRs.</p> <p>There is insufficient evidence to merit a non-conformance.</p>
<p>Page 3 - unclear whether SLS altered its practices to protect headwaters. Rutting observed near wetlands, as well as a lack of buffers.</p>	<p>The FSC Boreal Standard does not differentiate among headwaters and other bodies of standing water; all streams, Valleys, and rivers must be protected from negative effects.</p> <p>CPAWS provided photos 5, 6, 7 as evidence (see specific commentary on</p>	<p>There is insufficient evidence to merit a non-conformance.</p>

FSC Forest Management Certification  
 Initial Audit Report  
 Spray Lake Sawmills

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	<p>these photos below).</p> <p>The OGRs specify what must be done to protect waterways. The field portion of the audits in 2014 and 2015, in which a large area was sampled, suggest that SLS is protecting water bodies appropriately and following the government approved OGRs.</p>	
<p>Page 3 - SLS is not working within their sphere of influence to move candidate protected areas to full protection. The only "new protected areas" in the SSRP were above the treeline in SLS's passive land base".</p> <p>Also, ENGOs requested that SLS "advocate for full protection of the Castle wilderness", an area not part of the FMA. However, SLS has "publicly criticised the decision of the Alberta government " on this issue.</p>	<p>Principle 6.4 of the FSC Standard requires applicants to perform a gap analysis on the certified area, to identify candidate protected areas to fill those gaps, and to "work within their sphere of influence" to help to move the candidates to protected area status.</p> <p>SLS has identified the following 2 types of areas to fill gaps and help to expand the protected areas network on the certified area:</p> <ol style="list-style-type: none"> <li>1) The Red Deer River area is a nationally ranked ESA with a disproportionate share of unique habitats; it has also been classified as an HCVF for its ecological value (as movement corridor, wintering area for ungulates, and fish spawning habitat.)</li> <li>2) SLS is working with interested parties through workshops and other consultation to identify parts of the passive landbase that could contribute to the network of protected areas by serving as permanent reserves.</li> </ol> <p>According to SLS, the government of Alberta has shown little interest in identifying and regulating additional protected area over and above what is in the South Saskatchewan Regional Plan. However, SLS continues to work toward achieving their own objectives by deferring harvest in the Red Deer area and working with interested parties to identify ecologically meaningful portions of the passive landbase and adjacent area for protection. Work by SLS is ongoing and</p>	<p>The auditor has been persuaded by the evidence that SLS has working within its sphere of influence to move candidate protected areas within the certified landbase to full protection. SLS is in conformance with the requirements of the FSC Standard as they pertain to the certified area.</p>

FSC Forest Management Certification  
Initial Audit Report  
Spray Lake Sawmills

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	<p>will continue through development of the new detailed forest management plan, due for implementation in 2018.</p> <p>The FSC Standard does not require the applicant to express its full support for every park designation anywhere in the province or in the region (e.g., the Castle Wilderness, where SLS has not operated since 2012).</p> <p>With all of the above in mind, the auditor concludes that SLS is in conformance with the requirements of the FSC Standard as they pertain to the certified area.</p>	
<p>Page 3 - protected area targets are too low (below internationally accepted levels)</p>	<p>The FSC Standard (6.4.1) requires the applicant to complete (or make use of) a peer-reviewed scientific gap analysis to address the need for protected areas in the eco-region(s) and ecodistrict(s) in which the forest is situated. It also requires (6.4.2) the applicant to design, identify and contribute candidate protected areas that make a maximum contribution to filling gaps in the protected areas system (as per 6.4.1) based on the relative responsibility of the applicant.</p> <p>SLS completed a gap analysis (Kansas and Mogilefsky) that was peer reviewed (Kremaster 2013), then re-written to take the reviewers comments and comments from the public into account.</p> <p>As noted in the 2015 BV-FSC evidence matrix for 6.4.1, SLS increased its own targets for parks from the provincial values of 2.1-7.1% (depending on the sub-region) to 12%, and has voluntarily contributed to regional efforts to identify and design protected areas since the "Special Places 2000" campaign of WWF. The figure 12% was used by SLS to calculate the area of gaps that should be identified within the FMA/B9 Quota area in the Gap Analysis report (see Table 1 of the Gap Analysis report). During protected area planning sessions for the Upper Ghost River and Upper Atkinson Creek areas, stakeholders identified 7,261 ha of</p>	<p>The evidence suggests that SLS is in conformance with the requirements of 6.4.1 and 6.4.2.</p>



Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	<p>candidates; this was increased by SLS to 7,817 ha to improve connectivity, and to capture wetlands, creeks, and other key habitat. We believe this is consistent with the requirement for the applicant to make a maximum contribution" and demonstrates that SLS takes the identification of new protected areas seriously.</p> <p>Regarding the targets being "too low", according to Langhammer et al. (2007<sup>4</sup>), there are 2 general methods of gap analysis have emerged in the literature:</p> <ul style="list-style-type: none"> <li>• Gap analysis that emphasizes targets for % representation, and</li> <li>• Gap analysis that seeks candidates that best complete existing networks while looking for sites with high irreplaceability and vulnerability.</li> </ul> <p>The International Union for the Conservation of Nature (IUCN) promotes assigning the highest priority to protecting key biodiversity areas of value to species, rather than areas chosen merely to fill representation gaps (and to achieve arbitrary targets; Langhammer et al. 2007). According to Dudley and Parish (2006<sup>5</sup>), whose gap analysis guide was prepared on behalf of signatories to the global Convention on Biological Diversity, a gap analysis methodology that relies solely on available species data where such data are poor, or on "higher scale environmental surrogates" for species, such as enduring features (landforms), is "unlikely to meet the guiding principles" set out in their manual.</p> <p>Dudley and Parish (2006) promoted the idea that a gap analysis should use a</p>	

<sup>4</sup> Langhammer, P.F., Bakarr, M.I., Bennun, L.A., Brooks, T.M., Clay, R.P., Darwall, W., De Silva, N., Edgar, G.J., Eken, G., Fishpool, L.D., Da Fonseca, G.A., Foster, M.N., Knox, D.H., Matiku, P., Radford, E.A., Rodrigues, A.S., Salaman, P., Sechrest, W., Tordoff, A.W., 2007. Identification and gap analysis of key biodiversity areas: Targets for comprehensive protected area systems. IUCN, Gland, Switzerland.

<sup>5</sup> Dudley, N., and J. Parish. 2006. Closing the gap. Creating ecologically representative protected area systems: A guide to conducting the gap assessments of protected area systems for the convention on biological diversity. Secretariat of the Convention on Biological Diversity Technical Series No. 24. Montreal, Quebec.

FSC Forest Management Certification  
 Initial Audit Report  
 Spray Lake Sawmills

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	<p>coarse filter-fine filter approach that combines elements of representation with areas of key importance for species. When identifying areas to fill gaps, SLS took important elements identified under 6.4.1 into account (e.g., intactness, connectivity, HCVF status, ecological value, representation).</p> <p>With all of the above in mind, we conclude that SLS appears to be in compliance with the FSC standard and that there is no evidence for a non-conformance.</p>	
<p>Page 4 - Opportunities for public participation are not meaningful and inclusive.</p>	<p>SLS has provided many opportunities for public involvement, public review, and public participation. CPAWS remains dissatisfied with the effort, however.</p>	
<p>Page 4 - General comment that SLS should be going beyond basic government requirements if they are seeking FSC certification.</p>	<p>Neither the FSC Boreal Standard (2004 version) nor the FSC International Standard - Forest Management Evaluations (FSC-STD-20-007, 2009 version) states that an applicant must exceed basic government standards in order to be certified. Rather, the focus is on the contents of the Standard itself. The FSC Boreal Standard says (p. 14) that the Standard "identifies the practices to be employed in a well-managed Canadian boreal forest".</p> <p>The auditors reviewed all of the available evidence relevant to the certified area under the indicators in the FSC Boreal Standard. Adherence to government requirements was confirmed (such as those related to protection of non-timber values, including implementation of recovery plans, implementation of OGRs, and the support of research projects as required under section 32[1] of the FMA; see the 5-year Stewardship report for details). Conformance to the FSC standard was confirmed as well. Some exemplary practices were also noted, including:</p> <ul style="list-style-type: none"> <li>• a well-trained workforce and group of contractors who understand the importance of protecting species at risk and high</li> </ul>	<p>The available evidence suggests that management of the certified area by SLS is in conformance with the requirements of the FSC Boreal Standard.</p>

FSC Forest Management Certification  
 Initial Audit Report  
 Spray Lake Sawmills

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	<p>conservation values and who appear to be, based on interviews , committed to stopping work when new values are encountered and reporting these occurrences to ESRD;</p> <ul style="list-style-type: none"> <li>operational practices which include walking potential cutblocks at least twice before operations begin in an effort to confirm site conditions and to identify sensitive areas where additional precautions must be taken;</li> <li>stream crossings that were well done and roads that were decommissioned quickly and effectively.</li> </ul>	
<p>Photos 1 -3 - Allison Creek Road - winter logging road built too close to critical habitat for Westslope Cutthroat Trout; turbid runoff enters a ditch and flows down the slope toward Allison Creek; bark bags are not effective silt barriers;</p>	<p>This site was not identified by CPAWS as an issue at the public meeting held by BV in Cochrane Alberta on Aug. 18, 2015. According to p. 2 of the CPAWS letter, the area is outside the FMA. Therefore, it would not have been checked during the surveillance audit in 2015.</p> <p>Photos 2&amp;3 show a geotextile barrier that appears to be intact, and likely functioning, between the creek and the turbid water flowing toward it.</p> <p>During the surveillance audit of the certified area in 2015, 8 stream crossings and 3 cases of ephemeral flow were observed, and during the 2014 audit a total of 19 other stream crossings was observed, including 2 inhabited by Westslope cutthroat trout. All of the crossings examined by the auditor in the certified area appeared to be well done and functioning.</p>	<p>CPAWS suggestion that forest management activities caused environmental damage to this stream outside the certified area could not be confirmed during the 2015 surveillance audit.</p> <p>There is insufficient evidence to merit a non-conformance on the certified area.</p>
<p>Photo 4 - Atlas Creek Road - washout on Atlas Road where it crosses a tributary to Allison Creek</p>	<p>This site was not identified by CPAWS as an issue at the public meeting held by BV in Cochrane Alberta on Aug. 18, 2015. Therefore, it was not checked in the field in 2015. However, as noted</p>	<p>See comments above on photos 1-3.</p> <p>There are no grounds for a non-conformance.</p>

FSC Forest Management Certification  
Initial Audit Report  
Spray Lake Sawmills

Comment from CPAWS Letter Sept. (23?) 2015	Details, Evidence, and Notes	Conclusions
	<p>above, many other crossings were checked by the auditors with no prior knowledge of their condition and without the influence of SLS.</p>	
<p>Photo 5 - cutblock boundary on the edge of and extending into a large, regionally significant ecological feature (a wetland; no buffer). Rutting.</p>	<p>This site was not identified by CPAWS as an issue at the public meeting held by BV in Cochrane Alberta on Aug. 18, 2015. Therefore, it could not be checked in the field in 2015. No geographic reference for this site was provided in the letter.</p> <p>"Wetland" is a very general term that could apply to treed wetlands, marshes, bogs, fens, alder swales, and other wet features. In some cases harvesting would therefore be permitted in wetlands under the OGRs. SLS Woodlands Operations Manual specifies methods that are to be used to protect wetlands. The Operating Ground Rules for the DFMP specify approaches that must be used for wetlands occupied by Trumpeter Swans.</p> <p>Protection of sensitive sites (including wetlands) was assessed in the field during the 2014 and 2015 audits. No issues were identified.</p>	<p>CPAWS suggestion that forest management activities caused environmental damage to this wetland could not be confirmed during the 2015 surveillance audit.</p> <p>There is insufficient evidence to merit a non-conformance.</p>
<p>Photos 6 &amp; 7 cutblock 2632 - not dated, no GPS location - rutting and no reserve on a wetland</p>	<p>This site was not identified by CPAWS as an issue at the public meeting held by BV in Cochrane Alberta on Aug. 18, 2015. Therefore, it could not be checked in the field in 2015. However, in 2014 during the surveillance audit (Oct. 27-31), Kandyd Szuba (BV) and Bryan Hennessey (SLS) did an intensive search of block 2632 in response to a public complaint. No significant issues were identified.</p> <p>Based on BV's assessment of this block in 2014 and many other cutblocks in the field in 2014 and 2015, rutting does not appear to occur on the certified area to an extent detectable during the audit.</p>	<p>CPAWS suggestion that forest management activities caused environmental damage on this cutblock could not be confirmed during the 2015 surveillance audit.</p> <p>There is insufficient evidence to merit a non-conformance.</p>

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FSC Forest Management Certification  
Initial Audit Report  
Spray Lake Sawmills

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