

Cattle combing at Nicola

They are not ranch hands - they are employees at Tolko's Nicola Division, and they will go out of their way to work with other local resource users, like Ernie Rice.

Mr. Rice ranches near Coalmont, a small community near Princeton, BC. His range permit, which allows him to range his cattle on Crown land, overlaps one of Tolko's cutting permits that requires salvage harvesting in the wake of a mountain pine beetle attack. Unfortunately, Mr. Rice's past experience with logging on his range led him to resist development of the shared permit area. His concern was that hound's-tongue, a noxious weed that spreads rapidly, might flourish in the disturbed ground after logging. If this was the case, his cattle would have to be combed to remove the weed's burrs prior to sending the cattle to market, and this was an onerous task that he did not relish.

“ now we can relate ”
better to ranchers' concerns

Feeling the urgency to salvage the beetle-damaged wood, but understanding the importance of working with other users of the shared forest resource, Vern Latremouille, Area Supervisor at Nicola, decided to get a better sense of the rancher's concerns. "Ernie strongly suggested that we try combing the cows to see how difficult it was," explains Vern, "so we did."

Vern and his wife, Lorna, were joined by Dale Jones, Forestry Supervisor, Earl Corsi, Timber Development Forester, and his girlfriend, Chelsea Fraser-Beswick, Chris Armanini, Forestry Supervisor, and his wife, Melannie,

and Kanena McGowan, summer student. After a full day, the group of eight had combed the thirteen cows that Mr. Rice had planned to send to market.

"It was pretty interesting and definitely worth it," says Vern. "Now we can relate better to ranchers' concerns. And we've shown that we're willing to work with Ernie and other ranchers. Things like this go a long way in building positive relationships."



Vern and Lorna Latremouille, Chris Armanini, Earl Corsi and Dale Jones negotiate with a cow
Inset: Lorna and Vern Latremouille start combing



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Many challenges ahead



Al Thorlakson, President & CEO

Many challenges await us as we begin a new year. Lower lumber prices and weakening consumer demand are forecast to continue throughout 2001. These factors, coupled with a declining economic climate, will require us to be conscious of our costs and capital expenditures as we go forward.

2001 will see the expiration of the Canada-US Softwood Lumber Agreement. Forest industry companies across Canada have

formed the Canada Lumber Trade Alliance to provide a strong, unified voice to deal with the expiry of the Agreement and to negotiate the move to free trade. I am hopeful that both US and Canadian participants recognize the need for a non-litigious and permanent resolution to this ongoing issue. I believe that a resolution to this long-standing dispute needs a revised dispute resolution process in order to address the issues and achieve a lasting solution.

Remaining globally competitive continues to challenge the British Columbia (BC) forest industry. Randy Chan, Tolko's General Manager, Environment & Forestry, and I have revitalized the concept of 'The Working Forest' to secure the forest land base in the

public's interest. Our proposal outlines key steps we believe need to be implemented in order for the BC forest industry to regain their global competitiveness.

Our commitment to sustainability will continue to evolve in 2001. I am convinced the BC forest industry has the highest environmental standards in the world and I look forward to demonstrating this to our employees and our customers. Our Louis Creek Division is the pilot site for ISO 14001 certification and our goal is to have all our Woodlands departments ISO 14001 conformant by the end of 2003. This will facilitate our prompt implementation of the

certified system we choose to select.

“ Our commitment to sustainability will continue to evolve in 2001 ”

Tolko showcases at PC Convention

Tolko is one of the key forest companies operating in the northern part of Alberta, with operations in High Prairie and High Level. With relatively high profiles in the province, both Divisions are committed to open communication and actively participate in community and public relations activities.

An example of this effort came in October 2000, when Tolko joined with Buchanan Lumber to participate in the Business Showcase at the PC (Progressive Conservative) Alberta's Annual General Meeting and Convention in Calgary. PC delegates from around the province had a chance to learn about Tolko's High Prairie and High Level Divisions.



Alberta Premier Ralph Klein (L) visited Dave Knight at Tolko's booth

Tolko's values reflected in Aboriginal Policy

Social responsibility is important to Tolko's commitment to sustainability, which seeks to balance environmental, social and economic performance. Tolko's core values of open communication, respect, progressiveness and integrity are based on its strong sense of social responsibility and relate directly to its interactions with all stakeholders in the communities in which it operates.

Aboriginal communities are one of Tolko's key stakeholder groups. "We share an interest in the forest resource with Aboriginal communities, and our interactions are guided by the Aboriginal Policy," says Don Banks, General Manager, Forest Operations. "The Policy clearly communicates our commitment to working with Aboriginal communities with respect, trust and understanding."

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Aboriginal Policy

Guiding Principle:

Tolko is committed to work with aboriginal communities and individuals on the basis of mutual understanding, respect, and trust, as well as recognition of and sensitivity to the different cultural values and traditions of each community in which Tolko operates.

Business Principles:

- *Ensure effective communication on forest management activities that involve traditional aboriginal areas of interest*
- *Provide employment and contract opportunities to aboriginal people consistent with Tolko's "Equal Employment Opportunity" policy*
- *Conduct our business in a manner that will be supportive of ventures that make sound business sense and are operated for the mutual benefit of all parties*
- *Establish and maintain a participative process to identify opportunities and address or resolve conflicts that may arise*

our journey. our products. our pride.

Annual Report coming soon.

Our journey, our products, our pride, is the theme chosen for Tolko's 2000 Annual Report. The journey is the central theme and recognizes the personal journey of many employees through their involvement with Tolko; the Company's journey from a single operation to its present nine manufacturing divisions; and the journey of our products from planting, through harvesting, manufacturing, marketing and final delivery to our customers.

Included in the Report are 2000 highlights and Tolko's plans for 2001.

Employees critique corporate newsletter



Tamar Sivucha and Sheila Catlin, Communications Coordinators

We asked Tolko employees what they thought of the Company newsletters, and they told us! As promised, we would like to share our findings.

- Editors

During its annual budget preparations in Summer 2000, Tolko's Communications Coordinators, Sheila Catlin and Tamar Sivucha, acknowledged the importance of reviewing the corporate newsletter against readers' needs. The last readership survey was conducted in 1998, and Tolko has since grown and updated its operations. "We believed that the corporate newsletters should be updated to reflect Tolko's new size and shape," says Sheila, "but we needed input from employees, our key target audience."

Sheila and Tamar designed a brief questionnaire to seek employee input on newsletter qualities such as readability, content, frequency, topic interest and format. The questionnaire was inserted in the October/November issue of the Tolko Circular and mailed to employees' homes. As incentive to participate, respondents' names were entered in a draw at each Division for a Tolko winter jacket. "We were pleased with our response rate on the voluntary survey - 15% of employees responded, with every Division represented," says Tamar.

The reader questionnaire used multiple-choice questions and asked for additional comments to survey employee opinions. Overall, the feedback was very positive, but it also highlighted a number of key areas for change.

“ readers can look forward to seeing their suggestions come to life soon ”

With respect to the newsletter's format, employee readers suggested that the Circular and EcoLogic should be combined into one Tolko publication with an increased number of pages. This would allow for larger text and photos to improve readability.

Looking at the newsletter's content, readers strongly recommended covering every Tolko Division in each issue and offering more "people profiles" of employees from around the Company. Articles should feature front-line employees more often and cover topics that provide a glimpse into Tolko's future direction, its markets and customers and external forces that affect the Company.

"This feedback will guide us in updating Tolko's corporate newsletters to better meet our readers' needs," says Sheila. "We've already started planning how we're going to respond - readers can look forward to seeing their suggestions come to life soon."

Feedback pays off for readers

The following employees were awarded a Tolko winter jacket for responding to the newsletter questionnaire:

- Lyle Trachuk, Lavington • Linda Sakamoto, Vernon • Kristi Loeppky, Nicola
- Claudio Sama, Heffley • Jennifer Turner, Louis Creek
- Andrew Kaebe, Quest Wood • Michelle Dallaire, High Prairie OSB
- Kerri Buxton, Manitoba Solid Wood
- Brenda Garand, Manitoba Kraft Papers • Vernon Shelton, High Level Lumber

