



Forest Certification UPDATE



Tolko Industries Ltd.

Cariboo Regional Woodlands Interior, British Columbia

Tolko Industries Ltd. (Tolko) conducts forest management activities on the Defined Forest Area (DFA): Tolko's traditional operating areas in the Cariboo-Chilcotin. The DFA includes Crown Land under a forest licence. The DFA is found within the Quesnel, Williams Lake and 100 Mile House Timber Supply Areas, all located within the Southern Interior Forest Region. The gross area of the DFA is 1,683,227 ha. Within this, the available net productive area is 1,354,237 ha.

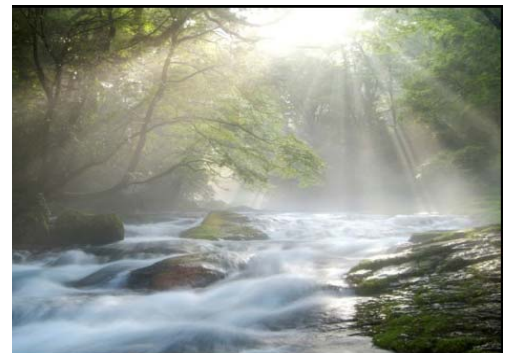
Tolko is one of the largest forest products industries in the Interior of British Columbia. The Cariboo Regional Woodlands main office is located at Williams Lake, with a subsidiary office at Quesnel.

The principal tree species grown and harvested are lodgepole pine, Interior spruce, and Douglas-fir. Minor species are ponderosa pine, and Interior balsam fir.

In addition to typical forest management activities, the DFA lands are used for ranching, forest recreation, hunting, trapping, collection of minor forest products, wood waste salvage, and forest education.

Background

During September, 2009, Tolko Cariboo underwent a re-assessment audit to the CSA Z809:2002 SFM standard. The registration cycle for these audits covers three years. This report summarizes the audit process and results of the QMI-SAI Global audit. This registration is supported by a company-wide Environmental Management System registered to the ISO 14001 Standard.



Scope of Certification

The scope of certification is the sustainable forest management system requirements as they apply to activities on the Defined Forest Area (FLs A20003, A20010, A20015, A20016, A20018, A20019 and all non-replaceable forest licenses). These activities include harvest planning, harvest and transportation of logs, road construction and maintenance, site preparation and silviculture.



Executive Summary

The SFM Program third-party re-assessment audit was undertaken by QMI-SAI Global. QMI-SAI Global is an independent third party registrar that is accredited by the Standards Council of Canada (SCC) for registrations to CSA Z809:2002. This ensures the integrity and credibility of the audit process.

The audit assessed completed harvest, road, silviculture, forest planning and transportation operations using a variety of methods. Audit activities included site visits, interviews with staff and assessment of Tolko's documentation system. The audit also assessed the CSA records at the Williams Lake office.

The auditor concluded that the Sustainable Forest Management system was being implemented in all significant respects and recommended continued registration of the certificate.

The Auditors

The QMI audit team who performed the audit consisted of Nate Ryant, RPF and lead auditor and Dave Barker, RPF and auditor. The lead auditor and the auditor are Professional Foresters. Both are certified in environmental and forestry auditing and are experienced lead auditors. Both Nate and Dave are well versed in the forest ecosystems and types of operations covered by the audit.

Non-conformances

There were no non-conformances raised during this audit and no non-conformances needed to be closed from last years' audit.

Key Areas of Concern

- 4.1 General Requirements: The audit found the public participation process to be in a state of flux and requires improvements to ensure it remains meaningful.

CSA Z809:2002 2009 Re-Assessment

Non-conformances	0
Areas of Concern	7
Opportunities for Improvement	5

Non-conformances

Are pervasive or critical to the achievement of the CSA objectives.

Areas of Concern

Are isolated incidents that are non-critical to the achievement of compliance to the CSA standard.

Non-conformances must be addressed and closed immediately or registration cannot be achieved/maintained.

Areas of Concern require an action plan and must be addressed by the auditee by the time of the next surveillance audit.

Opportunity for Improvement

Are not non-conformances but are comments on specific areas where improvements can be made.

Key Areas of Concern, cont.

- 5.2 Interested Parties: The audit found that the PAG membership list was not maintained in terms of currency as is required by the standard.
- 7.4.3.1 Communication: The audit found that the 2008 annual report was not made publicly available yet by posting on the Tolko public website.
- 7.3.6.1 Performance Requirements: The audit found that the some indicators required revision to ensure accurate and achievable measurements towards meeting the targets, eg. 1.1C, 1.4C, 2.1B, 2.1D, 3.1E, 3.2F, 3.2G, 5.2 D&E and 5.2 F.
- 7.5.2 Nonconformity, Corrective and Preventative Actions: The audit found that although approximately 25% of the indicators were not met, there was no evidence that a PIF had been created to prevent a reoccurrence of the non-conformance.
- 7.5.2 Nonconformity, Corrective and Preventative Actions: The audit found that the 2008 QMI SAI Global audit findings did not have the required root cause analysis to prevent a reoccurrence of the finding.
- 7.5.2 Nonconformity, Corrective and Preventative Actions: The audit found that although maintenance activities were planned for the Woodjam road system the risks of sedimentation warrant mitigation to be employed commensurate with the risk.

Key Opportunities for Improvement

- 7.3.6.1 Performance Requirements: Consider combining values and indicators that have similar reportable targets such as: 1.4 B and C, 2.1G and 3.2D, 5.1D and G, 5.1J and 5.3B.

Key Opportunities for Improvement, cont.

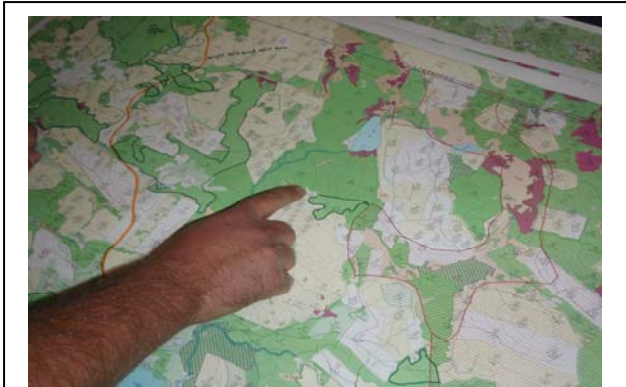
- 7.5.1.1 Monitoring and Measurement: Consider standardizing the reporting period for the annual SFM report as there are 3 existing reporting periods (calendar year, financial year end and government reporting annual year end) which makes timely indicator data processing an issue.
- 7.5.1.1 Monitoring and Measurement: Consider reviewing the SFMP annually, but not less than every 2 years.
- 7.5.2 Nonconformity, Corrective and Preventative Actions: Consider revisiting the Internal audit action plan task list to include a discussion with staff in terms of timely indicator reporting as this was determined to be an issue at the audit.
- 7.5.2 Nonconformity, Corrective and Preventative Actions: Consider revising the timelines for documented Incident Reporting due to operational reasons, but still require reporting to be completed within the 24 hour period.

Positive Aspects

- Well written SFMP addressing the standard in a concise, clear fashion.
- First Nations initiatives and communications including record keeping for the numerous communications that have been established over time.
- An excellent compliance history over a large DFA.
- Training records show excellent staff and contractor attendance for the required courses.

Positive Aspects, cont.

- Improvements made in the process of collecting and processing information from operations.
- The new soil monitoring program to measure soil disturbance utilizing aerial photography.



Criterion 1, Element 1.4: Protected Areas: Planning forest operations to avoid and protect old growth forest management areas.



Criterion 1, Element 1.2: Conservation of species diversity by maintaining habitat. Maintenance of streams for salmon spawning.



Criterion 3, Element 3.2: Water Quality and Quantity. Culvert outlets have been well armored to reduce potential sedimentation to streams.



Criterion 2, Element 2.1: Conservation for Forest Ecosystem Resilience. Maintenance of forest beside harvest areas (retention patch program).

QM-SAI Global forestry specialist group registers/certifies forest companies to ISO 14001, OHSAS 18001, CSA Z809 SFM, FSC FM & CoC, SFIS, SFI CoC and PEFC. The group, led by Guillaume Gignac, Product Manager, Forestry, consists of a highly qualified team of professional foresters, technical and industry experts. Contact marketingservices@qmi.com for more information.

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