



Tolko Industries Ltd.
Sustainable Forest Management System
Okanagan Regional Woodlands (Lumby)

Audit Coverage:

- During the period August 26th to 29th, 2008, QMI conducted the 24 month annual Surveillance Audit of Tolko Okanagan Regional Woodlands (Lumby) Sustainable Forest Management System to the CAN/CSA Z809 Standard. The audit took 4.0 audit-days to complete.
- The Audit Team consisted of Nate Ryant, RPF., EMS(LA) as the Lead Auditor and Ken Hall RFT., EMS(LA), CEA(SFM) as the Team Member.
- The audit assessed pre and post harvest operations in the Okanagan Regional Woodlands (Lumby) operating area. This entailed site visits with Tolko Okanagan Regional Woodlands staff verifying conformance with operational planning requirements and confirming the status of SFM Indicator performance for forest related Indicators.
- SFM Indicator performance was assessed through interviews with staff at the Okanagan Regional Woodlands (Lumby) office and a review of the applicable SFM Indicator documentation.

Background:

- The Okanagan Regional Woodlands (Lumby) SFM system has been registered to the CAN/CSA Z809 Standard since 2003. This registration is supported by an Environmental Management System registered to the ISO 14001 Standard since 2002.
- The Okanagan Regional Woodlands (Lumby) SFM system and EMS system have undergone annual 3rd party surveillance audits by QMI since the date of initial registration.
- The Okanagan Regional Woodlands (Lumby) SFM Defined Forest Area is located in the Okanagan, Arrow and Boundary Timber Supply Areas.



Photo #1: Forwarder on a designated skid trail within the block moves processed wood to the roadside for load out.

Positive Aspects:

The Audit Team observed the following positive management practices:

- Very detailed Silviculture Prescriptions with specifics noted to review at operation pre-work meetings.
- Retention and stubbing requirements achieved on all units observed.
- Retention of Fir below the leave specifications in a visually sensitive area.
- Contractors knowledge and awareness of the high risk environmental areas on field operations was very good.

Areas of Non-conformance (NCR):

One (1) area of non conformance was identified during the course of this audit.

Audit Recommendation:

Upon successful resolution of the area of non-conformance Tolko Industries Ltd. will continue to be recommended for registration to the CAN/CSA-Z809-2002.



Photo #2: Single tree and group retention of mature trees within the block. Also advanced regen has been protected.

CAN/CSA Z809 :2002 Surveillance Audit

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Non-conformance (NCR):

A systemic failure of the Program Participant's EMS/SFM system to meet an EMS/SFM objective, performance measure or indicator.

Area of Concern (AOC):

An isolated lapse in EMS/SFM system implementation which does not indicate a systemic failure to consistently meet an EMS/SFM objective, performance measure or indicator.

All non-conformance require an action plan within 30 days. Non-conformance must be addressed by the operation or registration cannot be achieved / maintained.

Opportunities for Improvement (OFI):

Are isolated observations that are non-critical to the achievement / maintenance of EMS/SFM objectives.

Positive Aspects

Are features of the EMS/SFM system that are considered as enhancements to the expected level of EMS/SFM performance.

Areas of Concern (AOC):

- 7.5.3 – Records: The training records for one contractor did not provide evidence that all the required annual training was provided, eg. EMS/CSA awareness training.
- 7.5.1 – Monitoring and Measurement: The SFM monitoring report states that 5 Tolko indicators were not met when in actuality 8 Tolko indicators were not met.



Photo #3: The auditor in the field with the equipment operator. Typical questions include how the environment could be impacted, monitoring and inspection procedures for the machine, procedures for spill containment and clean up and their roles and responsibilities as they relate to the environment and the Sustainable Forest Management System.

Opportunities for Improvement (OFI):

- 7.3.2 / 7.3.4(d) - Ownership Rights and Responsibilities / Rights and Regulations: The Organization should consider including a verbiage in the SFMP that states; "non signatory's" rights and responsibilities will be respected". ie: woodlot owners and other non signatories.
- 5.2 - Interested Parties: Consider including an invitation to the First Nations to participate in the PAG to all referrals made to First Nations.
- 7.3.5 / 5.2(a) - Incorporation of Public Participation / Interested Parties: The Organization should consider on an annual basis soliciting new participants to the PAG process including DFA related workers. Efforts may be in the form of newspaper advertisements, updated web site which includes a PAG solicitation for new members, hand bills to Tolko's current Contractor community advising them of when the next meeting is. Efforts should be documented.
- 7.3.5 / 5.2(e) - Incorporation of Public Participation / Interested Parties: The Organization should consider including verbiage in the SFMP to state "First Nations treaty and traditional rights will not be prejudiced by their participation in the SFMP PAG processes". The Organization should also consider making a formal invitation to each Band, on an annual basis, to become members of the PAG.
- 7.3.5 / 5.3.1.(iii) - Incorporation of Public Participation / Interested Parties: The Organization should consider expanding this section of the TOR to include the minimum number of meetings and field trips that will be held per year.

Opportunities for Improvement (OFI) cont.

- 7.3.5 / 5.3.1.(v) - Incorporation of Public Participation / Interested Parties: The Organization should consider expanding this section of the TOR to include the provision of a Moderator/Secretary, a meeting place, food and beverages (dinner), resource materials as requested, an annual SFMP and the annual SFMP Monitoring Report.
- 7.3.5 / 5.3.1.(x) - Incorporation of Public Participation / Interested Parties: The Organization should review and correct the reference to "Section 8.0 above" that appears in the PAG Terms of Reference as it relates to the procedures to amend the TOR process.
- 5.5(d) – Communication: The Organization should consider documenting how there has been ongoing public communication about the DFA and the Public Advisory Group process. This may be done via newspaper advertisements, town hall meetings, during forestry week, as part of a FSP public referral process, as part of the corporate web site or through newsletters to the chamber of commerce and identified interested parties.
- 7.4.3.1(e) – Communication: The Organization should consider posting the results of their annual 3rd party audits on their web site.
- 7.4.7 – Emergency Preparedness and Response: Consider inspecting the equipment on active operations to ensure they have the required fire tools and the spill kits are functional.
- 7.5.1 – Monitoring and Measurement: Consider the cut control implications of leaving more than the required retention amounts on the harvested areas.
- 7.5.2 – Nonconformances: Consider addressing the indicator targets that have not been met with PIF's to properly implement preventative measures for future reporting.
- 7.5.2 – Nonconformances: Consider addressing all C&E warning tickets with a EIR or PIF to prevent future occurrences.
- 7.5.3 - Records: The Organization should consider making changes to its current electronic record keeping system in order to make it more user friendly and reduce the amount of lost time when using the system. The "filing tree" located on the left side of the screen collapses after each time the user selects a file to view. The Organization should also consider a "basic standardized filing tree" by year by subject. This will provide for some consistency between operations while still allowing for flexibility to reflect the unique characteristics of each operation.
- 7.6 - Management Review: The organization should consider including changes in technology and science along with staffing levels and changes in infrastructure that have or could have impacts on their sustainable forest management system as part of the senior management review. These discussions should be documented.

QMI's Forestry Group registers forest companies to ISO 14001, SFI 2005-2009, and CSA Z809 SFM standards. The QMI Forestry Group consists of professional foresters and industry experts located in our Cleveland, Toronto, Vancouver, and Montreal offices. Contact marketingservices@qmi-saiglobal.com for more information.

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