

Project Nos. 013322-14 (Thompson-Nicola) and 1051323-09 (Cariboo)

October 16, 2015

Mr. John Dunford
Tolko Industries Ltd.
Thompson - Nicola Woodlands
6275 Old Highway 5
Kamloops, BC
CAN, V2H 1T8

SUBJECT: REGISTRATION PROGRAM

Dear Mr. Dunford,

Please find attached the Audit Report raised as a result of our RR of your management system to the CAN/CSA - Z809-2008 standard conducted in your Thompson-Nicola and Cariboo Regional Woodlands during September 11-25, 2015.

We thank you and your organization for the support and co-operation given during the audit.

Best regards,
SAI Global



David Barker

Team Leader
Encls.

SAI GLOBAL Confidential

SUSTAINABLE FOREST MANAGEMENT SYSTEM

CAN/CSA-Z809-2008

Auditee: Tolko Industries Ltd.
Address: 1750 Lindley Creek Road Merritt British Columbia
CAN V1K 0A2

Contact: Mr. John Dunford
Date(s) of Audit: Sept. 14, 2015 to Sept. 25, 2015
Total Number of Audit Days: 11.0
Audit Team Leader: David Barker
Auditor: Ken Hall
Type of Audit: RR
Audit Frequency: 12 months
SIC / NACE Code: 0811 0851 2411/A02.0 A02.0 A02.0

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REPORT DISTRIBUTION

Tolko Industries Ltd.
SAI GLOBAL File
David Barker

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SECTION 1 - EXECUTIVE SUMMARY

Scope #	Scope Description
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- 1 Forest management activities - planning, harvesting, transportation, road construction and maintenance, and silviculture on the Thompson - Nicola Woodlands; Manitoba Woodlands; Okanagan Regional Woodlands; Cariboo Regional Woodlands and High Level Woodlands Defined Forest Areas.

Sites: Thompson-Nicola Woodlands (Heffley Creek and Merritt); **Cariboo Regional Woodlands** (Williams Lake, Quesnel, 100 Mile House)

Current audits :

The audit team members and files are shown as follows:

File	Location-Site Name	Standard	Dates	Position	Auditor
013322-13	Merritt-Thompson/Nicola	ISO	Sept. 14-17	Team Leader	Ken Hall
013322-13	Heffley-Thompson/Nicola	ISO	Sept. 14-17	Team Member	Dave Barker
013322-14	Merritt-Thompson/Nicola	CSA	Sept. 14-17	Team Member	Ken Hall
013322-14	Heffley-Thompson/Nicola	CSA	Sept. 14-17	Team Leader	Dave Barker
105132-09	Williams Lake-Cariboo	CSA	Sept. 21-25	Team Leader	Dave Barker
1601598-02	Quesnel-Quest	PEFC	Sept. 21-25	Team Leader	Dave Barker
1601592-02	Williams Lake-Lakeview	PEFC	Sept. 21-25	Team Leader	Dave Barker

Tolko Industries Ltd.

Thompson-Nicola Woodlands: 6275 Old Highway 5
Kamloops, British Columbia, CAN, V2H 1T8

Cariboo Regional Woodlands: 925 Second Avenue North
Williams Lake, British Columbia, CAN, V2G 4P7

Summary of Audit Findings:

A re-registration audit was conducted during Sept. 11- Sept. 24, 2015 on the Tolko Industries Ltd. (Tolko) Thompson - Nicola Woodlands and Cariboo Regional Woodlands sustainable forest management systems. Three minor nonconformance and 12 Opportunities for Improvement were identified. The audit team found that Tolko’s SMF system generally conforms to the requirements of CAN/CSA Z809-2008 and adheres to the company’s requirements, with the exception of the noted nonconformities. Failure to provide action plans as arranged with SAI Global and/or to implement correction and corrective action within the nominated time frames may lead to a recommendation that Tolko’s certification be suspended. Eight good business practices, which were positive attributes of the management system were also noted.

Recommendations:

The results of the re-registration audit indicates that the Sustainable Forest Management System of Tolko Industries Ltd. is suitable and effective and will continue to be recommended for registration, upon the receipt of a suitable action plan for the three minor non-conformities and closure within 60 days.

SECTION 2 - DESCRIPTION OF THE DEFINED FOREST AREA (DFA):

Geographic Locations, Forest Types, Size, Legal Tenure and SLF Description:

Thompson - Nicola Woodlands is based out of Merritt and Heffley Creek, within the Kamloops and Merritt Timber Supply Areas. Tolko is one of five major licensees in the total Defined Forest Area, which also contains TFL 18 and the Lillooet Timber Supply Area.

Cariboo Regional Woodlands is based out of Williams Lake, within the Quesnel, Williams Lake and 100 Mile House Timber Supply Areas.

Both operations are located in the southern interior between the northern town of Quesnel, and the southern town of Merritt. The location of the two DFAs are shown in the two Sustainable Forest Management Plans, 2015.

Area of DFAs:

Thompson - Nicola Woodlands: Tolko has approximately 10% of the allowable cut apportionment of the five major participants in the DFA. The DFA total area is 1,989,000 ha. Thus, the Thompson-Nicola portion of the net land base is approximately 200,000 ha.

Cariboo Regional Woodlands shares the harvest allocation in the DFA with other licensees, who do not form part of the DFA. The total net land base is 2,054,626 ha.

Legal Tenure / Licence Description:

Thompson - Nicola Woodlands :

FL A18696, A18697, A74911, A18686 and A84658. Additionally, Tolko manages other Licenses (i.e. Non-Replaceable Forest Licences) that are identified within its Forest Stewardship Plan – FSP ID#458 (Kamloops and Merritt TSA’s).

Cariboo Regional Woodlands:

FL A20003, A20015, A20016, A20018, A20019, A87725, A20010, A80600, A83419

Volume and Species Harvested:

Thompson-Nicola	
Tree Species	Percentage
Spruce/Pine/Fir (SPF)	80% (more than half is dead pine)
Douglas-fir	15%
Cedar	3%
Hemlock	2%
Total area- 200,000 ha	10.6% (of total DFA Area)

Thompson-Nicola	
	Annual Allowable Timber Harvest (m3)
Softwood	811,000
Hardwoods	0

Cariboo	
Tree Species	Percentage of DFA Area
Spruce/Pine/Fir (SPF)	81
Douglas-fir	17
Cedar	1
Hemlock	1
Total area-2,054,656 ha (total net land base available for harvest, including other licensees not included in the DFA)	

Cariboo	
	Annual Allowable Timber Harvest (m3)
Softwood	1,992,394
Hardwoods	0

SECTION 3 - ORGANIZATION:

Description of the DFA Workforce:

Thompson - Nicola Woodlands-16 staff

Cariboo Regional Woodlands-30 staff

The majority of the field operations in both areas are handled by contractors. Most employees (staff and contractors) live in the communities of Quesnel, Williams Lake, 100 Mile House, Kamloops and Merritt, among other smaller centers. The local economy is reliant upon forestry, mining, agriculture, service industry, and tourism.

Management Objectives and Responsibilities on the DFAs:

Both operations are guided by the two SFMP's objectives and the the Tolko Environmental Management Plan. Both areas are responsible for preparing harvest, road and silviculture plan under the framework of legislation, by planning for and protecting other resources, stakeholders interests, First Nations concerns and community input, mainly through the two Public Advisory Groups.

Operations in both DFAs consist of planning, road building, maintenance, deactivation, harvesting, log hauling, and silviculture.

Aboriginals Consultation Process :

First Nations related indicators are located within SFM performance requirements (CSA core indicators 1.4.2, 5.2.4, 6.1.1, 6.1.2, 6.1.3, 6.2.1, 6.4.3) in the two SFM Plans. The SFM system recognizes that Canadian forests have special significance to Aboriginal peoples. It further recognizes that the legal status of Aboriginal peoples is unique and that they possess special knowledge and insights concerning sustainable forest

management derived from traditional practices and experience. First Nations peoples are provided opportunity and are encouraged to contribute their knowledge and input into the SFM Plan process.

Each Forest Operation has a program of sharing information and plans with the First Nations in each DFA. The audit determined that there is feedback from FN and where needed, planned blocks and roads have Archeological Impact Assessments carried out either/both by professionals and by FN forestry staff/members.

Tolko works with the Ministry of Forests, Lands and Natural Resource Operations staff that have the responsibility to consult with FN.

List of First Nations :
Thompson - Nicola Woodlands

DFA affected aboriginal communities and/or organizations were informed of Thompson-Nicola Woodland's participation in developing a SFMP and invited to participate in the planning process. Tolko continues to encourage aboriginal involvement with annual invitations, information submissions of harvest and road plans and distribution of the annual report.

Groups include:

Simpcw First Nation
Adams Lake Indian Band
Neskonlith Indian Band
Bonaparte Indian Band
Skeetchestn Indian Band
Ashcroft Indian Band
Esh-kn-am
Nicola Tribal Council
Lower Nicola Indian Band
Upper Nicola Indian Band

Cariboo Regional Woodlands

DFA affected aboriginal communities and/or organizations were directly informed of Tolko Cariboo Woodland's commitment to develop a SFMP and invited to participate in the planning process. Cariboo Woodlands continues to encourage aboriginal involvement with annual invitations, submissions of harvest and road plans and distribution of the annual report.

Groups include:

Bridge River Indian Band
North Thompson Indian Band
Saik'uz First Nation
St'at'imc/Lillooet Tribal Council
T'it'q'et First Nation
Ulkatcho First Nation
Kluskus Band (Lhoosk'uz Dene)
Whispering Pines/Clinton Indian band (Pelltiq't First Nation)

Tsilhqot'in National Government
Alexis Creek Indian Band (Tsi Del Del)
Anaham Indian Band (Tl'etingox-t'in)
Canoe Creek Indian Band (Stswecem'c/Xgat'tem)
Red Bluff Indian Band
Nemiah Indian Band (Xeni Gwet'in)
Toosey Indian Band (Tl'esqox)
Nazko Indian Band
Alkali Lake Indian Band (Esketemc)
Canim Lake Indian Band (Tsq'escen')
High Bar Indian Band
Williams Lake Indian Band (T'exelc)
Soda Creek Indian Band (Xat'sull Cm'etem)
Stone Indian Band (Yunesit'in)
Alexandria Indian Band (Esdilagh)
North Caribou Metis Association
Cariboo-Chilcotin Metis Association

SECTION 4 - AUDIT FINDINGS:

Scope #	Registration Scope Description
1	Forest management activities - planning, harvesting, transportation, road construction and maintenance, and silviculture on the Thompson - Nicola Woodlands; Manitoba Woodlands; Okanagan Regional Woodlands; Cariboo Regional Woodlands and High Level Woodlands Defined Forest Areas.

Audit Objective: Re-registration

To confirm the management system complies with the applicable elements of the Standard; to confirm the organization complies with its own policies and procedures; to confirm the management system is suitable for the organization; to confirm that the management system is suitable and effective, and enables the client to achieve its own objectives.

Audit Criteria: CSA Z809:2008

Audit Scope: Facilities/organizational units/functional units audited are located at 6275 Old Highway 5, Kamloops, British Columbia, CAN, V2H 1T8 (Thompson-Nicola Woodlands) and 925 Second Avenue North, Williams Lake, British Columbia, CAN, V2G 4P7 (Cariboo Regional Woodlands)

Description of SAI Global and the SAI Global Audit Team:

SAI Global is a third party management system certification Registrar. Established in 1984, SAI Global has worked with thousands of organizations in North America and around the world, issuing registration certificates to those that meet international and national management system standards.

The SAI Global Sustainable Forest Management audit team members bring with them considerable experience in the area of sustainable forest management and environmental management systems auditing. Audit teams are comprised of certified auditors and registered professional foresters. All audit team members are subject to strict confidentiality and conflict of interest agreements.

The following personnel conducted this audit:

Audit Team

<u>Position</u>	<u>Name</u>
Team Leader	Dave Barker
Team Member	Ken Hall

Audit Coverage:

Noted Deviations from the Audit Plan:

None

Operations / Cut-Blocks Visited during the field audit include:

Thompson-Nicola Woodlands

Heffley-Active logging and roads: CP 376-B49, CP376-B52, CP9k Birk-HB1061
Active site preparation-CP371-L38
Completed road construction and harvesting: CP376-B59, CP369-B41, CP995-L31
Completed deactivation: CP371-L38, road section 3310.25
Completed planting: CP369-B41, CP995-L31
Free growing: CP319-9 (field), Records viewed in office for CP995-L31 (SP 2009, Survey-2015)
Road/Bridge maintenance- on active blocks and Mabel Creek road, km 9-15.

Merritt-Active logging and roads: M59, M67, M119, M120
Completed logging and roads: M131
Completed planting: M131
Completed site preparation: M131
Completed road deactivation: M131

Cariboo Regional Woodlands

Active logging and roads: CP 70U-Q0176, CP 70U-QC0186,
Active site preparation: CP 769-WJ0012 (Brakke plus direct seeding)
Completed road construction and harvesting: CP821-QC0029, CP 769-WJ0012
Completed deactivation: none for Quesnel,
Completed planting: CP531-QNC054, CP821-QC0029
Completed site preparation: CP531-QNC054, CP821-QC0029
Free growing: CP531-QNC054
Road/Bridge maintenance: On active blocks, 5200 road, and Br. 4 road km 0-5. Three major crossings inspected.

Personnel (i.e. Staff/contractors) interviewed in the field:

Thompson-Nicola Woodlands:

Heffley Creek- Tolko staff: Woodlands Manager, Forestry; Forestry Superintendent; Woodlands Assistant; Area Forestry Supervisor; and Operations Forester.

Merritt- Tolko staff: Forestry Superintendent; Planning Area Supervisor, Development; Operations Forester – Harvesting; Woodlands Coordinator; GIS Analyst; Woodlands Assistant.

Contractors:

Heffley Creek: Contractors: Buff Lumber- foreman, hoe operator, grader operator, trucker, loader operator; Chinook Cove- hoe operator

Merritt: Triple G Contracting, KAAP Contracting and Road Building, Daryl Nicholls Trucking

Cariboo Regional Woodlands:

Tolko staff: Woodlands Manager-Forestry, Woodlands Manager-Harvesting, Harvesting Superintendent, Forestry Superintendent, Operations Forester, Forestry Superintendent, Accounting Manager, Timber Valuation Forester, Manager of External and Stakeholder Relations (Corporate Position)

Contractors:

DWB Consultants-Manager-field planning, Timber Service Ltd.-grader operator, two truck drivers, loader operator. D&D Contracting (sub to Clauson)- Skidder operator, processor operator; Borland- foreman, feller buncher operator, trucker. Interior Silvi-Services-Crawler tractor operator (direct seeder).

Members of the public participation process interviewed:

Thompson-Nicola Woodlands:

PAG member (Merritt)

President, BC Trappers Association (Heffley) who has a trap line at Heffley Creek.

Cariboo Regional Woodlands:

Member, and Vice President of 100 Mile House section of BC Trappers Association.

Provincial Government personnel interviewed:

Thompson-Nicola Woodlands:

First Nations Advisor, Thompson Rivers District, Ministry of Forests, Lands and Natural Resource Operations

First Nations/Stewardship Specialist, Cascades Natural Resource District

Thompson Okanagan Region, Ministry of Forests, Lands and Natural Resource Operations

Cariboo Regional Woodlands:

None available at the time of the audit

Aboriginal People interviewed:

Thompson-Nicola Woodlands:

Lillooet Tribal Council- Natural Resources Coordinator (member also of the TNW PAG)

File review regarding referrals. (Woodlands Assistant)

Cariboo Regional Woodlands:

AGENCY interviews: none- reviewed Tolko docs and information in the Woodlands Annual Review.

VOITs verified (field & office)

For a description of the VOITS, please see the information found in the two 2015 Sustainable Forest Management Plans.

Thompson-Nicola:

Office-1.1.1, 1.1.3, 1.2.1, 1.2.2, 1.2.4, 1.4.2, 1.4.3, 2.2.1, 2.2.2, 2.2.3, 3.1.2, 3.2.1, 3.2.2, 4.1.1, 5.1.1, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 6.1.1, 6.1.2, 6.1.3, 6.2.1, 6.3.1, 6.3.2, 6.3.3, 6.4.1, 6.4.2, 6.4.3, 6.5.1, 6.5.2.

Field- 1.1.2, 1.1.4, 1.2.1, 1.2.3, 1.2.4, 1.4.1, 1.4.2, 1.4.3, 2.1.1, 2.2.1, 2.2.3, 3.1.1, 3.1.2, 4.1.1, 5.2.2, 6.3.2, 6.3.3.

Cariboo Regional Woodlands:

(40 total which is 100% of all indicators in the plan)

(Non Core indicators are un-numbered, but targets associated with them are shown with two numbers and a letter)

Office-1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.2.1, 1.2.2, 1.2.3, 1.3.A, 1.4.1, 1.4.2, 2.2.1, 2.1.C, 2.2.2, 3.1.1, 3.1.2, 3.2.1, 3.2.B, 3.2.C, 4.1.1, 5.1.1, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 6.1.1, 6.1.2, 6.1.3, 6.2.1, 6.3.1, 6.3.2, 6.3.3, 6.3.J, 6.4.1, 6.4.2, 6.4.3, 6.5.1, 6.5.B, 6.5.2, 6.5.E, 6.5.F.

Field- 1.1.2, 1.1.3, 1.1.4, 1.2.1, 1.4.1, 2.1.1, 2.2.1, 3.1.1, 3.1.2, 6.3.2, 6.3.3, 6.5.2, 6.5.F.

Review of Changes:

Significant changes over the last year are updates to the previous sustainable forest management plans and Tolko staff changes and responsibilities. Tolko is in the process of coordinating EMS and forest management procedures and responsibilities throughout BC Woodlands.

Summary:

The findings were discussed with Mr. John Dunford. The Audit Team Member commenced the closing meeting by thanking the Tolko Industries Ltd. staff for the cooperation and courtesy extended to the audit team during the audit.

In addition, the Audit Team Member detailed the re-assessment process and the requirements for future surveillance audits.

The official closing meeting was attended by the personnel listed in Attachment #2.

The SAI Global Audit Team recorded the following audit results:**Documentation Review:**

The audit team reviewed the SFM documentation for both sites including the latest SFM monitoring reports and the two SFM plans and found one Opportunity for Improvement- might consider a more timely preparation of the monitoring report for Cariboo Regional Woodlands.

Status of any previously recorded non-conformances (NCRs)

No previously recorded or outstanding NCRs.

Positive Aspects of the Management System:**BC Woodlands:**

1. Tolko has created two new staff positions to communicate with First Nations and has engaged a consultant to build FN forestry capacity.

Thompson-Nicola Woodlands:

2. SHOT system (Stake Holder Operations Tracking system).
3. The auditor received very complete safety briefings from harvest and road building contractors.
4. Startup and inspection forms are very well tracked and easy to complete and access.

Cariboo Regional Woodlands:

5. Observed many instances of wildlife tree patches much larger than legislatively required.
6. Very good retention of dispersed in-block large and small trees and regeneration on an active logging block (Borland).
7. Very little soil disturbance noted on field blocks and there is minimal productive area removed by roads (one block was only 3.5% (target 6%).
8. In 2015, the Tolko Cariboo Public Advisory Group was awarded a wooden plaque stating leadership and dedication to sustainable forest management.

Non-conformances:**Head Office-****2015-01 Non-conforming situation:**

Monitoring programs have not been established for all activities or been adjusted to align with procedure changes.

Requirement(s):**7.5.1 Monitoring and measurement (CSA)**

The organization shall: a) establish and maintain documented procedures to monitor, on a regular basis, the key characteristics of its operations and activities that demonstrate progress towards SFM in the DFA. This shall include the recording of performance levels, relevant operational controls, and conformance with the SFM requirements;

4.5.1 Monitoring and measurement (EMS)

The organization shall establish, implement and maintain a procedure(s) to monitor and measure, on a regular basis, the key characteristics of its operations that can have a significant environmental impact. The procedure(s) shall include the documenting of information to monitor performance, applicable operational controls and conformity with the organization's environmental objectives and targets.

Evidence:

Athabasca

- Field inspection and Interview evidence of contractors indicates the current TOLKO field inspection checklist does not specifically include;
 - Contractors Tank inspections
 - Contractor Training records and emergency drills
 - Equipment / hand tools missing from heavy equipment
 - Fire extinguisher monthly inspections

Merritt

- Interview evidence with Triple G management indicates that TOLKO EMS and SMS awareness training had not been completed prior to starting the 2015 field season. There is not mechanism in place for TOLKO to monitor and identify when required refresher training is or is not being completed by contractors and their workers.
- Road inspections are being completed however inspection information for major culverts is not being transferred to the Bridge/Culvert database.

Heffley

- Field inspection of contractors indicates that not all have the required emergency response equipment; Silv Contractor pick up – empty back pack water tank and Truck Driver with no spill kit.

Clearance Due Date: 2015.10.16

2015-03 Non-conforming situation (Note 2015-02 is an ISO minor nonconformance):

Internal audit processes are not being followed as per the Organizations SOPs

Requirement:

7.5.4.2

The organization's internal audit program, including any schedules, shall be based on the importance of the specific SFM activity and the results of previous audits. Audit procedures shall cover the following:

- (a) scope;
- (b) frequency;
- (c) methods;
- (d) responsibilities and requirements for conducting audits;
- (e) auditor qualifications; and
- (f) reporting results.

7.5.5 Internal Audits

Audit programme(s) shall be planned, established, implemented and maintained by the organization, taking into consideration the environmental importance of the operation(s) concerned and the results of previous audits.

Audit procedure(s) shall be established, implemented and maintained that address
-the responsibilities and requirements for planning and conducting audits, reporting results and retaining associated records,
-the determination of audit criteria, scope, frequency and methods.

Objective evidence:

HO Manual Section 5.4 Audits indicates that an internal risk assessment will be undertaken annually with the CB. This process is no longer being undertaken since the organization undertook a sampling system approach to internal audits. The SOP has not been updated to reflect the change in procedure.

Clearance Due Date: 2015.10.16

Cariboo Regional Woodlands:

15-04 Non-conforming situation: The organization did not achieve the minimum wildlife tree retention patch requirement in 100% of the cases at a landscape unit and BEC level of detail. This was confirmed to have occurred over several reporting periods.

Requirement: CSA Indicator 3.1.B (iii)

Percentage of cutting permits approved during the reporting period with > 50% basal area removal retaining at least the minimum Wildlife Tree Retention requirements as specified in the Land Act Order Regulation clarifying the objectives of the Cariboo Chilcotin Land Use Plan, reported annually.

Target - 100% of cutting permits

Allowable variance -0%

Objective evidence:

Annual Sustainable Forest Management Plan monitoring report for 2014 and 2015. Monitoring report analysis spreadsheet. E.g. for CP 68W- for CP level, exceeded requirement by about 30%, but failed to meet the requirement on 0.1 ha for the IDFdk3 variant.

Clearance Due Date: Oct. 25, 2015

Corrective Action Plans:

Tolko's two audited operations: Thompson-Nicola and Cariboo; and Head Office are in the process of developing corrective action plans to address the root causes of the three non-conformances identified during the audit. The root cause analysis and proposed corrective actions will be reviewed by SAI Global to ensure that they are appropriate and fully address the identified deficiencies. At the next annual surveillance audit, a follow up on the implemented corrective actions will be done to confirm that the corrective actions were appropriate and effective in ensuring the non-conforming situation has not reoccurred.

Opportunities for Improvement (OFIs):

Thompson Nicola Woodlands:

1. Tolko may wish to consider amending the invitation to include DFA Forest Workers and First Nations.
2. Tolko may wish to consider adding verbiage to the Stakeholder referral letters inviting the recipient to participate on the Public Advisory Group. May also wish to consider adding the invitation to the TOLKO website Responsibilities/Certification and Stewardship.
3. Tolko may wish to consider changing up the meeting times (traditionally mid-week 9AM – 3PM) to allow for interested parties that are still working to attend.

4. Tolko may wish to consider reviewing the TOR regarding how the technical expert is to interact with the PAG process. This includes the ability to vote on a particular item that has been tabled. While this may be covered off by the Conflict of Interest requirements, additional clarity should be considered.
5. Tolko may wish to consider adding additional verbiage to 4.6 Emergency Preparedness and Response; (4) Supervisors Roles and Responsibilities. The procedure needs to clarify that in the event that actual emergencies are used as “testing” scenarios, they must be documented and evaluated by an on site individual who is not actively taking part in the response.
6. Tolko may wish to consider being more specific in the language as to the auditor qualifications. For example, a registered forest professional should not be able to audit their own work to ensure against conflict of interest; not audit their immediate supervisor/manager to avoid repercussions.
7. Tolko may wish to consider reviewing audit findings in detail to ensure that the reported results make sense.
8. Tolko may wish to consider reviewing the variance allowed for grass seeding.
9. Tolko may wish to consider a more in depth analysis of why a CSA target is not met and what follow up was carried out. (Both Ind. 1.2.4)

Cariboo Regional Woodlands :

10. Consider reviewing the list of legislation in the Sustainable Forest Management Plan to ensure it addresses all the core legislative requirements that Tolko subscribes to.
11. Consider reviewing the SFMP Indicator table structure for consistency.
12. Consider publishing the SFMP monitoring report in a more timely manner.

Please note that these Opportunities for Improvement will be reviewed as part of the preparation for the next audit.

SECTION 5 - GENERAL ASSESSMENT AND RECOMMENDATION:

Based on the review of the company's SFM program, and the audit results, the following recommendation is made:

Re-Assessment:

The Re-assessment audit identified four minor non-conformances within Tolko Industries Ltd. management system. These non-conformances must have an accepted plan within 30 days of the audit in order to complete the Re-assessment Audit.

As a result of the Re-assessment audit, including the review of the performance of the Tolko Industries Ltd. Management System over the past 3 years and upon closing of the non-conformances for the Re-assessment Audit, shows that Tolko Industries Ltd.'s Management System meets the following criteria for maintenance of registration to CAN/CSA - Z809-2008.

- An effective inter-action exists between all elements of the management system;

- The entire management system is effective in light of any changes
- Top management has demonstrated a commitment to maintain the effectiveness of the system.

Next Scheduled Audit: September, 2016
Date(s): to be determined
Type of Audit: surveillance
No. of Persons: 2

No. of Audit Days Required: to be determined
Forest Areas for the Next Audit: to be determined

David Barker
SAI Global
Team Leader

Date: October 16, 2015