

Forest Certification UPDATE



ISLAND TIMBERLANDS LIMITED PARTNERSHIP

Island Timberlands LP is a private timberlands business focused on growing, harvesting and delivering high quality timber and other forest products from coastal British Columbia for a broad customer base.

Island Timberlands woodlands comprise an area of approximately 258,000 hectares (635,000 acres) of Private Managed forest land on Vancouver Island, the mainland coast and Haida Gwaii.

Island Timberlands manages their forests sustainably through the balancing of timber production with the protection of key values such as water, soils, wildlife, ecological diversity, and community needs. This balance is ensured by law, certification standards, and their internal policies.

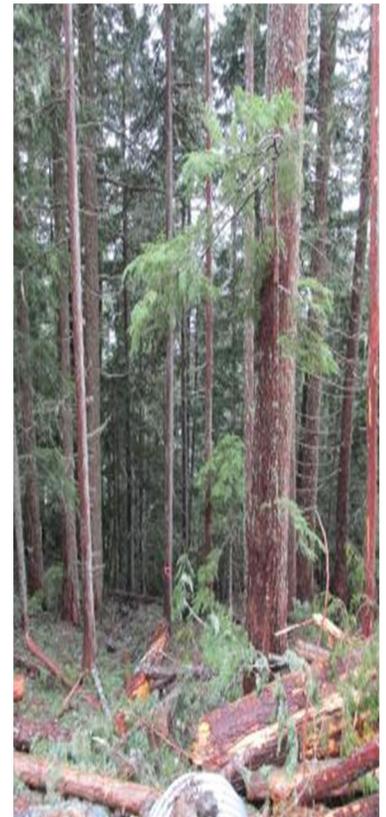
Island Timberlands allows non-motorized public access for the purpose of recreation and other approved uses when compatible with forest management policies (e.g., active operations, concerns related to safety, fire protection, environmental protection or protection of assets).

BACKGROUND

During the period of January 6-9, 2014, Island Timberlands underwent a re-registration audit to the Sustainable Forestry Initiative (SFI®) Standard 2010-2014. The registration cycle is over 3 years with surveillance audits conducted annually. This report summarizes the audit process and results of the SAI Global re-registration audit.

SCOPE OF CERTIFICATION

Forest management activities . planning, harvesting, transportation and silviculture on private managed forest lands across Vancouver Island and in isolated parcels on the mainland coast, Gulf Islands and Haida Gwaii (MF74, MF19, MF21) - Objectives 1-10 and 14-20.



**SUSTAINABLE
FORESTRY
INITIATIVE**
SFI-01157

EXECUTIVE SUMMARY

The SFI Program third-party re-registration audit was undertaken by SAI Global. SAI Global is an independent third party registrar that is accredited by the ANSI-ASQ National Accreditation Board (ANAB) for registrations to SFIS 2010-2014. This ensures the integrity and credibility of the audit process.

The audit assessed active and completed harvest operations through interviews with Island Timberlands staff and contractors. The audit also assessed the SFIS and supporting EMS documentation, records at the Island Timberlands office. The audit used site visits and interviews with contractors logging private timber sales to assess the Island Timberlands procurement system.

THE AUDITORS

The SAI Global audit team who performed the audit consisted of William Sloan and Ken Hall. The auditors are Forest Professionals and certified lead auditors.

AREAS OF NON-CONFORMANCE

No areas of non-conformance were identified during the audit.

OPPORTUNITIES FOR IMPROVEMENT

- PM 3.1.2 Contract provisions that specify conformance to best management practices: The audit found that the wording in the Service Contract used for harvest contractors and Service Contract (Planting) have different wording with regards to conformance to the Island Timberlands systems. Island Timberlands may wish to consider reviewing the contract provisions to align them to be the same.
- Objective 7 Efficient Use of Forest Resources: Island Timberlands may wish to consider reviewing the bucking cards to make them more readable. The audit team received comments during the audit that the bucking cards are hard to read due to font size, colours used and overall complexity.
- PM 10.1. Program Participants shall clearly define and implement policies to ensure that facility inventories and fiber sourcing activities do not compromise adherence to the principles of sustainable forestry: Island Timberlands may wish to consider documenting certification status of fiber sourcing suppliers when they are noted as being third party certified.
- PM 20.1.2: System for collecting, reviewing, and reporting information to management regarding progress in achieving SFI 2010-2014 Standard objectives and performance measures: An opportunity for improvement exists to improve

SFIS 2010-2014

Periodic Assessments

Major non-conformances:	0
Minor non-conformances:	0
Opportunities for Improvement:	4
Positive Aspects:	5

Major Non-Conformances

Pervasive or critical to the achievement of the SFI objectives.

All major non-conformances require an action plan to be implemented by the auditee within 90 days of an initial audit and subsequently 60 days or registration cannot be achieved/maintained

Minor Non-Conformances

Isolated incidents that are non-critical but must be addressed before the next surveillance audit to maintain compliance to the SFI standard.

Opportunity for Improvement

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

Positive Aspects

Areas that are deemed to be of best practices



the current verbiage in the Management System manual . Internal Audit section / Report for reducing the ambiguity of the length of time to submit a draft report. Additionally Island Timberlands may wish to consider removing the verbiage that all significant geographical operations and major contractors over a three year interval, will be audited.

POSITIVE ASPECTS

- Expanded use of LiDAR, with increased accuracy of road and stream locations;
- SARA information incorporating sound clips for birds when doing planning for blocks;
- Contractors exhibited good knowledge and demonstration of wet weather shut down process;
- Lower Ash River fire investigation and corrective actions;
- Good SFI/SFM awareness was demonstrated by workers in the field.

EVIDENCE OF CONFORMITY

Evidence that was assessed to determine Island Timberlands conformity with the SFIS 2010-2014 standard appears below:

SFI-01 Forest Management Planning

Growth and Yield program, LiDAR, annual harvest report, reviewed the GIS system for GIS layers important to protection of environmental and social concerns. Planning staff interviews.

SFI-02 Forest Productivity

Site Specific Plans, Pest Management Plans, Standard Operating Procedures, Logging Plan and Road Construction maps, silviculture reports including planting, regeneration delay, free growing and brushing, reforestation and free growing compliance records; brushing records; planting program data and prescriptions, silviculture survey records, pre-work and inspection records, Fire Preparedness Plans, Herbicide Treatment plans and records, Training records, Interviews.

SFI-03 Protection and Maintenance of Water Resources

Forest harvesting and road construction plans, Standard Operating Procedures, Island Timberlands Info Flip, GIS layers, harvest and road pre-work (release meetings) and inspection records, internal audit records, training records, harvest contracts, interviews and field inspections of 13 sites including harvest blocks, road systems and dry land sorts.

SFI-04 Conservation of Biological Diversity

Species and ecological communities at risk lists; Standard Operating Procedures, Island Timberlands Info Flip, GIS layers, harvest and road pre-work (release meetings) and inspection records, internal audit records, training records, harvest contracts, posters of rare and endangered species with harvest plans, interviews and field inspections of 13 sites including harvest blocks, road systems and dry land sorts.

SFI-05 Management of Visual Quality and Recreational Benefits

Visual management program, GIS map layers, Reports generated from the Company's database specific to cut block size, silviculture treatments, referrals and stakeholder communications, Island

Timberlands web site/blog, Interviews and field inspections of 11 sites including harvest blocks and road systems.

SFI-06 Protection of Special Sites

Special sites lists, Standard Operating Procedures for planning around these sites, Island Timberlands Info Flip, GIS layers, harvest and road release meetings and inspection records, internal audit records, training records, harvest contracts, interviews and field inspections of 11 sites including harvest blocks and road systems.

SFI-07 Efficient Use of Forest Resources

Harvest contracts; contractor training records, Release and inspection records, field inspections of blocks, interviews, and field inspections of 13 sites including harvest blocks, road systems and dry land sorts.

SFI-08 Landowner Outreach

Sustainable Forestry Initiative Implementation Committee, Wood Producer Information Package, and SIC brochure. Covering letters and contracts requiring best management practices. Risk assessment records for purchase wood to determine level of monitoring. 3 field sites for procurement from the Port Alberni Community Forest were field reviewed.

SFI-09 Use of Qualified Resource and Logging Professionals

Sustainable Forestry Initiative Implementation Committee and SIC brochure. Log purchase covering letter and contract specifications. 3 field sites for procurement from the Port Alberni Community Forest were field reviewed.

SFI-10 Adherence to Best Management Practices

Sustainable Forestry Initiative Implementation Committee and SIC brochure. Log purchase covering letters and contracts requiring best management practices. 3 field sites for procurement from the Port Alberni Community Forest were field reviewed.

SFI-11 Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas

Island Timberlands does not source fiber from outside North America.

SFI-12 Avoidance of Controversial Sources including Illegal Logging

Island Timberlands does not source fiber from outside North America.

SFI-13 Avoidance of Controversial Sources including Sources without Effective Social Laws

Island Timberlands does not source fiber from outside North America.

SFI-14 Legal and Regulatory Compliance

TMS, laws, legislation, regulations, management review meeting minutes, inspection records, 2013 internal audit report, compliance tracking records (e.g. ITS), government compliance and enforcement records, corrective action plans, environmental and SFM policies, health and safety policy, harassment/discrimination policy, and interviews. Field inspections of 13 sites including harvest blocks, road systems and dry land sorts also conducted.

SFI-15 Forestry Research & Technology

Summary of funded projects, sample of research reports, regen survey records, Government submission records, Inspection records, Interviews.

SFI-16 Training and Education

Island Timberlands website, TMS manual, Sustainable Forest Management & Environmental Policies, Health and Safety Policy, training records, staff and contractor training, Wood Producer Information Package, meeting minutes, interviews with IT staff, 11 contractors and field inspections of 13 sites including harvest blocks, road systems and dry land sorts.

SFI-17 Community Involvement in the Practice of Sustainable Forestry

SIC meeting minutes, Island Timberlands website and public resources (including posted WCSIC Wood Monitoring Form and reporting of inconsistent practices), SIC Wood Producer Information Package, SIC SFI Brochure, SFI Cross Walk (Appendix to TMS), block or road referral information, site plans, harvest plans, road plans, release meetings, education/community involvement records, records of public inquiries, and staff interviews.

SFI-18 Public Land Management Responsibilities

As Island Timberlands SFI certification applies to private lands, this Objective is not applicable.

SFI-19 Communications and Public Reporting

Communication strategy files/records, meeting minutes, Island Timberlands website, SFI website, and IT staff interviews.

SFI-20 Management Review and Continual Improvement

2013 Management review meeting minutes and associated input/output records, forestry meeting agenda and minutes, internal audit report, field inspection records, corrective action plans, field inspections, and IT staff interviews.



These two pictures illustrate the growth potential of the Island Timberlands forests. The right picture shows the butt end of a Douglas fir, which is 61+in diameter; while the left photo shows the top of the second log of the same tree. This is from an approximately 80 year old second growth stand near Port Alberni, BC



SAI Global forestry specialist group registers/certifies forest companies to ISO 14001, OHSAS 18001, CSA Z809 and CSA Z804 SFM, SFIS, SFI CoC, PEFC CoC. QMI-SAI Global registers/certifies forest companies to FSC FM and CoC The group, led by Sylvain Frappier, Technical Manager - Forestry, consists of a highly qualified team of professional foresters, technical and industry experts. Contact certification.americas@saiglobal.com for more information.

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