



Audit Report

Project No. 1046463-06

December 3, 2010

Mr. Jerry Canuel
Aspen Planers Ltd.
Woodlands Department
PO Box 160
Merritt, British Columbia
CAN, V1K 1B8

SUBJECT: REGISTRATION PROGRAM

Dear Mr. Canuel,

Please find attached the Audit Report raised as a result of our Re-Assessment Audit of your management system to the CAN/CSA - Z809-2008 standard conducted in your Merritt facility on November 15, 2010.

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

Best Regards,

William Sloan
QMI-SAI Global Team Leader
Encls.

QMI-SAI GLOBAL Confidential

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SUSTAINABLE FOREST MANAGEMENT SYSTEM

CAN/CSA-Z809-2008

Auditee: Aspen Planers Ltd.
Address: PO Box 160 Merritt British Columbia
CAN V1K 1B8

Contact: Mr. Jerry Canuel
Date(s) of Audit: November 15, 2010 to November 19, 2010
Audit Team Leader: William Sloan
Type of Audit: Re-Assessment Audit
Audit Frequency: 12 Months
SIC / NACE Code: 0811 A02.0

REPORT CONTENTS

1. Executive Summary
2. Introduction to CAN/CSA Z809
3. Description of the Defined Forest Area (DFA)
4. Organization
5. Audit Findings
6. General Assessment and Recommendation

REPORT DISTRIBUTION

Aspen Planers Ltd.
QMI-SAI GLOBAL File
William Sloan

Statement of Confidentiality

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SECTION 1 - EXECUTIVE SUMMARY

Scope #	Scope Description
1	The registration covers the organizations Sustainable Forest Management System for management activities on Crown Lands within the Merritt and Lillooet Timber Supply Areas and the Logan Lake Community Forest License CFAK2E.

Site:

Aspen Planers Ltd.
PO Box 160
Merritt
British Columbia
CAN, V1K 1B8

Summary of Audit Findings:

For this re-registration audit, the on-going effectiveness of the SFM system to deliver the intended outputs was assessed against all elements of the CAN/Z809 2008 Standard. Based on the results of the audit, it was identified that Aspen Planers, Nicola Thompson Fraser Sustainable Forest Management Plan, has continued to commit the time, resources, and effort necessary to establish, implement, maintain and continually improve an effective SFM system.

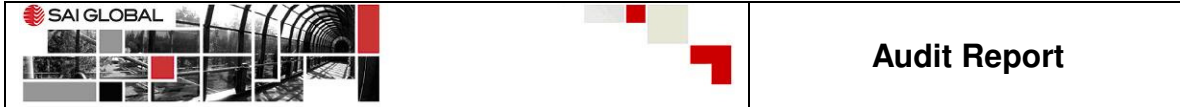
No non-conformances were identified during the audit; however 8 areas of concern and 4 opportunities for improvement were found as detailed in the audit report. Several positives aspects were also noted.

Recommendations:

The results of the re-registration Audit indicates that the Management System of Aspen Planers Ltd. is suitable and effective and will be recommended for re-registration to CAN/CSA Z809—2008.

SECTION 2 - INTRODUCTION TO CAN/CSA Z809-2008

The Canadian Standards Association (CSA) developed Canada's National Standard on Sustainable Forest Management CAN/CSA Z809, in response to heightened awareness about forest management practices. The Standard was developed by a SFM Technical Committee in an open and inclusive process managed by CSA. The SFM Technical Committee is required to review the Standard periodically to ensure it incorporates knowledge gained through time and implementation. As the first edition of the Standard was published in 1996, the committee has



published revised versions in 2002 and 2008. The Standards Council of Canada (SCC) accredits CSA to write standards and approves them as National Standards.

Sustainable Forest Management (SFM) refers to the way a defined forest area is managed to maintain and enhance the long-term health of forest ecosystems for current and future generations. This Standard, which utilizes a continual improvement approach, requires public participation, practical demonstration of sustainable forest management practices, and a management commitment to a management system. SFM takes into account environmental, social and economic factors.

Public Participation - The CSA Standard requires organizations to seek comprehensive and continuing public participation, including a special effort for Aboriginal Peoples, at the local community level for each defined forest areas. The public identifies forest values of specific importance to their environmental, social and economic concerns and needs. The public also takes part with the organization to identify and select SFM goals, indicators and objectives to ensure these values are addressed.

Performance - By following a SFM plan that incorporates the values, objectives, indicators and targets, identified by the public process, which can be traced back to the Canadian Council of Forest Ministers (CCFM) set of Sustainable Forest Management Criteria, together with other legal requirements, performance can be demonstrated on the ground.

Systems and Continual Improvement- The CSA Standard has system requirements, which are consistent with the internationally recognized ISO14001 Environmental Management System Standard. The system follows the concept of “plan – do – check – act”. The system framework helps an organization implement, track and monitor their progress towards meeting the economic, social and ecological performance objectives for the defined forest area. The Standard uses adaptive management procedures with recognize that SFM is a dynamic process that must incorporate new knowledge acquired through time, experience and research. The Standard requires there be an annual report on the indicator objectives with an annual review of the system and performance in the forest to identify areas for continual improvement.

Third Party Independent Audits - To become certified to the Standard is strictly voluntary but the organization must go through a third party independent audit of the SFM Requirements in the Standard. The audit is conducted by a Registrar accredited by the Standards Council of Canada. In addition the individual auditors employed or contracted by the Registrar have the requisite forestry expertise and are certified as environmental management systems auditors by the Canadian Environmental Auditing Association.



Audit Report

Land base summary for the SFM Plan Area.

	Kamloops	TFL 18	Lillooet	Merritt	Plan Area
Total Area (ha)	2,770,266	74,542	1,125,025	1,130,282	5,100,115
Non-crown	378,315		166,313	210,130	754,758
Non-productive, non-forest	356,420	5,847	453,534	107,467	923,268
Productive Forest (ha)	2,046,659	67,315	504,774	812,685	3,431,433
Parks, protected areas, OGMA's, reserves	699,300	795	20,811	15,935	736,841
Inoperable	96,471		97,964	105,676	300,111
Environmentally Sensitive	66,656	39	43,863	66,406	176,964
Existing Roads	28,553	1402	4,380	17,428	51,763
Low site, reforestation potential	30,138	901	41,046	45,011	117,096
Non-merchantable stands	79,435	175	4,302		83,912
Riparian	21,527	1,991	6,961	50,939	81,418
Long Term THLB (ha)	1,009,305	63,184	292,357	624,123	1,988,969

AAC apportionment summary for the SFM Plan Area.

	AAC (m ³)	Percent
Management Unit		
Kamloops	4,000,000	52.1
TFL 18	290,000	3.8
Lillooet	570,000	7.4
Merritt	2,814,171	36.7
Total Plan Area	7,674,171	100
Volume allocation participating licencees	AAC (m³)	Percent of Plan Area (based on volume)
Ardev DFA	148,969	1.9
Aspen DFA	1,070,285	13.9
BCTS DFA	1,359,712	17.7
Canfor DFA	489,138	6.4
Gilbert Smith DFA	61,940	0.8
Tolko DFA	811,206	10.6
	3,941,250	51.4
Volume allocation SFI certified licencees		
Ainsworth, Interfor, West Fraser, Weyerhaeuser	1,559,125	20.3
Long Term THLB (ha)	5,500,375	71.7

SECTION 4 - ORGANIZATION:

Description of the DFA Workforce:

The workforce operating within the DFA is primarily made up of independent owner/operator contractors providing all phases of logging, road construction and maintenance and Silviculture services and unionized and non unionized mill workers. The remainder of the workforce is comprised of Professional Foresters, Engineers and Managers typically undertaking planning, supervision, contract administration and technical consulting work.

Management Objectives and Responsibilities on the DFA:



The following Licencees are actively involved in performance reporting and the continual improvement of the Nicola Thompson Fraser Sustainable Forest Management Plan:

- Ardew Forest Products Ltd.
- Aspen Planers Ltd.
- BC Timber Sales
- Canadian Forest Products Ltd.
- Gilbert Smith Forest Products Ltd
- Tolko Industries Ltd

Non-participating Licencees within the Plan area commit to reporting on the Plan as follows:

- Non-Replaceable Forest Licences (NRFLs):

Licencees holding NRFLs have a limited ability to influence achievement of Targets for some SFM Plan Indicators. These licencees are committed to reporting against Targets they do influence. These licencees report against Targets 2, 5, 6, 11-12, 14, 16, 18, 20-21, 23, 27, 30, and 36.

- Small Scale Salvage Program (SSSP):

Over the past several years, the small scale salvage operations, managed by the BC Ministry of Forests and Range, have significantly increased their operations to deal with the increasing need to salvage trees killed by Mountain Pine Beetle with this program as well as the Forests for Tomorrow program. The Ministry of Forests and Range are committed to the achievement of the Plan and will report on their performance against the Targets they do influence. The Ministry of Forests and Range Small Scale Salvage Program and the Forests For Tomorrow Program will report against the following Targets: 2, 5, 6, 12, 14, 16, 18, 20-21, 23, 27, 30, and 36.

Resource use planning in British Columbia occurs at a variety of levels ranging from strategic land use plans (LRMPs) to Landscape Unit plans to site specific plans for small areas (e.g., silvicultural prescriptions for individual cutblocks).

Strategic land use plans provide broad direction for the sustainable management of land and resources through the establishment of resource management zones (e.g., protected areas, special management areas, and general resource management zones), management objectives, and strategies to guide land and resource management activities.

Landscape Unit Plans occur at a smaller scale than strategic land use plans and are intended to ensure that biodiversity objectives identified in provincial forest legislation are met. Landscape Unit Plans address Old Growth Management Areas and wildlife tree retention.

Operational and site plans address resource management at a site specific level and are guided and often regulated by objectives and strategies in strategic land use plans and Landscape Unit plans.

In the course of these strategic level planning process plus additional analysis of sensitivities during the TSA Timber Supply Review process, alternative management strategies were evaluated against a base case. A determined strategy was selected following opportunities for public review and comment. Because Timber Supply Reviews occur for each of the three TSAs as well as TFL 18 at five year intervals, the SFM Plan area continually undergoes comparative analysis of the planned or expected outcome and the actual outcome of forest management strategies. The selected strategies that define the outcome of the Timber Supply Reviews become in essence, the management plan for the specific management unit (TSA or TFL).



Audit Report

The Nicola Thompson Fraser SFM Plan is aligned with the strategic direction of the most current version of these management unit plans. The plans, in conjunction with Timber Supply Reviews, both guide and forecast sustainability. SFMP strategy recognizes the Goals, Objectives and Strategies in these strategic plans, which support achievement of sustainable forest management. The SFMP strategy includes appropriate communication with and consideration for First Nations, Public and Integrated Resource Management interests. A SFMP strategy is to choose appropriate indicators to confirm forest management practices are aligned with the Goals and Objectives of higher level plans.

The SFMP utilizes indicators and targets that:

- reflect key goals, objectives and direction of the strategic plans
- address the Canadian Council of Forests Ministers Criteria and CSA defined Elements
- are within the purview of the forest industry to influence and manage

A set of strategies has been developed to achieve the SFMP objectives and targets. These strategies document the relevance of the Indicator to the SFMP and sustainability, and summarize actions required to meet the target. Applicable strategies are documented by indicator/target in Section 5 of the SFMP. More extensive information is provided in Section 6 for many of these strategies.

AAC Determination Process:

Annual Allowable Cut levels for the Timber Supply Area are set by the Chief Forester of British Columbia after the completion of a Timber Supply Review (TSR) conducted every five years. Harvest rates are adjusted as need to address natural disasters such as disease and insect attacks.

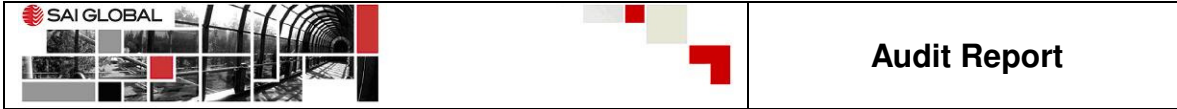
The size and productivity of a given area of land available for timber harvesting (timber harvesting land base) are the factors that are used to determine the amount of timber that can be produced over time. Economic, environmental and social factors also affect the rate of timber harvesting and the methods used. Economic factors may include prices for wood products, location and quality of timber, costs of production, etc. Environmental factors may include wildlife habitat, riparian buffers, environmentally sensitive areas, etc. Social factors may include visual appearance of the landscape, drinking water quality and supply, etc.

Timber supply analysis is a process that explores the effects on timber supply of existing or possible future forest management strategies and alternative timber harvesting levels. The analysis makes it possible to compare how alternative management strategies affect forest structure and timber production over time. The steps in timber supply analysis to support AAC determination include:

- Categorize the land base
- Project growth and yield
- Identify management activities and
- Model timber supply based on current management
- Run sensitivity

In setting an AAC, the Chief Forester considers information such as biodiversity, wildlife, and the social impacts of changes to timber supply including:

- the rate of timber production that may be sustained from the area;



- the short- and long-term implications to the province of alternative rates of timber harvesting from the area;
- constraints on the amount of timber produced from the area due to use of the forest for purposes other than timber production;
- the nature, production capabilities and timber requirements of established and proposed processing facilities;
- the economic and social objectives of the Crown, for the area, the region and the province, as expressed by the Minister of Forests; and,
- abnormal insect or disease infestations and major salvage programs planned for the area.
- Ultimately the Chief Forester’s AAC determination is based on independent professional judgment.

Products Produced and Mill Associated with the DFA Timber:

Aspen Planers has 3 mills associated with the DFA, along with one joint venture with First Nations:

- Merritt: sawmill producing dimensional SPF lumber;
- Lillooet: veneer plant producing veneer for the Savona plywood plant; and
- Savona: plywood plant.

At the time of the audit, only the Merritt mill was operational.

The joint venture is a post and rail facility located on the Coldwater Indian Band reserve near Merritt.

Aboriginals Consultation Process:

Since the original Plan was developed, new licensees have become involved in the SFM process. Stu’wix Resources Ltd., representing the First Nations Communities, recently acquired a renewable forest licence and is now an active licensee in the Merritt TSA. Stu’wix is committed to achieving the targets in the Plan and reporting annually on performance measures.

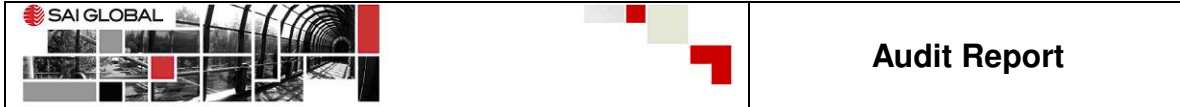
The following First Nations, through their forestry business initiatives were involved in the development of the initial Merritt TSA Sustainable Forest Management Plan: Princeton Wood Preservers/Hu’kwa Resources Inc. and Qwa’et Forest Products.

Communications with First Nations as part of the Forest Stewardship Planning process is ongoing.

No First Nations responded to the letter sent out by Aspen Planers inviting them to participate in the audit.

SECTION 5 - AUDIT FINDINGS:

Scope #	Scope Description
1	The registration covers the organizations Sustainable Forest Management System for management activities on Crown Lands within the Merritt and Lillooet Timber Supply Areas and the Logan



Lake Community Forest License CFAK2E.

Audit Criteria:

CSA/Z809:2008; Nicola Thompson Fraser Sustainable Forest Management Plan; associated Aspen Planers documentation.

Description of QMI-SAI Global and the QMI-SAI Global Audit Team:

QMI-SAI Global is a third party management system certification Registrar. Established in 1984, QMI-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 QMI-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	William Sloan, RFT, EMS(LA), SFM(LA)

Audit Coverage:

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

For Logan Lake Community Forest License CFAK2E:

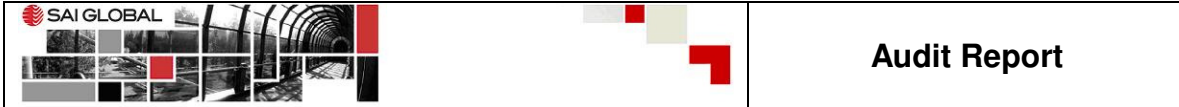
- CP 2, Blk 2, completed harvest.

Lillooet TSA operations:

- Downton FSR North Cayoosa Creek fish stream crossing removal;
- Downton FSR 0 to \pm 8 km;
- Izman Road FSR 0 to \pm 4 km.

Merritt TSA Operations:

- CP 318, Blk S18, active processing;
- CP 317, Blk 8, active processing.



Personnel (ie Staff/contractors) interviewed in the field:

Aspen Staff:

- Roads Supervisor;
- harvesting supervisors;
- GIS/Certification Technician

Contractor personnel:

- Owner;
- Foreman;
- Processor operator.

Members of the public participation process interviewed:

Two members of the Nicola Thompson Fraser Sustainable Forest Management Plan public advisory group agreed to be interviewed for the audit. This is a summary of their comments:

- Thought transition to new PAG process went well;
- Treated fairly, with good communications within the group;
- Some frustration that key licensee representatives did not attend on a regular basis;
- Felt some pressure to just use the existing indicators from the old SFMP's rather than develop new ones;
- Noted that the meeting minutes did not reflect the actual discussions;
- Timeliness of document availability was noted as an issue: not getting meeting minutes and agendas until just before the next meeting; and the SFMP, although signed off at the last PAG meeting in June, was not provided to the PAG members until November;
- Concern that there may have been changes to the SFMP as agreed to in June vs the actual final document as issued in November but so far no time to review and confirm;
- Appreciation for the long term PAG members and their dedication to the process.

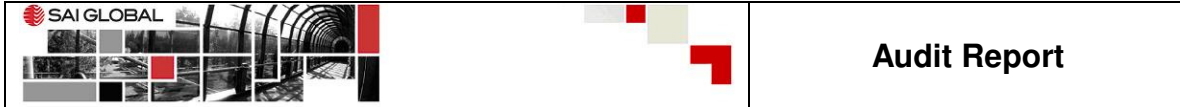
Suggestions for improvement:

- Try other means to recruit new PAG members;
- Bring in people to challenge the strategies behind existing indicators and targets;
- Discuss in more depth the issue of removing fiber for use in bio-energy facilities and its impacts on long term sustainability, ie co-gen plants, pellet plants;
- Could improve landslide/land movement indicator;
- Need good information to manage for good indicators.

Provincial Government personnel interviewed:

One person from Compliance and Enforcement agreed to be interviewed for the audit. This is a summary of his comments:

- Aspen is a good licensee;
- No issues in last year;



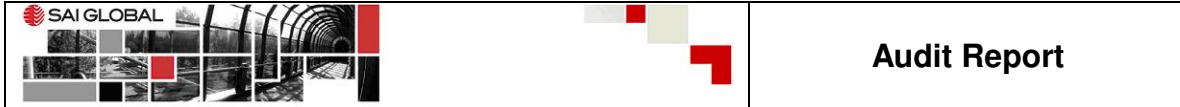
Audit Report

- Cooperative, with a good working relationship and open communications;
- Not doing many inspections due to 3rd party certification and use of forest professionals in on-site supervision;
- Only issue noted was with snow plowing and resulting damage to culverts, suggested a strategy be put in place to deal with this so it does not become a more significant issue in the future. C&E noted that Aspen was very prompt in repairing the culverts to ensure they were functioning as required.

C&E provided a printout of inspections they had conducted; it confirmed that no issues requiring penalties were identified.

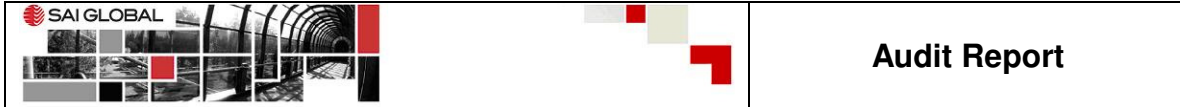
Aboriginal People interviewed:

No First Nations agreed to be interviewed for the audit.

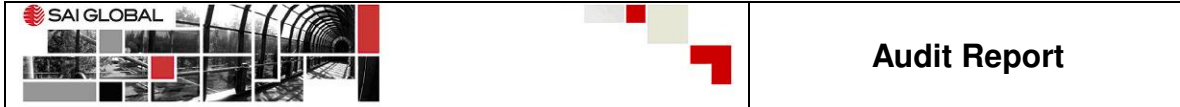


VOITs verified (field & office)

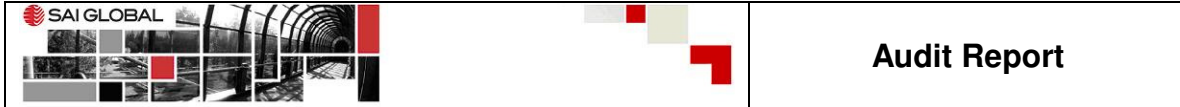
Indicator	Description/Target Number	Field and/or Office	Improvement
All Indicators are Z809:2008 CORE indicators unless otherwise noted.			
All indicators reviewed in the office; due to weather (snow and access) and lack of reporting, a minimal set of indicators were reviewed in the field. No issues were identified at any of the field sites included in the audit sample.			
* 6.1 AOC denotes Indicator where current status had not been adequately documented and/or that the forecasts did not include the methods and assumptions used for making them. See the AOC write-up for details.			
1.1.1	Ecosystem Area by Type, Target 1.	O	TSR reporting. Variance: none. 6.1 AOC*
1.1.2	Forest Area by type or species composition, Target 2.	O	Variance: none
1.1.3	Forest area by seral stage or age class, Targets 3 and 4.	O	Variance: Two age classes meet this target within 50 years (attaining target sooner than 50 years seen as a benefit). 6.1 AOC*
1.1.4	Degree of within-stand structural retention or age class, Target 5a and 5b.	O	Variance For Targets 5a and 5b: 10% 6.1 AOC*
1.2.1	Degree of habitat protection for selected focal species, including species at risk, Targets 6, 7 and 8	O	Variance: as provided for within the legal framework See AOC for details 6.1 AOC*
1.2.2	Degree of suitable habitat in the long term for selected focal species, including species at risk, Targets 7, 8 and 9.	O	Variance: as provided for within the legal framework. 6.1 AOC*
1.2.3	Proportion of regeneration comprised of native species, Target 10.	O	Variance: as provided for within the legal framework. 6.1 AOC*
1.2.4	Grass seeding application on newly constructed roads (non-core indicator). Target 11.	O	Variance: 3 months. 6.1 AOC*

**Audit Report**

Indicator	Description/Target Number	Field and/or Office	Improvement
1.4.1	Proportion of identified sites with implemented management strategies, Targets 6, 12 a & b and 13.	O	Variance 12b target to be met on at least 90% of cutblocks where ecosystems identified as “prioritized Red-listed ecological communities” occurred. For remaining targets there is no variance other than what is provided for within the legal framework. See AOC for details 6.1 AOC*
1.4.2	Protection of identified sacred and culturally important sites, Target 14.	O	Variance: none. 6.1 AOC*
1.4.3	Management and or protection of special geological features (non-core indicator). Target 15.	O	Variance: none 6.1 AOC*
2.1.1	Reforestation Success, Targets 16 and 17.	O	Variance 16. 12 months beyond the 3-year target 17. None, other than what is provided for within the legal framework. 6.1 AOC*
2.2.1	Additions and deletions to the forest area, Target 18.	O/F	Variance: none See OFI for details. 6.1 AOC* Field reviewed: CP 318, Blk S18, active processing; CP 317, Blk 8, active processing. CP 2, Blk 2, completed harvest
2.2.2	Proportion of the calculated long-term sustainable harvest level that is actually harvested, Target 19.	O	Variance: According to the Cut Control Regulation and Policy. 6.1 AOC*

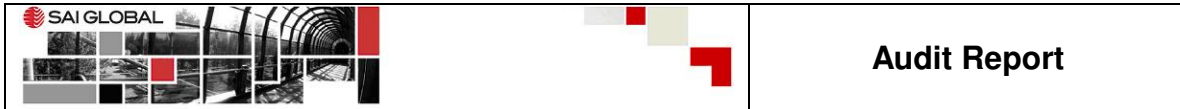


Indicator	Description/Target Number	Field and/or Office	Improvement
2.2.3	<p>Level of conformance to riparian management area and lakeshore commitments contained within plans* (non-core indicator), Target 20.</p> <p>* Plans prepared by licencees are in accordance with legal and higher level plan requirements</p>	O/F	<p>Variance: 5%. 6.1 AOC*</p> <p>Field reviewed: CP 318, Blk S18, active processing; CP 317, Blk 8, active processing. CP 2, Blk 2, completed harvest</p>
3.1.1	Level of soil disturbance, Targets 17, 21 and 22.	O/F	<p>Variance: none 6.1 AOC*</p> <p>Field reviewed: CP 318, Blk S18, active processing; CP 317, Blk 8, active processing. CP 2, Blk 2, completed harvest</p>
3.1.2	Level of downed woody debris, Target 23	O/F	<p>Variance: none 6.1 AOC*</p> <p>Field reviewed: CP 318, Blk S18, active processing; CP 317, Blk 8, active processing. CP 2, Blk 2, completed harvest</p>
3.2.1	Proportion of watershed or water management areas with recent stand-replacing Disturbance, Target 24.	O	<p>Variance: 5% of cutblocks harvested areas requiring further hydrological assessment had no further assessments completed. 6.1 AOC*</p>
3.2.2	Managing water quality through road inspections (non-core indicator). Target 25	O/F	<p>Variance: none 6.1 AOC*</p> <p>Field reviewed: Downton FSR North Cayoosa Creek fish stream crossing removal; Downton FSR 0 to \pm 8 km; Izman Road FSR 0 to \pm 4 km.</p>
4.1.1	Net Carbon Uptake, Targets 3, 16 and 18.	O	<p>See AOC for details. 6.1 AOC*</p>
5.1.1	Quantity and quality of timber and non-timber benefits, products, and services produced in the DFA, Targets 19, 27, 28, 29, 30 and 31.	O	<p>Variance: for target 19, According to the Cut Control Regulation and Policy. 6.1 AOC*</p>



Audit Report

Indicator	Description/Target Number	Field and/or Office	Improvement
5.2.1	Level of investment in initiatives that contribute to community stability, Targets 19, 31, 32 and 33.	O	Variance: for target 19, According to the Cut Control Regulation and Policy. 6.1 AOC*
5.2.2	Level of investment in training and skills development. Target 34	O	Variance: 10% 6.1 AOC*
5.2.3	Level of direct and indirect employment, Targets 19, 32 and 33.	O	Variance: for target 19, According to the Cut Control Regulation and Policy. 6.1 AOC*
5.2.4	Level of Aboriginal participation in the forest economy, Target 35	O	Variance: none 6.1 AOC*
6.1.1	Evidence of a good understanding of the nature of Aboriginal title and rights, Target 27.	O	Variance: none 6.1 AOC*
6.1.2	Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans, Target 27.	O	Variance: none 6.1 AOC*
6.1.3	Level of management and/or protection of areas where culturally important practices and activities (hunting, fishing, gathering) occur, Targets 14 and 27.	O	Variance: none 6.1 AOC*
6.2.1	Evidence of understanding and use of Aboriginal knowledge through the engagement of willing Aboriginal communities, using a process that identifies and manages culturally important resources and values, Targets 14 and 27.	O	Variance: none 6.1 AOC*
6.3.1	Evidence that the organization has co-operated with other forest-dependent businesses, forest users, and the local community to strengthen and diversify the local economy, Targets 28, 29, 31, 36 and 37.	O	Variance: 36. 10% 37. 5% 6.1 AOC*

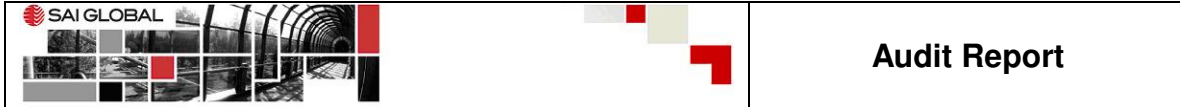


Audit Report

Indicator	Description/Target Number	Field and/or Office	Improvement
6.3.2	Evidence of co-operation with DFA-related workers and their unions to improve and enhance safety standards, procedures, and outcomes in all DFA-related workplaces and affected communities, Target 38.	O/F	Variance: none See OFI for details 6.1 AOC* Field reviewed: CP 318, Blk S18, active processing; CP 317, Blk 8, active processing.
6.3.3	Evidence that a worker safety program has been implemented and is periodically reviewed and improved, Target 39	O	Variance: none 6.1 AOC*
6.4.1	Level of participant satisfaction with the public participation process, Target 40.	O	Variance: none 6.1 AOC*
6.4.2	Evidence of efforts to promote capacity development and meaningful participation in General, Targets 28 and 41	O	Variance: none 6.1 AOC*
6.4.3	Evidence of efforts to promote capacity development and meaningful participation for Aboriginal communities, Targets 27, 35 and 41.	O	Variance: none 6.1 AOC*
6.5.1	Number of people reached through educational outreach, Target 41.	O	Variance: none Website is maintained: Sustainable Forestry 6.1 AOC*
6.5.2	Availability of summary information on issues of concern to the public, Targets 42.	O	Variance: none Website is maintained: see above. 6.1 AOC*

Review of Changes:

A significant change since the last audit was the amalgamation of three former SFMP's (for Kamloops, Merritt and Lillooet Timber Supply Areas) into one, the Nicola Thompson Fraser Sustainable Forest Management Plan. Also, the DFA for Aspen Planers increased in size with the



Audit Report

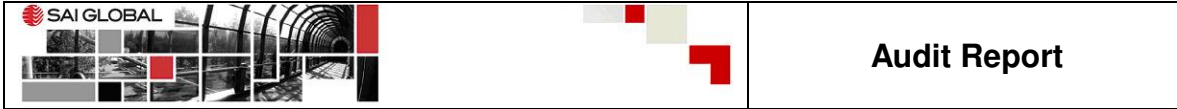
inclusion of the Logan Lake Community Forest Licence and the former Ainsworth Lumber licenses in the Lillooet TSA that Aspen purchased in 2009.

Summary:

The findings were discussed with Mr. Canuel. The Audit Team Leader commenced the closing meeting by thanking the Aspen Planers Ltd. staff for the cooperation and courtesy extended to the audit team during the audit.

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

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



The QMI-SAI Global Audit Team recorded the following audit results:

Documentation Review:

The audit team reviewed the following SFM documentation and records:

- Nicola Thompson Fraser Sustainable Forest Management Plan, dated September 2010, including but not limited to:
 - Public Advisory Group Terms of Reference, dated May 19, 2010 (Appendix 2);
 - VOIT's, Section 5;
 - DFA description, Section 2.
- Aspen Planers EMS Manual, current at time of the audit;
- Internal Audit, conducted September 28 and 29, 2010;
- Management Review, conducted November 3, 2010;
- Nicola Thompson Fraser Sustainable Forest Management Plan Public Advisory Group meeting minutes:
 - May 5, 2010;
 - May 19, 2010;
 - June 2, 2010;
 - June 16, 2010;
 - June 24, 2010; and
 - September 23, 2010 field trip.
- Public Advisory Group participation lists;
- SFM Policy;
- Emergency Response Plans:
 - Fire Plan 2010;
 - Spill Response Plan 2010.
- Training records for all contractors interviewed in field;
- Staff training records, including Lillooet based staff;
- Documents and files in the Merritt and Lillooet offices;
- Inspection records for all field sites included in the audit, including:
 - Pre-works;
 - Interim Inspections;
 - Final Inspections were available;
 - Site Plans.

Non-conformances:

NCR No.	Clause No.	Clause Description	Type	Response Due
None noted.				

Status of any previously recorded non-conformances (NCRs)

No previously recorded or outstanding NCRs.



Audit Report

Significant Issues:

None noted.

Positive Aspects of the Management System:

- Understanding of the risks and hazards of the new Lillooet operating area was noted as being very good, with Aspen taking proactive measures to reduce or eliminate high risk roads and bridges.
- Good C&E cooperation was noted. No compliance issues were noted by C&E inspections.

Effectiveness of the Internal SFM Audit System:

The annual internal audit was performed according to the Aspen Planer Ltd. corporate procedures and was adequate in verifying the implementation and maintenance of the SFM system.

Opportunities for Improvement (OFI):

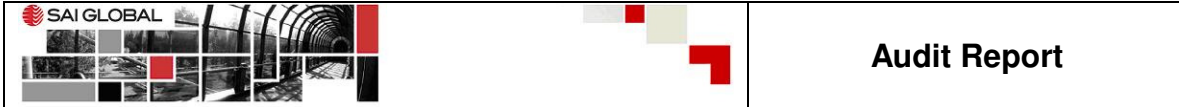
7.4.2 Training, awareness, qualifications, and knowledge: Consider reviewing the update requirements for MSDS. The audit found one contractor and his Aspen supervisor were unaware of the 3 year expiry of MSDS.

7.4.7 Emergency preparedness and response: Consider reviewing the environmental emergency response procedures to ensure they adequately cover the DFA. The audit found that the contact information in the spill and fire plans did not list the 2 staff working out of the Lillooet office.

7.5.2 Corrective and preventive action: Consider investigating the cause and developing preventative actions for the C&E identified issue of culverts being filled in during grading/snow plowing operations. Interview with C&E indicated that they had recommended a strategy be put in place to address the issues they had identified, but the audit found this has not been done to date and that road maintenance is more reactive than proactive.

Indicator Specific:

- 2.2.1, Additions and Deletions to the forest area (Core Indicator): The chosen target only deals with deletions as a result of roads and landings and does not address other deletions or any additions and these are not addressed in the strategies. Review of PAG meeting minutes shows that there was no discussion with the PAG on additions or other types of deletions. Consider reviewing the VOIT to ensure it meets the intent of the Indicator
- 6.3.2, Evidence of co-operation with DFA-related workers and their unions to improve and enhance safety standards, procedures, and outcomes in all DFA-related workplaces and affected communities: The audit found that the target chosen only deals with SAFE



certification and makes no reference to unions, DFA related workplaces such as mills, and affected communities. Consider reviewing and revising the target to better meet the intent of the Indicator.

Areas of Concern (AoC):

6.1 DFA-specific performance requirements: The Standard requires that the organization, working with interested parties in the public participation process at each stage, shall establish DFA-specific performance requirements that address the SFM elements in Clause 6.3, as follows:

- (d) for each indicator, data on the current status shall be provided, and one appropriate target shall be set; and
- (f) forecasts shall be prepared for the expected responses of each indicator to applicable strategies, and the methods and assumptions used for making each forecast shall be described.

The audit found that for the majority of indicators, current status had not been adequately documented and that the forecasts did not include the methods and assumptions used for making them. In addition, review of PAG meeting minutes and interview evidence with PAG members showed that the current status and forecasting portions had little discussion during the VOIT development.

For example, despite the fact many of the indicators are carry-overs from the old SFMP's and had annual report data available, the current status was listed as baseline data, in some cases up to 10 years old; or the status would be developed based on the 2011 annual reporting.

Ensure that all indicators have current status data and that the forecasts include the methods and assumptions used in making them.

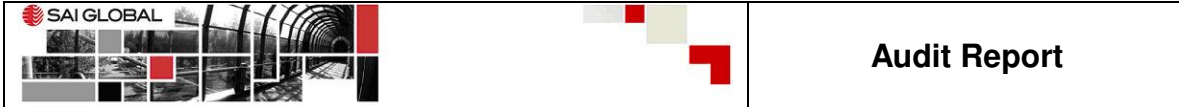
6.2 SFM criteria — General: The Standard requires that, in conformance with the public participation process, the discussion items listed under each Criterion be addressed. The audit did not find evidence that all the discussions items had been discussed with the Lillooet members of the public advisory process.

Ensure that all discussion items are addressed with the public advisory group.

6.3 SFM criteria, elements, and core indicators, Elements 1.2 and 1.4: The Standard requires that:

1.2, Species diversity: Conserve species diversity by ensuring that habitats for the native species found in the DFA are maintained through time, including habitats for known occurrences of species at risk; and

1.4, Protected areas and sites of special biological and cultural significance: Identify sites of special geological, biological, or cultural significance within the DFA, and implement management strategies appropriate to their long-term maintenance.



The audit found that although the targets had been established for these requirements (Target 6 and 12), they do not adequately cover the requirements:

Target 6 was established to proactively establish protection targets but in fact relies on other processes to identify the habitat. In addition, the means of achieving the objective and target as documented in the Indicator Matrix does not relate to the actual target that is listed for the Indicator, such as referencing the Conservation Data Center.

Target 12 only applies to the Kamloops TSA, with no reference to red-listed ecological communities in the rest of the DFA.

Ensure that strategies and targets are established to meet the SFM elements for species diversity and for protecting areas and sites of special biological and cultural significance.

6.3 SFM criteria, elements, and core indicators, Element 4.1: The Standard requires that forest conditions and management activities that contribute to the health of global ecological cycles be maintained.

The audit found that there was no clear link between the strategies, means of achieving the target and the actual targets as documented in the Indicator Matrix for meeting this requirement.

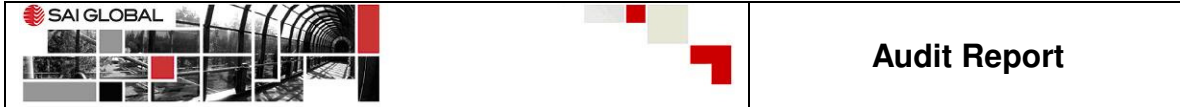
For example:

- The strategy discusses the use of TSR carbon modeling data but there is no target for this data, nor is there any commitment from government that the TSR process will include carbon modeling in future TSR's;
- The means of achieving the objective and target discuss forest health management and concentrating harvesting on stands with the most years beyond culmination, but these means are not reflected in any of the 3 targets developed for the Indicator.

Ensure that indicators targets are established for meeting the SFM requirements, and that the strategies and means for achieving the target are clearly linked to the target.

7.3.1 Defined forest area (DFA): The Standard requires that the organization shall designate a clearly defined forest area to which this Standard applies. For volume based tenures such as what is included in the SFMP it can be difficult to clearly designate the DFA, but an acceptable process is to use the AAC allocation as a % of total AAC to determine the area of the DFA. The audit found that it was not clear to what extent Aspen is in the SFMP and resulting their DFA. The AAC Apportionment Summary table in Section 2 of the SFMP indicates that Aspen has 13.9% of the SFMP DFA, based on the 1,070, 285 M³ AAC noted in the table. However, review of the licenses managed by Aspen indicates the AAC is in fact 1,339,200 M³, with 767,821 M³ still available for harvest.

Ensure that the DFA is clearly defined.



7.3.5 SFM Plan: The Standard requires that the conclusions drawn in the management review be included in the SFMP. The audit found this had not been done.

Ensure the conclusions drawn in the management review are included in the SFMP.

7.4.4 SFM documentation: The Standard requires that the organization shall establish and maintain documentation, in paper or electronic form, that:

- (a) describes the SFM requirements and their interaction; and
- (b) provides direction to related documentation.

The audit found several instances of the EMS Manual not being maintained, including but not limited to Section 1 (no reference to the community forest or Lillooet operations); Section 3.2 not updated to reflect the revised Z809; and Table 4.1-3, Indicator Roles not been updated to reflect the new indicators.

Ensure that SFM documentation, including the Aspen EMS Manual, is maintained.

7.6 Management Review: The Standard requires that the organization's top management shall, at least annually, review the SFM requirements. The audit found that the SFM Performance Requirements for the new SFMP were not reviewed by top management.

Ensure that all the SFM Requirements are reviewed by Top Management on an annual basis.

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

SECTION 6 - GENERAL ASSESSMENT AND RECOMMENDATION:

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

Re-Registration / Upgrade:

The results of this Re-Assessment Audit indicate that the Management System of Aspen Planers Ltd. is suitable and effective, and will be recommended for registration to the 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 and top management has demonstrated a commitment to maintain the effectiveness of the system.

Next Scheduled Audit: November 14, 2011

Date(s): November 14, 2011 to November 17, 2011



Type of Audit: 12 Month Surveillance Audit

No. of Persons: 1

No. of Audit Days Required: 4

William Sloan
QMI-SAI Global Team Leader

Date: 12/03/2010