



**Bureau Veritas Certification
North America, Inc.
SFIS Audit Report**

390 Benmar Drive, Suite 100
Houston, TX 77060

Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	Abitibi River Forest Management Inc
Contact Person	Paul Fantin
Address	PO BOX 920, Englehart, Ontario P0J 1H0
Phone / Fax	705.544.2828/705.544.2921
PQC Code	E01E

Contract Number:	US.1248870	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	2
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Audit Summary

Introduction

This report summarizes the results of an initial surveillance audit of Abitibi River Forest Management Inc.'s SFI program for forest and land management conducted on the Abitibi River Forest, a large Sustainable Forest License in Northeastern Ontario. Brian Callaghan RPF EP(EMSLA), Bureau Veritas Certification Lead Auditor conducted the audit of the forest November 2 to 6, 2015. Mr. Callaghan was supported by three auditors: Mr. Laird Van Damme RPF, Dr. Kandyd Szuba RPF, and Mr. Phil Shantz

Audit Scope, Objectives and Process

The scope of the audit is "Management of Forest Lands". The audit was conducted against the SFI 2010-2014 Standard, Objectives 1 through 7, and 14 through 20. There were no substitutions or modifications of indicators. The two objectives of the SFI audit were to verify that the Program Participant's SFI Program is in conformance with the SFI Objectives, Performance Measures, and Indicators, and to verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the most recent version of the Bureau Veritas Certification SFI Auditor Handbook available on the auditor access website.

Company Information

Abitibi River Forest Management Inc. is a forest management company comprised of local shareholders with traditional harvesting or consuming rights on the forest and its predecessors. The shareholders include two large forest products companies (Tembec, and Georgia Pacific) and several smaller companies who hold timber harvesting rights. This certification is limited to Sustainable Forest License 551832 and its approximately 3,300,000 hectares of Crown lands in Northeastern Ontario.

First Resource Management Group manages the forest under contract to the Abitibi River Forest board. First Resources is responsible for planning, coordination, and oversight on forest management on the Abitibi River Forest. The company maintains all the information necessary to manage the forest including, forest inventories, geographic information systems, compliance monitoring data, silvicultural activity information, harvest volume data and regeneration success data. First Resources

operates a rigorous management information system which includes excellent operation procedures and supporting training materials.

Audit Plan

The audit was undertaken November 2 to 7, 2015. The first day was spent on document review, covering management planning, GIS, information systems, and standard operating procedures. Using activity maps and site lists a preliminary sample was selected prior to the audit. Site selections were refined after the opening meeting; road access issues and a late spring thaw meant that a number of sites were inaccessible and substitutions were made. Three days were spent in the field visiting sites. Twenty-six sites were inspected during the audit. A closing meeting held at 12:00 pm on the November 7th 2015 at the Company's offices in Englehart. The audit plan is maintained on file by Bureau Veritas Certification.

Audit Results

The audit began with a review of system documentation and information systems. Harvest levels were reviewed to ensure the company is harvesting at a rate consistent with its 2012 Forest Management Plan. Silvicultural records were reviewed for evidence that artificial regeneration occurs within two years of harvest, and natural regeneration within five. Silvicultural standards were reviewed. The company conducts an effective operations monitoring program including a formal internal audit and management review system.

The field audit consisted of a review of 10 harvest areas, 5 artificial regeneration sites, 4 natural regeneration areas, 5 aerial spray sites, 4 water crossings, 2 gravel pits, and two contractor camps. Additionally, auditors visited areas of woodland caribou habitat, red shoulder hawk nests, and a beaver habitat harvest. Roads were examined throughout the forest.

Objective 1 - Forest Management Planning

Management of the ARF follows the FMP Manual which identifies the process that must be followed to conserve biological diversity, as required by the Crown Forest Sustainability Act for Ontario, as well as the Endangered Species Act, Fisheries Act, Migratory Birds Convention Act, Fish and Wildlife Conservation Act and other legislation. A series of forest management guides reflect what must be done to comply with these Acts, including the Forest Management Guide for Conserving Boreal Forest Landscapes, and the Forest Management Guide for Conserving Biodiversity at the Stand and Site Scales.

Objective 2 – Forest Productivity

The results of field visits indicated that Abitibi River Forest Management is effectively implementing its SFI program in the way it manages the forest. Regeneration treatments were in conformance with the standard. All herbicide applications observed during the audit were very well done, with no drift into off-target areas seen. Harvest sites exhibited minimal impact on soil productivity. Best management practices for water quality were very well implemented. On two blocks in the southwestern portion of the forest a new contractor was found to have heavily rutted two sites, a corrective action was issued. Wildlife habitat considerations were evident on each harvest site. Stand-level elements were present on most sites. Green-up compliance was observed on all sites, and utilization was generally well done. Field observations confirm that standards and best practices for soil conservation are being applied. The Company demonstrates the judicious use of chemicals.

Objective 3 - Protection and Maintenance of Water Resources

During the surveillance audit there were few instances of road construction, maintenance and water crossing which were creating water quality issues. The majority of water crossing were in good working order. In the southwestern portion there were three deficient water crossings for which a corrective action was issued.



Protection of wetlands is included in line marking criteria for contractors, including definitions of wetlands. Field sites exhibited great identification and protection of wetland sites. Buffering layers from the GIS system are downloaded onto contractors' handheld GPS units for protection during harvesting operations.

Objective 18 - Public Land Management Responsibilities.

The Abitibi River Forest is a Crown license in Northeastern Ontario which is managed as per the regulated forestry guidelines (rules). Forest Management Planning includes a significant effort at public consultation which includes a variety of notices and public meetings. The forest has a Local Citizens Committee which has an advisory role in forest management.

First Nations are consulted extensively during preparation of the management plan. All First Nations have been invited to join the board of directors for the forest, two have accepted. Additionally there is day to day contact with the four First Nations which are actively harvesting 2/3 of the timber on this forest.

Objective 19 - Communications and Public Reporting.

The 2014 surveillance report for the Abitibi River Forest is available on the SFI website as required. The Company has submitted its first SFI annual report as required on March 30th of 2015.

Objective 20 – Management Review and Continual Improvement.

Abitibi River Forest Management Inc. has quarterly board meetings with certification being a standing agenda item. A formal management review of the SFI program is undertaken in fourth quarter of each year.

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Findings

Previous non-conformances: There were no non-conformances issued in the first surveillance audit.

Non-conformances:

At the Zavitz 100 and Zavitz 101 sites significant rutting was observed in all low land areas. Skid trails were highly rutted and intersection areas even more so. The rutting pattern was similar across the two large blocks. (3.2.4)

At three locations in the Zavitz area it was found that water crossings were substandard. The first crossing on the Forks Road, had erosion issues - the result of poor road grading. A road was flooded in a seepage area in Zavitz 101. As well, a crossing within Zavitz 101, while properly installed, was compromised by poor grading that created false ditches leading to sedimentation in the stream. (3.2.3)

Through interviewing a dozen or more contractors it became evident that they were not fully conversant with the species which are on the species at risk list. In addition, some shareholders/contractors were in possession of dated training materials that only briefly mention SAR and did not provide a list of such species. (16.1.4)

Opportunities for Improvement:

None

Notable Practices:

None

Logo/label use:

Abitibi River Forest Management Inc. does not use the Bureau Veritas Certification logo. No unauthorized use of the SFI logo was observed.

SFI reporting:

The 2014 surveillance audit report is available on the SFI program website.

Conclusions

Results of the audit indicate that Abitibi River Forest Management continues to implement an SFI program which is effective and efficient and meet the requirements of the standard. Certification should be extended.

Surveillance Audit Schedule

Surveillance audits will be carried out annually. The 2016 audit will be undertaken in late June of 2015.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):	From: November 2, 2015			To: November 7, 2015		
Number of SF02's Raised:	Major:		0		Minor:	3
Is a follow up visit required:	Yes	No	X	Date(s) of follow up visit:		
Follow-up visit remarks:						
Team Leader Recommendation:						
Corrective Action Plan (s) Accepted	Yes	X	No	Date:	Feb 7 2016	
Proceed to/Continue Certification	Yes	X	No	Date:	Feb 7 2016	
All NCR's Cleared	Yes	X	No	Date:	Feb 7 2016	
Standard audit conducted against:						
1)	SFIS 2010-2014	3)				
2)		4)				
Team Leader (1):		Team Members (2, 3, 4...)				
Brian Callaghan		2) Laird Van Damme				
		3) Kandyd Szuba				
		4) Phil Shant				
Scope of Supply: (scope statement must be verified and appear in the space below)						
"Management of Forest Lands"						
Accreditation's	ANAB					
Number of Certificates	3					
Proposed Date for Next Audit Event						
Date						
Audit Report Distribution						
Bureau Veritas Certification: Dawn Komnick – Dawn.Komnick@us.bureauveritas.com						
ARFMI: Paul Fantin - paul.fantin@frmg.ca						

Clause	Audit Report
Opening Meeting	<p>Participants: Paul Fantin, ,Phil Shantz, Laurie Nuhn, Laird VanDamme, Kandyd Szuba, Bree Andrews, Wayne Pawson,</p> <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor ➤ Review of previous nonconformances - 0. ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	<p>Participants: Paul Fantin, , , Laurie Nuhn, Laird VanDamme, Kandyd Szuba, , Phil Shantz</p> <ul style="list-style-type: none"> ➤ Introductions and appreciation for selecting Bureau Veritas Certification. ➤ Review of audit process - process approach and sampling. ➤ Review of OFIs and System Strengths ➤ Nonconformances - 3 <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Date for next audit June 2016. ➤ Reporting protocol and timing

SF02/NA NONCONFORMITY REPORT					
Company Name and Site:					SF02#:
Abitibi River Forest Management Company Inc					11
Contract #:	Type of audit (e.g., initial,			Team Leader:	
US.1248870	FSC FM/SFI LM Surveillance			Brian Callaghan	
Date:	Standard and Clause #:			Team Member:	
November 10/15	SFI 2010 3.2 4)			same	
Major	Minor	Other Documents (if applicable):		Company Representative:	
	X			Paul Fantin	
REQUIREMENT OF AUDITED STANDARD:					
Monitoring of overall best management practices implementation					
OBSERVED NONCONFORMITY :					
At the Zavitz 100 and Zavitz 101 sites significant rutting was observed in all low land areas. Skid trails were highly rutted and intersection areas even more so. The rutting pattern was similar across the two large blocks					
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)					
Corrective Action Plan Date:	Dec 7 2015	Company Representative:		Paul Fantin	
Root Cause Analysis and Corrective Action					
Root Cause: New contractor working for shareholder on the Abitibi River Forest (ineffective training)					
Corrective Action Plan:					
<ul style="list-style-type: none"> • Shareholder met with contractor and review rutting standards, training and requirements for the SFL as well as for FSC • ARFMI operations group reviewed and discussed follow-up at regularly scheduled meeting • Review of this audit finding will be part of the annual training session to be held in the Spring of 2016 					
ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)					
Root Cause: OK					
Corrective Action Plan: OK					
Plan Accepted:	Yes	X	No	Comments:	
Auditor:	Brian Callaghan			Date:	Dec 7 2015
CORRECTIVE ACTION IMPLEMENTATION					
To be completed by Company – Provide objective evidence. Not to exceed: 90 Days SFI, PEFC <input checked="" type="checkbox"/> ; 1 year FSC <input type="checkbox"/> ; other <input type="checkbox"/> X Days					

Corrective Action Completion Date:	Feb 7 2016	Company Representative:	Paul Fantin
Corrective Action Implementation: Appropriate Method used to verify effectiveness of action taken: Review meeting minutes and training materials			
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)			
Accepted:	Yes	X	No
Nonconformance Closed:	Yes		No
Follow Up Comments:			
Auditor:	Brian Callaghan	Date:	Feb 7 2016

SF02/NA NONCONFORMITY REPORT			
Company Name and Site:			SF02#:
Abitibi River Forest Management Company Inc			12
Contract #:	Type of audit (e.g., initial,	Team Leader:	
US.1248870	FSC FM/SFI LM Surveillance	Brian Callaghan	
Date:	Standard and Clause #:	Team Member:	
November 10/15	SFI 2010 3.2 3)	same	
Major	Minor	Other Documents (if applicable):	Company Representative:
	X		Paul Fantin
REQUIREMENT OF AUDITED STANDARD:			
Implementation of plans to manage or protect rivers, streams, lakes, and other water bodies			
OBSERVED NONCONFORMITY :			
At three locations in the Zavitz area it was found that water crossings were substandard. The first crossing on the Forks Road (access into the Zavitz blocks – GPS coordinates to follow), had erosion issues - the result of poor road grading. A road was flooded in a seepage area in Zavitz 101. As well, a crossing within Zavitz 101, while properly installed, was compromised by poor grading that created false ditches leading to sedimentation in the stream.			
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)			
Corrective Action Plan Date:		Company Representative:	Paul Fantin
Root Cause Analysis and Corrective Action			
Root Cause: The issues was created by a new operator on the forest who			
Corrective Action Plan: the following corrective actions will be/have been implemented			
<ul style="list-style-type: none"> • Roads will be graded to remove false ditches to allow drainage into roadside ditch • Shareholder will review road maintenance and grading requirements with contractor • Crossing at seepage area – additional gravel to be added to lift road bed to ensure water does not flow over road. • ARFMI operations group to review and discuss follow-up at regularly scheduled meeting • Review of this audit finding will be part of the annual training session to be held in the Spring of 2016 			
Evidence of conformance to be provided within 90 day period			

ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT									
(To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)									
Root Cause: OK									
Corrective Action Plan: OK									
Plan Accepted:	Yes	X	No		Comments:				
Auditor:						Date:	Dec 7 2015		
CORRECTIVE ACTION IMPLEMENTATION									
To be completed by Company – Provide objective evidence. Not to exceed: 90 Days SFI, PEFC <input checked="" type="checkbox"/> ; 1 year FSC <input type="checkbox"/> ; other <input type="checkbox"/> X Days									
Corrective Action Completion Date:	Feb 7/2016		Company Representative:	Paul Fantin					
Corrective Action Implementation: Complete									
Method used to verify effectiveness of action taken: examination of photos and documents									
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT									
(To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)									
Accepted:	Yes	X	No		Nonconformance Closed:	Yes	X	No	
Follow Up Comments:									
Auditor:	B Callaghan					Date:	Feb 7 2016		

SF02/NA NONCONFORMITY REPORT									
Company Name and Site:								SF02#:	
Abitibi River Forest Management Company Inc								13	
Contract #:	Type of audit (e.g., initial,				Team Leader:				
US.1248870	FSC FM/SFI LM Surveillance				Brian Callaghan				
Date:	Standard and Clause #:				Team Member:				
November 10/15	SFI 2010 16.1.4				same				
Major	Minor	Other Documents (if applicable):			Company Representative:				
	X				Paul Fantin				
REQUIREMENT OF AUDITED STANDARD:									
Contractor education and training sufficient to their roles and responsibilities									
OBSERVED NONCONFORMITY :									

Through interviewing a dozen or more contractors it became evident that they were not fully conversant with the species which are on the species at risk list. In addition, some shareholders/contractors were in possession of dated training materials that only briefly mention SAR and did not provide a list of such species.

ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN
(To be completed by the Company. Plan to be submitted in 30 days)

Corrective Action Plan Date:	Dec 7 2015	Company Representative:	Paul Fantin
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Root Cause Analysis and Corrective Action

Root Cause: New contractors working on the forest, poor training
 Corrective Action Plan: • Shareholder to meet with contractor and review species at risk identification and protection requirements
 • ARFMI operations group to review and discuss follow-up at regularly scheduled meeting
 • Review of this audit finding will be part of the annual training session to be held in the Spring of 2016

ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT
(To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)

Root Cause: OK
 Corrective Action Plan: OK

Plan Accepted:	Yes	X	No	Comment
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Auditor:	Brian Callaghan	Date:	Dec 7 2015
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CORRECTIVE ACTION IMPLEMENTATION
 To be completed by Company – Provide objective evidence. Not to exceed: 90 Days SFI, PEFC ; 1 year FSC ; other X Days

Corrective Action Completion Date:	Feb 7 2016	Company Representative:	Paul Fantin
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Corrective Action Implementation: Complete with the exception of spring training session
 Method used to verify effectiveness of action taken: examination of photos and documents

CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT
(To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)

Accepted:	Yes	X	No	Nonconformance Closed:	Yes	X	No
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Follow Up Comments:

Auditor:	Brian Callaghan	Date:	Feb 7 2016
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