

GENERAL DESCRIPTION OF THE ORGANIZATION

Taken from the website <http://www.remabec.com/fr-ca/arbec/>

Arbec Forest Products Inc. oversees seven softwood plants (sawing, planing, and finger-joining), which are cornerstones of Groupe Rémabec's manufacturing division. These facilities are distributed among three regions of Québec: Mauricie, Saguenay-Lac-Saint-Jean and Côte-Nord. Arbec plants provide 750 direct jobs and a yearly timber production capacity of 700 million board feet.

Groupe Rémabec's manufacturing division adheres to a chain-of-custody certification in line with an internationally recognized standard, as validated by independent auditors. Groupe Rémabec seeks to demonstrate its commitment to responsible forest management with independent chain-of-custody audits of its planning, forestry practices and products. That is how Groupe Rémabec's manufacturing division participates in the sound management of our forest environments to the benefit of present and future generations.

The plants in this division include:

Arbec, Saint-Roch inc., Saint-Roch-de-Mékinac (Québec)

- Number of employees: 113
- Production : 120 million board feet of dimension 1x3, 1x4, 2x3, 2x4 and 2x6

Arbec, Parent inc., Parent (Québec)

- Number of employees: 121
- Production : 150 million board feet of dimension 1x3, 1x4, 2x3, 2x4 and 2x6

Arbec, Saint-Séverin Inc., Proulxville (Québec)

- Number of employees: 48
- Production : 160 million board feet of dimension 1x3, 1x4, 2x3, 2x4 and 2x6

Arbec, Trois-Rivières inc., Trois-Rivières (Québec)

- Number of employees: 61
- Production : 120 million board feet of dimension 2x4 and 2x6

Arbec, Port-Cartier inc., Port-Cartier (Québec)

- Number of employees: 173
- Production : 190 million board feet of dimension 1x3, 1x4, 2x3, 2x4 and 2x6

Arbec, l'Ascension inc., L'Ascension (Québec)

- Number of employees: 206
- Production : 230 million board feet of dimension 1x3, 1x4, 2x3, 2x4 and 2x6

Arbec, Dolbeau Inc., Dolbeau-Mistassini (Québec)

- Number of employees: 40
- Production: 80 million board feet of dimension 2x3, 2x4 and 2x6

AUDIT PROCESS, OBJECTIVES AND SCOPE

MULTISITE AUDIT PROCESS¹

The sampling approach for this audit was as follows:

Sites ³ (Fibre sourcing)	Sites Sampled (setion 3) Maintenance Audit 1
- Central function	X
- Arbec, L'Ascension Inc. plant	X
- Arbec, Dolbeau Inc. plant	X
- Arbec, Port-Cartier inc. plant	
- Arbec, Saint-Roch plant	
- Arbec, Parent plant	
- Arbec, Trois-Rivières inc. plant	
- Arbec, Saint-Séverin Inc. plant	

¹ Since the multi-site organization has an internal audit program deemed reliable, the minimum sampling size for the maintenance audit was calculated according to this formula: $1:0.6 \sqrt{(n)}$.

² The central office is audited annually and is not included in "n."

³ The centralization of fibre supply management at the La Tuque Office allowed for a diversified sampling of providers supplying the plants included in the multisite

On June 5, 6, 7 and 12, 13, 14, 15, 2017 the Bureau de normalization du Québec (BNQ) conducted a maintenance audit 1 according to the applicable requirements of SFI 2015–2019, Chapter 3 (fibre sourcing) for ARBEC BOIS D'ŒUVRE INC. It should be noted that an audit according to Chapter 2 (Forest Management) and Chapter 4 (Chain of Custody) took place in the same week and that hours of these days were devoted to it. The BNQ audit team consisted of Anne-Marie Gauthier, P.Eng. f. (lead auditor), and Ugo Lapointe (team member auditor).

The hours spent on the audit of Chapter 3, on the dates mentioned above, both on and off site, can be detailed as follows for both auditors 1 day for audit preparation, 2 days for the audit and 1 day for audit closure.

The evaluation of the SFI program was conducted in accordance with the BNQ audit plan and procedures. The BNQ SFI's lead auditor and the team member auditor interviewed the participants and verified the program documentation.

In general, the staff consulted included the Senior Environmental Advisor and the Supply Coordinator who were audited for most of the Chapter 3 audit.

The Chapter 3 audit was conducted primarily at the La Tuque Office as fibre supplies are managed from this site. The audit focussed mainly on the actions taken towards suppliers to ensure compliance with the requirements for the supply of the factories included in the certificate. The main elements of verification were the harvest contracts, followed by the purchase of timber (forest certification clause), the transmission of information to the production unions and loggers, the private forest management plans, the management review. Etc. The details of compliance for all applicable requirements are presented in the "Summary of Audit Results - Fibre Sourcing" section.

¹ Note that this certification is related to a multi-site organization and not a group organization.

AUDIT OBJECTIVES

The objectives of this certification audit (SFI 2015–2019, Chapter 3) for each of the certificates were the following: to assess the Program Participant's conformance with the SFI 2015–2019 Standard (Principles, Policies, Objectives, Performance Measures and Indicators) objectives 1 through 10 (excluding objectives 11, 12 and 13) and with the "Interpretations for the SFI® 2015–2019 Program Requirements (Standards, Rules for Label Use, Procedures and Guidance)", to verify the Participant's conformance with the program's requirements and to verify the application of the Program across all targeted Forest Management Units (FMUs) and sites where fibre sourcing is realized (sawmills and paper mills in reference to the scope).

AUDIT OBJECTIVES

SFI 2015–2019 – Fibre Sourcing (Chapter 3) (Certificate No.: 51535-1-04)

Fibre sourcing for the following sawmills: Arbec, Saint-Roch Plant., Arbec, Parent Plant., Arbec, Saint-Séverin Plant., Arbec, Trois-Rivières Plant., Arbec, Port-Cartier Plant., Arbec, L'Ascension Plant and Arbec, Dolbeau Plant.

SUMMARY OF AUDIT FINDINGS

GENERAL DESCRIPTIONS OF EVIDENCE AND COMPLIANCE BY OBJECTIVE

Objective 1. Biodiversity in Fibre Sourcing

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Elements of conformity</i>
Address the practice of sustainable forestry by conserving biological diversity.	<ul style="list-style-type: none"> - The Rémabec Group and Arbec Forest Products have developed an information brochure titled “<i>L’aménagement forestier durable : outils et réflexions</i>” (“Sustainable Forest Management: Tools and Reflections”) to promote biodiversity among forest producers. - Biodiversity protection is one of the topics covered in the wood supply training program. - By being a member of the SFI Québec Committee, the Rémabec Group participates in various activities carried out to promote SFI certification. - Field monitoring forms with timber producers include verification elements related to biodiversity.

Objective 2. Adherence to Best Management Practices

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Elements of conformity</i>
Broaden the practice of sustainable forestry through the use of best management practices to protect water quality/ Monitor the use of best management practices.	<ul style="list-style-type: none"> - Integration of contractual clauses covering SFI requirements. - Steps to ensure that facility inventories and fibre procurement activities do not compromise adherence to the principles of sustainable forestry. - SFI presentation to Wood Producers Union at their General Assembly to inform members - Post an ad in the Saguenay-Lac-Saint-Jean Wood-Producer Union newsletter and in the Mauricie Wood-Producer Union newsletter to discuss the SFI certification process. - On-line presentation on certification and protection of biodiversity and species at risk on the SPBSAGLAC and on the SPBM websites. - Integration of a forest certification clause (SFI) into supply contracts. - Distribution of the information brochure titled “<i>L’aménagement forestier durable : outils et réflexions</i>” (“Sustainable Forest Management: Tools and Reflections”) - Verification of a dozen of the largest private producers supplying about 10% of timber volumes (2016). - Awareness and good practices monitoring procedure includes the assessment of best management practices, determines the percentage of verification to be performed as well as elements to be verified during monitoring visits (Compliance Verification Form for sound practices). - Schedule of corrective and preventive action requests of the monitoring program makes it possible to follow up on improvement opportunities as well as nonconformities detected during monitoring visits. Register of nonconformity in place



Objective 3. Use of Qualified Management Resources and Qualified Logging Professionals.

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Element s of conformity</i>
Encourage the use of the services of qualified logging professionals or certified logging professionals (where available) and qualified management resources/Keep a list of qualified logging professionals or certified logging professionals.	<ul style="list-style-type: none"> - Voluntary program of accreditation of entrepreneurs set up by the union. - Rigorous monitoring of union work by accredited operators. - Clauses included in contracts to suppliers defining the notion of qualified loggers. - Information brochure entitled “<i>L'aménagement forestier durable : outils et réflexions</i>” (“Sustainable Forest Management: Tools and Reflections”) informs forest producers about the benefits of developing forest management plans by a forest engineer.

Objective 4. Legal and Regulatory Compliance

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Element s of conformity</i>
Provide access to relevant laws and regulations in appropriate locations / Maintain a system to achieve compliance with applicable federal, provincial, state, or local laws and regulations / Demonstrate commitment to legal compliance through available regulatory action information / Have a written policy	<ul style="list-style-type: none"> - Procedure on legal and other requirements. - Monitoring list of <i>Municipalités régionales de comté</i> (MRC) regulations in the information package sent to forest producers. - Means used to reduce the raw materials sourcing risk from illegal logging: <ul style="list-style-type: none"> o SFI Timber Supply Policy o Forest certification clause in timber purchase contracts indicating the right to refuse any timber that does not comply with the elements described in the procurement policy. o Use of a supplier declaration form. o Realization of a risk analysis. - SFI wood supply policy is standard compliant and displayed. - Interviews conducted with workers indicating that the company responds well to labour laws and regulations.

Objective 5. Forestry Research, Science and Technology

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Element s of conformity</i>
Invest in forestry research, science and technology, upon which sustainable forest management decisions are based and broaden the awareness of climate change impacts on forests, wildlife and biological diversity/ The Program Participant shall — individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners — improve forest health, productivity, sustainable management of forest resources and the environmental benefits and performance of forest products.	<ul style="list-style-type: none"> - Funding granted to Héritage Faune. - Funding of triad project in Mauricie. - No research on transgenic trees. - Ministry provides necessary information on public forest. The MFFP holds the majority of the applicable information for this requirement.



Objective 6. Training and Education

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Element s of conformity</i>
Provide appropriate training of personnel and contractors working in the Program so they can individually and/or with SFI Implementation Committees foster improvement in the professionalism of wood producers	<ul style="list-style-type: none"> - Roles and responsibilities are presented in the organization's procedure manual. - Organizational chart presenting staff in key position is presented in the multisite manual. - Well-trained public forest contractors. - Accredited private forest contractor system and support for the use of accredited contractors. - Participation in the SFI Québec Committee - Respect of training requirements - Mandatory Induction includes the elements mentioned in this requirement. - Training offered on the website of the certification committee for workers Voluntary Accreditation Program for Enterprises developed by the Private Forest Union. - Register of training participants available

Objective 7. Community Involvement and Landowner Outreach

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Element s of conformity</i>
Participate in land use planning and management activities for public land with the proper government entities and the public Maintain appropriate relations with stakeholders on matters relating to forest management	<ul style="list-style-type: none"> - Financial participation in the SFI Standards Implementation Committee. - Presentation to public forest suppliers and private owners. - Support regional forest associations. - Brochure and presentation for forest owners and wood producer unions - SFI Quebec committee procedures in order to respond to comments or complaints received. The link on the website presents the process and the form. - Annual report sent to SFI by the SFI Québec Committee. There was only one complaint in the year audited, but did not affect Rémabec's certificates.

Objective 8. Public Land Management Responsibilities

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Element s of conformity</i>
Program Participants with forest management responsibilities on public lands shall participate in the development of public land planning and management processes	<ul style="list-style-type: none"> - Close collaboration of the MFFP in the forest management of public forests. - Participation in the TGIRTs - Communication records of interested parties and documentation demonstrating the internal process to respond to comments received.

Objective 9. Communications and Public Reporting

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Element s of conformity</i>
Annually report progress to SFI Inc. on conformance with the SFI 2015–2019 Forest Management Standard	<ul style="list-style-type: none"> - The 2016 public summary report is the first report that includes the wood sourcing standard.

Objective 10. Management Review and Continuous Improvement

<i>Topics with indicators in the standard</i>	<i>Evidence provided by the applicant / Elements of conformity</i>
- Have a system to review commitments/ Perform an annual management review	- Management review conducted with the leaders in charge of supply and the factories' managers.
- Have a system for collecting, reviewing and reporting information to management regarding progress achieved	- Presentation on the commitments and policies related to the SFI certification of supply and chain of custody was carried out. - Review of last year's external audit and results of internal audits - Comments and proposals for modifications were discussed.

BEST PRACTICES OBSERVED FIBRE SOURCING (CHAPTER 3)

- Programs and standards integration of multisite.
- Well-structured multisite procedures.
- Involvement and staff training (office and field) documented in the certification files.
- Evidence manuals for SFI forest management and fibre sourcing standards.
- Documentation in support of the SFI objectives (files by objective).
- Well-documented management review.

OBSERVATIONS NOTED FIBRE SOURCING (CHAPTER 3)

- A field audit of at least 10% of timber suppliers (annual target depending on the suppliers used) is planned. However, there is no tool available to track the progress made during the season towards reaching this target.
- The manager responsible for suppliers' follow-up for the Mauricie region is not responsible for the follow-up for some of the private suppliers associated with the Arbec Forest Products Inc. plant. This does not ensure the application of the same processes for all plants as described in the procedures.

MINOR OR MAJOR CORRECTIVE ACTION REQUESTS (CARS)

CAR-MIN-01: Fibre sourcing (chapter 3) Objective 10 – Indicator 3

The target for objective 2 (adherence to best management practices), which refers to field visits of 10% of suppliers verification of the implementation of best management practices, was modified during the evaluation of performance review. The new target accepted by management is that only 10% of the largest suppliers will be visited in the field.

Indeed, the applicant has verified a dozen of the largest private producers to ensure compliance with good practices. According to the visit forms completed by the Lac-Saint-Jean Supply Coordinator, the field visits did not reveal problems for the owner suppliers. The results of field evaluations were recorded on the verification forms. The Saguenay / Lac-Saint-Jean private producers union is also verifying about 25% of cuts that exceed 4 ha. However, this sampling (by the applicant and the union) is not representative of the supply area since inputs were also received from private lots where the cuts were less than 4 ha as well as intra-municipal lots from the MRC Maria Chapdelaine and MRC Lac-Saint-Jean East who were not sampled.

As a result, this change will not fully reflect the achievement of the objective as the sampling is not representative of the different types of suppliers.

CAR-MIN-02: Fibre sourcing (chapter 3) - Objective 2 – Indicator 1

Although supplier declarations were signed, contracts including the new "certification clause" were not signed during the audit, notably with the Union of Private Owners of Saguenay / Lac-Saint-Jean, Coopérative Girardville, MRC Maria-Chapdelaine and others.

CERTIFICATION DECISION (51535-1-03)

The BNQ's SFI Lead Auditor report was produced and submitted to the client on June 28, 2017. Following the closure of non-conformities above mentioned and following the deposit of proofs of correction by the program participant, the result of internal evaluation of BNQ confirmed the decision to certification under the SFI program fibre sourcing on August 23, 2017.