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**Bureau Veritas Certification
North America, Inc.
SFI Fiber Sourcing Audit Report**

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PQC Code	E07A-Manuf.of paper & pulp
Contract Number	US.2186273

Certification Audit:		Re-Certification Audit:	X	Surveillance Audit:		Scope extension audit:	
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Audit Summary
Introduction
<p>Bureau Veritas Certification undertook a renewal audit of Resolute FP US Inc.'s (Resolute's) Sustainable Forest Initiative program. Mr. Brian Callaghan RPF EP(EMSLA) lead the audit with the assistance of Mr. Rick Larkin CWB and Mr. Steve Tomlin. Mr. Callaghan is a professional forester with more than 30 years' experience in forest management, operations, and planning. Mr. Larkin is a certified wildlife biologist working for American Forest Management who has extensive experience in environmental assessment, habitat management and forest operations. Mr. Tomlin has more than 40 years experience working as a forester, land manager and certification specialist with a large paper company.</p>
Audit Scope, Objectives and Process
<p>This audit was conducted to the 2015 – 2019 SFI Fiber Sourcing Standard. The scope is “<i>Fiber Sourcing for the Calhoun, Tennessee Operations and Fiber Sourcing for the Catawba, South Carolina; Grenada, Mississippi; Coosa Pines, Alabama and Augusta, Georgia, Resolute FP Augusta LLC Operations</i>”. All SFI Objectives were assessed with the exception of objectives 8, 11, 12, and 13 which were not applicable to this certificate as they apply to public land management and those acquiring foreign fiber. There were no substitutions or modification of indicators.</p> <p>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 verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground.</p> <p>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.</p>
Audit Plan

An audit plan was prepared which scheduled the variety of activities being undertaken during the audit. Document review and headquarters responsibilities were audited by the lead auditor with field inspections occurring after document review. A copy of the full audit plan is on file with Bureau Veritas Certification.

Company Information

Resolute FP US Inc. is a pulp and paper company with six mills in the United States. The company makes a variety of grades of paper and market pulp. The Company owns 52,000 acres of forest land in Tennessee which is tied to the Calhoun mill. The Company procures wood from open market sources at all mills.

Multi-Site Requirements

Resolute FP US Inc. operates an environmental management system which defines the procedures and processes for the company. Each site operates under the same management system and is duly responsible to headquarters for implementing it locally. During the audit the Calhoun, Catawba and Coosa Pines sites were assessed. Calhoun Tennessee has been designated as headquarters. All sites operate a similar wood procurement program, with the exception of Augusta Georgia where the International Paper Company procures fiber under their certificate for the neighboring Resolute mill. Resolute is a managing partner in Ponderay Newsprint in Usk Washington, this mill was recertified to the 2015 SFI standard in December 2015, once this recertification is complete, it will be added to the Resolute certificate.

Sites	Sites Audited During this Event
HQ : Calhoun, Tennessee	✓
Augusta, Georgia	
Catawba, South Carolina	✓
Coosa Pines, Alabama	✓
Grenada, Mississippi	

Audit Results

The audit was successfully undertaken at three sites (Calhoun, Catawba, and Coosa Pines). Positive results were found at all locations. Resolute staff were found to be open and helpful at all locations. Records were well organized and easily available. Auditors examined 17 sites where BMP inspections had occurred. Fourteen of the sites were pine clearcuts, while three were pine thinnings. Generally, speaking the logging has been done well on all sites and utilization was good. On a couple of tracts landowners had refused to allow BMP work to be done and the sites reflected that, with erosion being evident on roads which had not been properly retired.

Objective 1-Biodiversity in Fiber Sourcing:

Biological diversity (biodiversity) is promoted to Resolute fiber suppliers via the annual supplier newsletter. Biodiversity is also promoted in landowner outreach materials and in landowner outreach materials posted on Resolute’s corporate website. Individual operations are involved in local and regional conservation efforts. Information on biodiversity from credible sources is utilized in wood producer training programs. Forests with Exceptional Conservation Value are addressed in preharvest

planning undertaken by either Resolute staff, or the landowner.

Objective 2-Adherence to Best Management Practices:

All procurement staff hold a current certificate for the logger training program for the primary state in which they work. The vast majority of wood delivered to Resolute mills is produced by trained loggers. Mills will accept wood from untrained loggers that are in the process of receiving training. Logger training status is verified by checking the online databases. The Fiber Purchase Plan agreement, which all suppliers must sign, contains a requirement that all wood shall be produced according to state BMPs.

Resolute requires that suppliers implement forestry Best Management Practices (BMPs) during all forest management activities. This is implemented through contractual requirements and random BMP inspections. Resolute compiles their BMP inspections and analyses them for trends and issues. The Company has an inventory plan that takes into account wet weather periods, additionally contractors have undertaken SFI logger training where BMP implementation and wet weather shutdowns are taught.

Objective 3-Use of Qualified Resource and Qualified Logging Professionals:

Resolute actively supports and participates in SFI State Implementation Committees (SICs) , and ensures that SIC landowner informational materials includes promotion of the use of qualified forestry and logging professionals. Lists of qualified logging contractors are available at each mill.

Objective 4-Legal and Regulatory Compliance:

Resolute's environmental management system links to the appropriate websites that provide access to relevant laws and regulations in each of the states the company operates in. They also provide their staff access to subscription services by which relevant laws and regulations can be accessed.

Policies and procedures for legal compliance are set forth in the Resolute Code of Business Conduct, which includes a Protecting the Environment section. An Ethics Reporting Policy complements the Code of Business Conduct. Additionally, each mill site with which Resolute operations are associated has employee handbooks and written policies relevant for that specific site. The Code of Business conduct presents the Company's approach to meeting or exceeding all regulatory requirements.

Objective 5-Forestry Research, Science and Technology:

Resolute is very active with National Council for Air & Stream Improvement (NCASI) and the Southern Forest Resource Assessment Consortium (SOFAC). The Company provides both monetary support and staff time to each organization. The Company also invests directly in research studies. In 2004 the Company entered into an agreement with the State of Tennessee to collaborate in a project whereby the University of Tennessee at Knoxville surveyed certain Bowater lands in order to identify areas of ecologic, geologic, or historic significance that may warrant conservation.

Objective 6-Training and Education:

Resolute's commitment to the SFI Standard has been conveyed to mill managers, wood procurement managers, and all wood procurement personnel. Resolute's commitment to responsible fiber

sourcing and Sustainable Forest Management (SFM) certification is available on the company website. A statement of the Corporate Wood and Fiber Procurement Policy is also available on the website. Wood and Wood Fiber Procurement personnel receive initial SFI and EMS training and updates as required. Records of training or updates are kept at the region office.

Objective 7-Community Involvement and Landowner Outreach:

Through the SICs Resolute participates in the development and distribution of landowner information, supports SICs, state forestry associations, and national industry groups through memberships and involvement. The Company supports the American Tree Farm System (ATFS). These organizations provide information to private landowners about market-based incentive programs and other programs that address this indicator.

Resolute supports public education efforts of SICs, state forestry associations, and national industry groups through memberships and involvement. Resolute personnel are encouraged to seek opportunities to educate the public about forestry and forest management in general and about Resolute forestlands operations. Examples of such opportunities include conducting presentations or field tours for schools, civic clubs, governmental organizations, customers, or other groups.

Objective 8-Public Land Management Responsibilities: Not Applicable

Objective 9-Communications and Public Reporting:

Resolute ensures that its certification body prepares summary audit reports as required and described for this indicator in the SFI Standard. Resolute ensures that such reports are provided to SFI Inc. on a timely basis. It is understood that SFI Inc. will post such reports to its website for public review.

Objective 10-Management Review:

The SFI Steering Committee is the management body responsible for the overall management and implementation of the EMS. The Steering Committee consists of the US Wood Products General Manager, who will serve as chairman, the Operations Procurement Manager for each of the wood procurement operations, and the Forest Analyst. The Forest Analyst is the primary liaison with the certification body. The committee annually reviews the certification program and its operation at each of the mills.

Objective 11-Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Conservation Wilderness Areas: Not Applicable

Objective 12-Avoidance of Controversial Sources including Illegal Logging: Not Applicable

Objective 13-Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws: Not Applicable

Findings

Previous non-conformances: None Issued

Non-conformances: None Issued

Opportunities for Improvement:

1. PM 2.1 – The standard reads” *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*” – whereas SFI Principle 3 requires “*protect[ion] water bodies and riparian areas and to conform with forestry best management practices to protect water quality.*”

Based on a sampling of BMP audits, it appears that BMP violations that were or were likely to create a water quality violations were rare or non-existent. Unfortunately, interviews revealed that foresters were uncertain of the exact meaning of the statement “*that were or were likely to create a water quality violation*”.

Notable Practices: None Awarded

Logo/label use:

Resolute FP US does not use either of the SFI or the Bureau Veritas trademarks on products or promotionally.

SFI reporting:

The audit report prepared by BVC was found on the SFI website and met all of the content requirements.

Conclusions

A closing meeting was held on March 17, 2016 by conference call, which included audit participants from the three sites audited. The meeting included a review of audit activities, discussion of the results, presentation of audit findings, and a discussion of next steps. Based upon the positive results of this audit the SFI Fiber sourcing certificate should be renewed immediately to the new SFI 2015-2019 standard.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: March 14				To: March 17 2016			
Number of SF02's Raised:			Major:		0		Minor:		0
Is a follow up visit required:		Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Date(s) of follow up visit:			
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:	
Proceed to/Continue Certification		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	03/17/16
All NCR's Closed		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:	
Standard audit conducted against:									
1)	SFI 2015 Fiber Sourcing		3)						
2)			4)						
Team Leader (1):			Team Members (2,3,4...)						
Brian Callaghan RPF			2) Rick Larkin CWB						
			3) Steve Tomlin						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
<i>"Fiber Sourcing for the Calhoun, Tennessee Operations and Fiber Sourcing for the Catawba, South Carolina; Grenada, Mississippi; Coosa Pines, Alabama and Augusta, Georgia, Resolute FP Augusta LLC Operations"</i>									
Accreditation's		ANAB							
Number of Certificates		3							
Proposed Date for Next Audit Event									
Date	March 15-17 2017								
Audit Report Distribution									
Kevin Gallagher - kevin.gallagher@resolutefp.com									
Dawn Komnick – Dawn.Komnick@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	Participants: Kevin Gallagher, Steve Owen, Ed Eldredge, Discussions: <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	Participants: Kevin Gallagher, Steve Owen, Discussions: <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 – 1 ofi ➤ Nonconformances - 0 ➤ Date for next audit. ➤ Reporting protocol and timing