



**Bureau Veritas Certification
North America, Inc.
SFI Forest Management 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

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) undertook the audit. Mr. Callaghan is a professional forester and certified environmental auditor with more than 30 years' experience in forest management, operations, and planning.

Audit Scope, Objectives and Process

This audit was conducted to the 2015 – 2019 SFI Forest Management Standard. The scope is land management on 52,000 acres at Calhoun. These are forestlands are either owned in fee simple (11,463 acres) or held under long-term leases (40,456 acres). All SFI Objectives were assessed with the exception of objective 13 (Public Land Management Responsibilities) which is not applicable to this certificate. There were no substitutions or modification of indicators.

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.

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.

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/leases 52,000 acres of

forest land in Tennessee which is tied to the Calhoun mill. These lands are primarily pine plantations which are being grown for pulp. Between November 2001 and March 2007 Resolute (formerly Bowater) conveyed 24,000 acres of natural areas to the State of Tennessee. Native forest cover types and old growth characteristics developed, or were developing, in many of these areas under Bowater ownership.

Audit Results

The audit included a complete review of Resolute's forest management program. Five field sites were inspected during the audit including a site harvested in 2013 and replanted in 2015, an active planting operation, two active harvesting jobs, and a 2015 salvage harvest from a recent wind event.

Objective 1-Forest Management Planning:

A review of harvest levels indicates that the Calhoun forest lands are being managed to provide a long-term sustainable harvest. The long term wood supply analysis for the Resolute lands presents an allowable harvest for the next 30 years. A comparison of the past 5 year's harvest shows that harvest have been 80% of the allowable harvest. Stands selected for harvest are inventoried prior to harvest, stand yields are generated from internal growth and yield models. Resolute documents forest management practices through pre-harvest plans, harvest inspection reports, regeneration plans and inspections.

Objective 2-Forest Health and Productivity:

It is Resolute's goal to regenerate all harvested sites within two years of harvest. Both of the regeneration sites visited met this goal. Pine stands are regenerated to pine, while hardwood stands are naturally regenerated to hardwood. Resolute manages to maintain a healthy, vigorous forest by minimizing competition and by planting genetically improved trees. The Company uses a variety of BMPs including: no spray buffers, controlling public access, and minimal-drift spray valves as part of its operations. Three of the sites visited had been sprayed as part of site preparation prior to planting. There were no signs of off-site application.

Objective 3-Protection and Maintenance of Water Resources:

Resolute implements Best Management Practices (BMPs) during all forest management activities. All sites visited during the audit were in compliance with state BMP requirements. Seasonal logging restrictions are documented on the pre-harvest plan. Harvest activities are monitored and if a site becomes too wet, the operation is shut down.

Objective 4-Conservation of Biological Diversity:

During pre-harvest planning, Resolute checks the local natural heritage database to determine which RTE/FECV species and communities occur in the county where activity is proposed. Resolute then determines if suitable habitat for the species occurs on the site. If suitable habitat is present, instructions to protect potential habitat are described in the preharvest plan and regeneration plan. Resolute personnel also look for rare species while setting up and monitoring the harvest. The field audit also confirmed that preharvest plans that contained habitat protection prescriptions were effectively implemented. In addition, any RTE/FECV species or suitable habitat identified at the pre-harvest planning phase is incorporated into the GIS. Approximately 1/3 of the land base is managed extensively (with many areas not harvested at all) and thus old growth attributes have or are developing in these areas. In addition, SMZ's have minimal harvest and should develop old-growth

characteristics. These areas are mapped in the GIS

Objective 5-Management of Visual Quality and Recreational Benefits:

Aesthetic considerations are considered during planning to mitigate visual concerns. In preparing Preharvest Plans staff rate each scheduled harvest area on a visual sensitivity level as per the Forestry Aesthetics Guide, published by the AF&PA and American Pulpwood Association (APA). The measures taken to protect visual quality are based on the rating given to the harvest area and suggestions in the Forestry Aesthetics Guide.

Average Clearcut Size is limited to 120 acres or less for a given calendar year, except when necessary to respond to forest health emergencies or other natural catastrophes. Resolute policy is that individual clearcuts will not exceed 180 acres. Harvest sites examined during the audit ranged from 40 acres to 100 acres. In one instance the stand separating two earlier cutovers was harvested creating a contiguous area in excess of 180 acres, this was done as a salvage operation after a severe wind event in order not to jeopardize forest health.

Objective 6-Protection of Special Sites:

Resolute's special sites program examines all areas for Forest of Exceptional Conservation Values. All sites are examined for special sites during the pre-harvest planning process. Much of the Company's unique sites were transferred to state ownership and protection in 2007.

Objective 7-Efficient Use of Fiber Resources:

Resolute effectively monitors utilization during harvest inspections. All sites visited during the audit showed good utilization of harvested timber.

Objective 8: Recognize and Respect Indigenous People's Rights:

Resolute works hard developing constructive relationships with our First Nations neighbors, with whom they share a common interest in ensuring that our forests continue to provide for future generations. They regularly and systematically engage with chiefs, band councils and elders in the communities located in or near our operations to ensure that the company takes local environmental, social and economic issues into consideration as it goes about its business.

Resolute has a wood sourcing policy which defines their commitment to Indigenous Peoples.

The Resolute lands do not have a continuing history or tradition of use by local Indigenous Peoples. There are no known local Indigenous Peoples groups that utilize, frequent, or have concerns regarding these lands. If any cultural heritage sites are identified appropriate protection measure will be taken.

Objective 9-Legal and Regulatory Compliance:

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. Employee handbooks for Calhoun, Catawba, Coosa, and Grenada are available on the Resolute corporate HR intranet site: Resolute *Employee Handbooks*. The *Code of Business Conduct* presents the Company's

approach to meeting or exceeding all regulatory requirements.

Objective 10-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 11-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 12-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 13: Public Land Management Responsibilities: N/A

Objective 14-Communications and Public Reporting:

The audit report prepared by BVC was found on the SFI website and met all of the content requirements. Resolute provided their annual SFI report before the deadline of March 31, 2015.

Objective 15-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.

Findings

Previous non-conformances: None Issued

Non-conformances: None Issued

Opportunities for Improvement: None Issued

Notable Practices: None Issued

Logo/label use:

Resolute FP has not used the SFI trademark or label in the past year. The company does not use the Bureau Veritas trademark.

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 18th 2016 at Resolute Forestry office in Calhoun Tennessee. Audit activities, results, and next steps were discussed.

Based upon the excellent results of the audit the lead auditor recommends immediate recertification to the SFI 2015-2019 Forest Management Standard.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:					
Audit Date(s):	From: March 15 2016			To: March 17 2017	
Number of SF02's Raised:	Major:		0	Minor:	0
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		No		N/A	X	Date:	
Proceed to/Continue Certification	Yes	X	No		N/A		Date:	03/17/17
All NCR's Closed	Yes		No		N/A	X	Date:	
Standard audit conducted against:								
1)	SFI 2015 Forest Management		3)					
2)			4)					
Team Leader (1):			Team Members (2,3,4...)					
Brian Callaghan			2)					
			3)					
			4)					
			5)					
Scope of Supply: (scope statement must be verified and appear in the space below)								
<i>Forest Land Management</i>								
Accreditation's	ANAB							
Number of Certificates	2							
Proposed Date for Next Audit Event								
Date	March 17 2017							
Audit Report Distribution								
Kevin Gallagher <kevin.gallagher@resolutefp.com>								
Dawn Komnick								

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 ➤ Nonconformances - 0 ➤ Date for next audit. ➤ Reporting protocol and timing