

Forest Certification UPDATE



FUTUREWOOD CORP, JOHNSON TIMBER CORP, FLAMBEAU RIVER PAPERS, FLAMBEAU RIVER BIOFUELS

Futurewood Corp, Johnson Timber Corp, Flambeau River Biofuels LLC, and Flambeau River Papers LLC have been formed to make up different divisions of the company that are covered in the certification scope. A description of each company is as follows:

Futurewood Corp is a forest land management and wood procurement company with headquarters in Hayward Wisconsin. The company procures wood from Wisconsin, Minnesota, Michigan, and Ontario. The company currently manages approximately 8,432 acres in Wisconsin. Futurewood Corp does not source wood from outside of North America and does not have public land management responsibilities.

Johnson Timber Corp is the manufacturing division of the company with pulpwood debarking and chipping facilities located in Hayward, Ashland, and Park Falls Wisconsin. This division also operates an industrial pellet plant located in Park Falls Wisconsin which has replaced the use of coal at the Biofuels facility.

Flambeau River Papers LLC is the company's paper mill located in Park Falls Wisconsin. The facility produces 150,000+ tons per year of uncoated free sheet paper.

Flambeau River Biofuels LLC provides steam and electricity to Flambeau River Papers LLC by utilizing biomass from surrounding forestland, and pellets provided by Johnson Timber Corp.

BACKGROUND

During the period of 21-23 October, 2015, Futurewood Corp. underwent a surveillance audit to the Sustainable Forestry Initiative (SFI®) Standard 2010-2014. The registration cycle is over 5 years with surveillance audits conducted annually. This report summarizes the audit process and results of the SAI Global re-registration audit.

SCOPE OF CERTIFICATION

Forest management activities- planning, harvesting, transportation and silviculture on Beaugard and Summit Lake privately owned land in Douglas and Sawyer Counties, Wisconsin and procurement of fiber from States of Wisconsin, Minnesota and Michigan – Objectives 1-20

EXECUTIVE SUMMARY

The SFI Program third-party surveillance was undertaken by SAI Global. SAI Global is an independent third party registrar that is accredited by the ANSI-ASQ National Accreditation Board (ANAB) for registrations to SFIS 2010-2014. This ensures the integrity and credibility of the audit process.

The audit assessed active and completed harvest operations through interviews with Futurewood staff and contractors. The audit also assessed the SFIS and supporting EMS documentation, records at the Futurewood office. The audit used site visits and interviews with contractors logging private timber sales to assess the Futurewood procurement system.

Observations were provided concerning new and updated requirements of the SFI 2015-19 standard within the planned scope of the audit. Plans for full implementation to the new standard by 31 Dec 2015 were verified.

THE AUDITORS

The SAI Global audit team who performed the audit consisted of Daniel Simonds and Cindy Hutchison. The auditors are Professional Foresters and certified lead auditors.

KEY AREAS OF NON-CONFORMANCE

No areas of non-conformance were identified

KEY OPPORTUNITIES FOR IMPROVEMENT

- (10.2.1): Consider clarifying the interpretation and practical implementation of BMP guidance related to riparian zone protection adjacent to non-forested wetlands in Minnesota.
- (14.1.2): Consider reviewing Wisconsin regulations for use of portable diesel tanks.
- (2.4.3) Consider adding a Fire Preparedness check (that includes landowner requirements where applicable) to the Futurewood Pre-Sale Checklist & BMP Monitoring.

POSITIVE ASPECTS

- The organization's active programs for outreach and community engagement; in relation to the scope of their business.
- Actions taken to avoid crossing of a fish stream by negotiating alternate access to a harvest site.

EVIDENCE OF CONFORMITY

Evidence that was assessed to determine Futurewood Corp. conformity with the SFIS 2010-2014 standard appears below:

SFIS 2010-2014

Periodic Assessments

Major non-conformances: 0
Minor non-conformances: 0
Opportunities
for Improvement: 3
Positive Aspects: 2

Major Non-Conformances

Pervasive or critical to the achievement of the SFI objectives.

All major non-conformances require an action plan to be implemented by the auditee within 90 days of an initial audit and subsequently 60 days or registration cannot be achieved/maintained

Minor Non-Conformances

Isolated incidents that are non-critical but must be addressed before the next surveillance audit to maintain compliance to the SFI standard.

Opportunity for Improvement

Are not non-conformances but are comments on specific areas where improvements can be made.

Positive Aspects

Areas that are deemed to be of best practices

SFI-01 Forest Management Planning

Forest Stewardship Plans, Timber Supply Analysis, Interviews and Field inspections noted below.

SFI-02 Forest Productivity

Interviews and Field inspections noted above.

SFI-03 Protection and Maintenance of Water Resources

Standard Operating Procedures, GIS, Site Plans, Harvest pre-work and inspection records, Internal audit records, Training records, Logging agreements, Interviews and Field inspections of the following sites: Red Rock Road, Summit Lake Game Farm, FWC SL-33-38-8, Burnett Cty tract #8-14, Aikin Cty permit #13553, MN DNR permit #X013920, Douglas Cty sale #4217.

SFI-04 Conservation of Biological Diversity

Not audited.

SFI-05 Management of Visual Quality and Recreational Benefits

Interviews and Field inspections noted above.

SFI-06 Protection of Special Sites

Interviews and Field inspections noted above.

SFI-07 Efficient Use of Forest Resources

Interviews and Field inspections noted above.

SFI-08 Landowner Outreach

Interviews and Field inspections noted above.

SFI-09 Use of Qualified Resource and Logging Professionals

Sustainable Forestry Initiative Implementation Committee, SIC brochure. Interviews.

SFI-10 Adherence to Best Management Practices

Interviews & Field Inspections noted above.

SFI-11 Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas

The organization does not source fiber from outside North America.

SFI-12 Avoidance of Controversial Sources including Illegal Logging

The organization does not source fiber from outside North America.

SFI-13 Avoidance of Controversial Sources including Sources without Effective Social Laws

The organization does not source fiber from outside North America.

SFI-14 Legal and Regulatory Compliance

Laws, Legislation, regulations, Management review meeting minutes, Inspection records, Internal audit records. Interviews & Field Inspections noted above.

SFI-15 Forestry Research & Technology

Not audited.

SFI-16 Training and Education

Sustainable Forest Management & Environmental Policies, Health and Safety Policy, Training records, staff and contractor training, meeting minutes, Interviews.

SFI-17 Community Involvement in the Practice of Sustainable Forestry

SIC meeting minutes, Futurewood records of financial support to WI SFI State Implementation Committee.

SFI-18 Public Land Management Responsibilities

Not applicable.

SFI-19 Communications and Public Reporting

Files/records, meeting minutes, SFI website, Interviews.

SFI-20 Management Review and Continual Improvement

Management review meeting minutes and associated input/output records, Internal audit records, Field inspection records, Corrective Action Plans, Field Inspections, Interviews.



SAI Global forestry specialist group registers/certifies forest companies to ISO 14001, OHSAS 18001, CSA Z809 and CSA Z804 SFM, SFIS, SFI CoC, PEFC CoC. QMI-SAI Global registers/certifies forest companies to FSC FM and CoC The group, led by Sylvain Frappier, Technical Manager - Forestry, consists of a highly qualified team of professional foresters, technical and industry experts. Contact certification.americas@saiglobal.com for more information.

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