

Forest Certification UPDATE



Fornebu Lumber Company Inc.

Fornebu Lumber Company, is a lumber products and forest management operation. The company owns 16 000 hectares of productive forest land in New Brunswick, Canada and helps manage 900 000 hectares of forest land of behalf of the Crown. The annual harvest exceeds 1 000 000 m³. Each year approximately 7 000 000 trees are planted and 5 000 hectares of trees are thinned. The sawmill division owns and operates a specialized framing lumber sawmill in Bathurst, New Brunswick. At full capacity the sawmill consumes 400 000 m³ of wood, and produces 100 mmbf, or roughly 30 000 km of framing lumber annually. 75% of the lumber is exported to the US, with the majority of the production being utilized in the housing market.



BACKGROUND

During the period of October 21st to 24th, 2014, Fornebu Lumber Company Inc. underwent a 24 months surveillance audit (S2) to the Sustainable Forestry Initiative (SFI®) Standard 2010-2014. The registration cycle is over 3 years with surveillance audits conducted annually. This report summarizes the audit process and results of the QMI- SAI Global 24 month's surveillance audit.

SCOPE OF CERTIFICATION

The Sustainable Forestry Initiative System as it applies to New Brunswick Crown Land (License 3) and freehold managed by Fornebu Lumber Company Inc., and to the procurement of fiber from independent sources.

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 Fornebu Lumber Company Inc. staff and contractors. The audit also assessed the SFIS and supporting EMS documentation and records at the Fornebu Lumber Company Inc. office. The audit used site visits and interviews with contractors logging private woodlots to assess the Fornebu Lumber Company Inc. procurement system.



THE AUDITORS

The QMI audit was performed by Pierre Levac ing.f. M. Sc., Lead auditor. The auditor is a Professional Foresters and a certified auditor.

KEY AREAS OF NON-CONFORMANCE

All of the applicable requirements of the SFIS 2010-2014 program as indicated in the audit plan were audited and considered to be adequately implemented with the exception of the minor non-conformances identified below.

Non-Conformances (NCs):

NC No.	Clause No.	Clause Description	Response Due Date:
2014-01	PM 14.1.2	Program Participants shall take appropriate steps to comply with applicable federal, provincial, state and local forestry and related social and environmental laws and regulations	10/24/2015

KEY OPPORTUNITIES FOR IMPROVEMENT

- PM No 14.1.3: Consider reviewing the SOP relating to trucking.
- PM No 14.1.1: Consider verifying the adequacy of the documentation available for the operators.

CORRECTIVE ACTION PLANS

Fornebu Lumber Company Inc. have developed corrective action plans to address the root causes of the non-conformity identified during the audit. The root cause analysis and proposed corrective actions have been reviewed and accepted by SAI Global to ensure that they are appropriate and fully address the identified deficiencies. At the next annual Re-Registration audit a follow up on the implemented corrective actions will be done to confirm that the corrective actions were appropriate and effective in ensuring the non-conforming situation has not reoccurred.

POSITIVE ASPECTS

- The overall observations on field visits
- The commitment at all levels (Company staff and supervisors, contractors and their employees) to support the maintenance to the SFI program
- The significant improvement with the private woodlot Marketing Boards
- The commitment to forest management

**SFIS 2010-2014
Periodic Assessments**

Major non-conformances: 0
 Minor non-conformances: 1
 Opportunities for Improvement: 2
 Positive Aspects: 4

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

EVIDENCE OF CONFORMITY

Evidence that was assessed to determine Fornebu Lumber Company Inc. conformity with the SFIS 2010-2014 standard appears below:

SFI-01 Forest Management Planning

For the license No 3 on crownland, the updated Forest management plan (FMP) for the period 2013-2018 was approved by the NB DNR and is at the final stage of documentation. For the freehold, the same process will be happening in the short term. For the last period, the harvesting levels were in compliance with the AAC. The FMP, integrate adequately a series of protection and conservation measures as required by the NB DNR.

SFI-02 Forest Productivity

Not audited during the 24 month's surveillance audit

SFI-03 Protection and Maintenance of Water Resources

The organization has developed (based on crownland requirements) and implemented a series of SOP (applicable to crownland or freehold) that relate to the protection and the maintenance of the water resources. The monitoring process of the organization, the NB DNR and the field (temporary bridge crossing and 6 harvest blocks) audit has witness a continuous compliance to the requirements.

SFI-04 Conservation of Biological Diversity

Not audited during the 24 month's surveillance audit.

SFI-05 Management of Visual Quality and Recreational Benefits

Not audited during the 24 month's surveillance audit.

SFI-06 Protection of Special Sites

For the protection / conservation of various special sites, a process of identification / improvement / localization from various sources is in place under the direction of the NB DNR. All information is managed / exchanged thru GIS layers and integrated to the FMP. All these information's are integrated for the preparation of the various annual harvest blocks.

SFI-07 Efficient Use of Forest Resources

In order to ensure the efficient use of the forest resource's, there are 8 monitoring process at different stage of activities. The monitoring process was audited for 2013-2014 and 2014-2015 activities. A review of the NB DNR legal compliance audit reports for 2013-2014 and 2014-2015 was performed. The conclusion of the

two monitoring process are consistent and demonstrate a very high level of efficiency.

SFI-08 Land Outreach

For Fornebu, the land outreach relates to the wood procurement from private woodlot owners thru the related marketing boards in compliance with the provincial legislation. With the collaboration of the other members of the Maritime SIC, a manual of good practices integrating the SFI guidance was prepared and distributed. Every spring, the representatives of the related Marketing boards, their members and the significant contractors are invited to a training / refreshing sessions, where a review of the good practices is perform and the conclusion of the monitoring conclusions are analyze.

SFI-09 Use of Qualified Resource and Logging Professionals

For the wood harvested on crownland, all the contractors and their employees are trained every spring. Training database is maintained by Fornebu. For the wood purchase thru the marketing boards, a database of each source has been developed in order to maximize the use of qualified resources with the collaboration of the marketing board. The organization with the other members of the Maritime SIC, strongly encourage the use of qualified resources thru letters and contracts with the marketing boards. At this time, there is improvement in the use of qualified resources for the wood issue from private woodlot owners.

SFI-10 Adherence to Best Management Practices

For the wood harvested on crownland, there are 8 monitoring process at different stage of planning / harvesting activities. The monitoring process was audited for 2013-2014 and 2014-2015 activities. A review of the NB DNR legal compliance audit reports for 2013-2014 and 2014-2015 was performed. The conclusion of the two monitoring process are consistent and demonstrate a very high level of efficiency and adherence to the crownland requirements. For the wood purchase thru the related marketing boards, policies are communicated and requirements are integrated in the purchase agreements. A sampling process is in place to monitor the adherence to the BMP for the wood purchase thru the marketing boards. The results conclude a high level of adherence to the BMP.

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

Fornebu Lumber Company Inc. does not source fiber from outside North America.

SFI-12 Avoidance of Controversial Sources including Illegal Logging

Fornebu Lumber Company Inc. does not source fiber from outside North America.

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

Fornebu Lumber Company Inc. does not source fiber from outside North America.

SFI-14 Legal and Regulatory Compliance

Fornebu has a contract with a service provider in order to maintain up-to-date the list of legal compliance to the Federal and Provincial laws and regulation applicable. On a regular basis, a legal compliance audit is performed by Fornebu and twice a year the NB DNR performs a compliance audit. During the present audit a minor non-conformance was detected related to the management of diesel tanks in relation with the TDG regulations.

SFI-15 Forestry Research & Technology

Not audited during the 24 month's surveillance audit.

SFI-16 Training and Education

Not audited during the 24 month's surveillance audit.

SFI-17 Community Involvement in the Practice of Sustainable Forestry

Fornebu is an active member of the Maritime SIC. In the past years, they were part of the members who has actively developed a guidance document, in compliance with the SFIS 2010-2014, to be distributed to the members of the various marketing boards and their members. Also, by various activities on a local and regional basis, they are active collaborators and / or participants in the promotion of sustainable forest management activities.

SFI-18 Public Land Management Responsibilities

The new FMP 2013-2018, that is in the final stage of preparation, underwent a public consultation process as required by the NB DNR legislation. This consultation process includes also the native communities. For the freehold, the same process will be applied, as required by the NB DNR legislation.

SFI-19 Communications and Public Reporting

The Fornebu "2013 Public summary report" was sent to SFI and is available on their website. In a timely manner, Fornebu has responded to the requirements of SFI Inc. on their conformance with the SFI 2010-2014 Standard for 2013.

SFI-20 Management Review and Continual Improvement

Fornebu has performed an internal audit for the activities of 2013-2014 season with the same requirements as ISO 14001:2004. From the conclusions of the internal audit, they have performed a management review meeting with the same requirements as before, but applicable for the SFI 2010-2014 requirements.



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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