

Forest Certification UPDATE



RESOLUTE FOREST PRODUCTS INC.

Resolute Forest Products Canada forestry operations in Northwestern Ontario are managed under one SFI certificate. The scope includes the Black Spruce, Caribou, Crossroute, Dog River-Matawin, and English River Sustainable Forest Licences for which the company is directly responsible and accountable. Also included are Overlapping licensee operations on each of these SFL's. The SFI system is directed from the Thunder Bay office. The wood procurement program includes fibre procurement for Thunder Bay, Atikokan and Ignace mill complexes.

BACKGROUND

During the period of October 27 – 31, 2014 Resolute Forest Products underwent a surveillance audit 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 SAI Global surveillance audit.

SCOPE OF CERTIFICATION

Forest Management activities of planning, harvesting, transportation and silviculture conducted on the Black Spruce, Caribou, Crossroute, Dog River - Matawin, and English River Sustainable Forest Licenses as well as any additional private land upon which the company conducts forest management. - Objectives 1-20.

EXECUTIVE SUMMARY

The SFI Program third-party surveillance audit 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 Resolute FP staff and contractors. The audit also assessed the SFIS and supporting EMS documentation and records at the Resolute FP office. The audit used site visits and interviews with contractors logging private timber sales around Thunder Bay to assess the Resolute FP procurement system.



Foreground - chipper debris piled for use as biofuel
Background – wildlife tree retention following harvest



**SUSTAINABLE
FORESTRY
INITIATIVE**

SFI-01157

Two minor non-conformances, six opportunities for improvement and eight positive aspects were found.

THE AUDITORS

The SAI Global audit team who performed the audit consisted of Martin Litchfield R.P.F, EP(EMSLA) and Rod Seabrook EP(EMSLA), OPFA Assoc. Member.

KEY AREAS OF NON-CONFORMANCE

At WC# 9381 a large area was grubbed within 100 metres of the water crossing in an area that slopes towards the creek – erosion protection measures, as per direction contained in the approved forest management plan and consistent with the Forest Management Guide for Conserving Biodiversity at the Stand and Site Scales, were not evident.

Operators identified a stick nest in a poplar tree in Bk BL 10056 – the supervisor was notified and keyed it out as a crow's nest and left a buffer but did not notify Resolute staff, as required by ABW-WI-0070 Revision: 8.

KEY OPPORTUNITIES FOR IMPROVEMENT

- Objective 2 – Consider whether the CLAAG harvesting in Block BL 10054 was carried out in a manner consistent with the prescription
- Objective 2 Consider alternate harvest scheduling when soft ground harvesting creates soil disturbance (not technically rutting) that is an aesthetic concern
- Objective 2 Consider prioritizing the Crossroute Forest for slash pile burning in 2015
- Objective 7 Consider reviewing merchandizing techniques in the Crossroute Forest when utilizing cut-to-length systems
- Objective 8 – Consider providing information on seedling availability in the landowner information package
- Objective 8 – Consider developing an example sign off sheet that could be used by landowners and suppliers to document the expectations of both parties regarding management objectives and environmental protection associated with private land harvest blocks

CORRECTIVE ACTION PLANS

Resolute FP have developed corrective action plans to address the root causes of the non-conformities identified during the audit. The root cause analysis and proposed corrective actions have been reviewed by SAI Global to ensure that they are appropriate and fully address the identified deficiencies. At the next 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 situations have not reoccurred.

SFIS 2010-2014

Periodic Assessments

Major non-conformances:	0
Minor non-conformances:	2
Opportunities for Improvement:	6
Positive Aspects:	8

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

POSITIVE ASPECTS

- The EMS and SFI systems are well maintained
- The audit process was well-supported by Resolute FP and contractor staff
- A comprehensive management review was conducted
- Road construction practices on Erna Road on the Black Spruce Forest demonstrated excellent trimming, drainage management and attention to minimizing overall environmental impacts
- The adherence to fuel handling legal requirements
- The commitment to QLP training
- The care and attention in water crossings
- The understanding of harvest prescriptions, timing restrictions and access removal requirements

EVIDENCE OF CONFORMITY

Evidence that was assessed to determine Resolute Forest Product's conformity with the SFIS 2010-2014 standard appears below:

SFI-01 Forest Management Planning

Forest management plans prepared for each forest; plans include projections for long term sustainable harvest levels; annual reports of management activities; harvest trends reported in Yr 3 and Yr 7 annual reports; forest resource inventory maintained and updated;

SFI-02 Forest Productivity

Not audited

SFI-03 Protection and Maintenance of Water Resources

Not audited

SFI-04 Conservation of Biological Diversity

Not audited

SFI-05 Management of Visual Quality and Recreational Benefits

Visual quality managed principally through AOC developments during FMP preparation; harvest prescriptions most closely associated with tourism and cottager value protection; Tourism Guide contains recommendations; agreements with Resource Based Tourism Operations may contain more location specific requirements; implementation and compliance is assessed through compliance inspection program

SFI-06 Protection of Special Sites

All operations conducted in accordance with an approved Forest Management Plan including Area of Concern (AOC) prescriptions addressing impacts on forest values; operations sign off map cover values to be protected; values for protection include: lakes, rivers, streams; riparian areas; nests; nest/denning sites of Species At Risk; mining claim posts; fish spawning sites; moose aquatic feeding areas; portages; snowmobile trails; trapper cabins; tourist outpost camps; Aboriginal values; boat

caches; cultural values; high conservation value assessments conducted for each forest

SFI-07 Efficient Use of Forest Resources

Not audited

SFI-08 Land Outreach

Best Management Packages and letters mailed to landowners from each operating area. 2014 information sent included Resolute Fiber Procurement Policy – Wood Products Ontario, Resolute Ontario Forestry Policy, SFI Implementation Committee – Central Canada, Species at Risk Field Cards – Northwestern Ontario Forests & Wood Procurement, Invasive Species Field Card – Northern Ontario Operations, Information page on the definition of a Qualified Logging Professional, FSC Chain of Custody declaration letter & forms, Guide to Best Management Practices

SFI-09 Use of Qualified Resource and Logging Professionals

Information on QLP and QRP available on Central Canada SFI Implementation Committee website <http://www.sficentralcanada.org/QLP---QRP.html>; Resolute maintains a list of Qualified Logging Professionals; QLPs present on sites visited

SFI-10 Adherence to Best Management Practices

Contracts with suppliers encourage suppliers to use services of QLPs or QRPs and contractor will ensure that normally at least one QLP has on site responsibility for each active logging operation – presence of QLPs verified during field audit; contracts with suppliers states “The Seller is required to follow best management practices”; A Guide to Best Management Practices for Forest Operations in Northern Ontario and Manitoba Version 3.0 provides guidance on avoiding site damage during adverse weather conditions

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

Resolute does not source fiber from outside North America.

SFI-12 Avoidance of Controversial Sources including Illegal Logging

Resolute does not source fiber from outside North America.

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

Resolute does not source fiber from outside North America

SFI-14 Legal and Regulatory Compliance

October 2014 report of legal changes; report identifies actual changes and draft proposals; information is derived from multiple sources and Environmental Bill of Rights notices; report includes legal updates from MNR, MOE, MOL, MCS, OFIA, FPAC, FSC; action plans related to the Independent Forest Audit of the Black Spruce forest are in-progress or complete; verified action plans for both the 2014 Internal audit and the 2013 External audit; regular compliance inspections conducted; commitment to comply with social laws

SFI-15 Forestry Research & Technology

Not audited

SFI-16 Training and Education

Operators had current Environmental Handbook; operators aware of Resolute's commitment to certification; roles and responsibilities clearly defined; interviews with contractor owners and supervisors confirmed understanding of their roles; review of training records confirmed all employees are adequately trained; Resolute actively involved in CCSIC group; training modules developed to address QLP requirements; Resolute training package endorsed as meeting SFI requirements

SFI-17 Community Involvement in the Practice of Sustainable Forestry

CCSIC inconsistent practices website <http://www.sficentralcanada.org/Inconsistent-Practices.html> permits reporting of inconsistent practices; process functioning as intended

SFI-18 Public Land Management Responsibilities

Forest Management Plans for Sustainable Forest License areas that Resolute manages in Ontario, require extensive public consultation as per the Forest Management Planning Manual for Ontario's Crown Forests. Opportunities for ongoing participation by interested/affected persons, organizations, and general public provided through formal public consultation process; local citizens committees active on each forest; extensive records of consultation and public participation maintained

SFI-19 Communications and Public Reporting

Audit report available on SFI website <http://www.sfiprogram.org/audit-reports/resolute-fp-canada-inc-november-20131/>; information available to public on SFI Implementation Committee website <http://www.sficentralcanada.org/index.html>

SFI-20 Management Review and Continual Improvement

Annual management review conducted Oct 15, 2014 by Ontario Management Review Team; topics covered included minutes/actions of previous review; internal/external audit results; monitoring Summary; corrective and preventive actions; public Inquiries; legal & other requirements; emergency response plan/tests; ISO Scope & Policy; changes to business; 2014 significant environmental aspects; 2014 environmental program status; 2015 environmental program objectives/targets; training status/needs; continual improvement – EMS changes; SFI Update; SFI wood procurement monitoring; FSC Update; chain of custody update; continual improvement demonstrated through actions to address non-conformances and other issues



Road construction using an excavator – soil disturbance has been limited within the right of way

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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