

Forest Certification UPDATE



TWIN RIVERS PAPER COMPANY

Twin Rivers Paper Company is a specialty papers business with fully integrated operations comprised of a pulp and energy complex in Edmundston New Brunswick and a paper mill in Madawaska Maine as well as a lumbermill located in Plaster Rock New Brunswick. The Twin Rivers' operations were formerly owned by Fraser Paper. The company's fiber procurement is obtained from Crown and private suppliers in New Brunswick, Maine and Quebec. The Twin Rivers' New Brunswick Crown Licence #9 is managed on their behalf through an agreement with AT Limited Partnership.

BACKGROUND

During the period of March 4-5, 2014, Twin Rivers Paper Company underwent a re-registration 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 re-registration audit.

SCOPE OF CERTIFICATION

Procurement of fiber from the Maritime Provinces, Maine and Quebec - Objectives 8 to 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 Twin Rivers Paper Company staff and suppliers. The audit also assessed the SFIS and supporting EMS documentation, records at the Twin Rivers Paper Company office. The audit used site visits and interviews with suppliers to assess the Twin Rivers Paper Company procurement system.



THE AUDITORS

The SAI Global audit team who performed the audit consisted of Daniel Martin as Lead Auditor and Martin Litchfield. The auditors are Professional Foresters and certified lead auditors.

KEY AREAS OF NON-CONFORMANCE

No non-conformances were raised during this re-assessment audit.

KEY OPPORTUNITIES FOR IMPROVEMENT

- Consider conducting BMP assessment on the First Nation harvest blocks.
- Consider establishing an annual review of access to the appropriate web sites.
- Consider establishing a system to review performance and issues associated with the AT Limited Partnership management of License #9.

POSITIVE ASPECTS

- Excellent comparison of Marketing Board assessments and the Twin Rivers Paper assessments of the implementation of Best Management Practices.
- The effective use of a contractor chipping facility to minimize environmental concerns for fiber procurement during adverse weather conditions.

EVIDENCE OF CONFORMITY

Evidence that was assessed to determine Twin Rivers Paper Company conformity with the SFIS 2010-2014 standard appears below:

SFI-01 Forest Management Planning

Not applicable as the company scope is for fiber procurement only

SFI-02 Forest Productivity

Not applicable as the company scope is for fiber procurement only

SFI-03 Protection and Maintenance of Water Resources

Not applicable as the company scope is for fiber procurement only

SFI-04 Conservation of Biological Diversity

Not applicable as the company scope is for fiber procurement only

SFI-05 Management of Visual Quality and Recreational Benefits

Not applicable as the company scope is for fiber procurement only

SFI-06 Protection of Special Sites

Not applicable as the company scope is for fiber procurement only

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-07 Efficient Use of Forest Resources

Not applicable as the company scope is for fiber procurement only

SFI-08 Land Outreach

The outreach program is achieved through the following programs:

- 400 SFI dashboard calendars distributed through the scales
- Information packages prepared including
 - ✓ The new BMP booklet
 - ✓ Twin Rivers Environmental Policy
 - ✓ Twin Rivers Procurement Policy
 - ✓ Twin Rivers Adverse Weather Policy
 - ✓ SFI certification information
 - ✓ SFI web contact information

SFI-09 Use of Qualified Resource and Logging Professionals

- Lists of trained logging professionals are available on the following website.
- CLP Loggers web site: clploggers.com/search.php@results
- SFI NB web site: <http://www.nb.sfiprogram.org/>
- Master Logger web site: <http://masterloggercertification.com>
- Company employs Professional Foresters and scalers
- One QLP must be on site on the Twin Rivers portion of License #9

SFI-10 Adherence to Best Management Practices

All procurement contracts templates include the following text

“Twin Rivers Paper Company promotes the use of Best Management Practices (BMPs) and expects our suppliers to as well”

Confirmed that the 2013 information package provided to contractors and woodlot owners contain the following:

- Environment Policy
- Wood procurement policy
- Adverse weather policy
- NB BMP booklet

The audit verified the following:

- 8 Environmental Inspections in 2013
- 30 Marketing Board inspections
- Changing the EI format in 2013 to follow the Marketing Board checklist
- Inspected a small woodlot at Baker Brook
- Inspected a large woodlot in St. Leonard
- Inspection observations documented

Inspections agree with the Company EI results

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

Twin Rivers Paper Company does not source fiber from outside North America.

SFI-12 Avoidance of Controversial Sources including Illegal Logging

Twin Rivers Paper Company does not source fiber from outside North America.

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

Twin Rivers Paper Company does not source fiber from outside North America.

SFI-14 Legal and Regulatory Compliance

Monitoring of legal requirements and new changes is achieved as follows:

- Weekly monitoring of the NB Royal Gazette
- Verified the identification and distribution of changes to the Natural production Act on January 21, 2014
- Maine legal changes provided by Maine SIC
- Communication of legal changes highlighted during the weekly procurement meetings

Assessment of legal conformance is achieved through the Management Review system

SFI-15 Forestry Research & Technology

Significant ongoing research on the spruce budworm with Forest Protection Limited in New-Brunswick. This research covers:

- a. forest health, productivity, and ecosystem functions;
- b. chemical efficiency, use rate and integrated pest management;

Twin Rivers Paper Company's procurement manager is a member of Forest Protection Limited's Board of Directors.

SFI-16 Training and Education

Training and Education includes:

- New Brunswick BMP booklet
- Twin Rivers information package
- BMP training sessions
- Staff training

SFI-17 Community Involvement in the Practice of Sustainable Forestry

The New Brunswick and Maine SIC groups have developed a Hotline system for complaints.

SFI-18 Public Land Management Responsibilities

AT Limited partnership manages the Twin River license 9 and has direct contact with local stakeholders and government regulators through the Forest Advisory committees.

SFI-19 Communications and Public Reporting

Twin Rivers Paper Company website contains:

- Procurement Policy
- Environmental policy

Company progress reports sent to SFI

Public Summary reports of the audit are sent to SFI

SFI-20 Management Review and Continual Improvement

The February 21, 2014 Management Review addressed the following:

- 64 PowerPoint slides
- Evidence for compliance with the standard requirements
- Determination of Objectives and Targets
- Quarterly reviews
- Non-conformances arising from audits
- Opportunities for improvement



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 Frappler, 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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