



Audit Summary for Public Disclosure & Certification Report Sustainable Forestry Initiative® Standard

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Executive Summary

During June 29-30, 2006, BVQi NA, of Jamestown, New York conducted a renewal certification audit to Objectives 1 – 13 of the 2005-2009 Sustainable Forestry Initiative® (SFI) Standard for Bennett Lumber Products, Inc. (BLP) in Princeton, Idaho and Clarkston, Washington. Vincent Corrao and Greg Bassler conducted the certification audit. Mr. Corrao was the lead auditor, and Mr. Bassler was audit team member. Included on the audit team was Jim Rochelle, technical expert. Mr. Mike Kerttu, BLP's SFI Manager provided audit planning and logistical support that contributed to successful execution of the audit.

No non-conformances were issued during the pre-certification planning audit or during the certification audit. Seven opportunities for improvement were found and the auditors did identify four notable practices which were communicated to BLP and included in this report.

With this report, the two SFI audit objectives were attained. Both the pre-certification planning audit and the certification audit were conducted in a positive atmosphere. The findings and conclusions of this certification audit are the results of a constructive and cooperative effort between BLP and BVQi.

Since no non-conformances were issued during the pre-certification and certification audits, BVQi recommended that BLP's operations be awarded immediate certification at the closing meeting on June 30, 2006.

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Audit Scope Summary

Contract Number: HQ11830

Audit Team: Vincent P. Corrao, EMS-LA, CF®
Greg Bassler-EA, CF®
Jim Rochelle, Ph.D.

Country: U.S.A.

States: Idaho and Washington

Total Land Base: BLP 61,160 acres

Facilities: Two Facilities

Audit Dates: Pre-certification May 31, 2006
Certification June 29-30, 2006

Audit Recommendation: Immediate Certification

Date of Completion of Corrective Actions: N/A

Duration of Certificate: Five (5) Years



SECTION 1.0

AUDIT BACKGROUND

1.1 Introduction

During June 29-30, 2006, BVQi NA, of Jamestown, New York conducted a certification audit to Objectives 1 – 13 of the 2005-2009 Sustainable Forestry Initiative® (SFI) Standard for Bennett Lumber Products, Inc. (BLP) with forestry operations in Idaho and Washington. In preparation for this audit a pre-certification planning meeting was held with BLP's SFI Manager on May 31, 2006 to conduct a document review and plan for the certification audit. Vincent Corrao, Lead Auditor of BVQi NA, conducted the pre-certification planning audit. Vincent Corrao, Greg Bassler, and Jim Rochelle conducted the certification audit. Mr. Corrao was the lead auditor, and Mr. Bassler was audit team member and Mr. Rochelle provided the wildlife technical support to the audit team. Mr. Corrao is a Registrar Accreditation Board (RABQSA) EMS Lead Auditor, SAF Certified Forester (CF) and has extensive experience in forest practices, BMP's, and forestry operations. Mr. Bassler is an RABQSA Environmental Associate Auditor, SAF Certified Forester (CF) and has extensive experience in road engineering and maintenance, water crossings, and fish passage structures. Jim Rochelle Ph.D. the wildlife ecologist technical expert has been in wildlife management in the region for over thirty years and has extensive experience in wildlife issues throughout the region. The lead auditor used the technical experts observations to determine conformance to the requirements for Objectives 4 and 6 of the SFI Standard.

Mr. Kerttu, BLP's SFI Manager provided audit planning and logistical support that contributed to successful execution of the audit.

This report describes the SFI audit process undertaken by BVQi and BLP, as well as the audit findings and conclusions.

1.2 Scope and Objectives of the Audit

An audit was conducted within BLP's operations during June 29-30, 2006. The audit included the certification of the forest management system for BLP lands in Idaho and Washington and procurement systems for BLP's mills at Princeton, Idaho and Clarkston, Washington. Its forest management system and wood procurement system is guided by BLP's SFI Implementation Plan and sustainable forestry documents. The scope of BLP sustainable forestry system is as follows:

“Bennett Lumber Products, Inc. forestry operations Idaho and Washington and procurement system in Idaho, Washington, and Oregon ”

The audit plans ensured that all core and other Verification Indicators were covered. As provided in the SFI 2005-2005 Edition standard, the two audit objectives adopted were to:



1. Establish conformance of BLP Corporation's SFI Program against the SFI Standard (SFI 2005-2009) and any additional criteria and indicators; and
2. Establish whether BLP Corporation's SFI management system and on-the-ground activities meet the SFI Standard Objectives and Performance Measures.

1.3 Audit Protocols

This SFI certification audit was conducted under the SFI Audit Procedures and Qualifications (SFI-APQ) SFI 2005-2009 Standard. Standard BVQi protocols and forms were applied throughout the verification as provided by the BVQi NA SFI Auditor Handbook, Version dated September 2005. Verification against the SFI standard is a two-stage process that includes a pre-certification planning audit and a certification audit.

1.4 Verification Process

One goal of the pre-certification planning audit was to develop the certification audit plan. Prior to this meeting BLP prepared lists of all forest management and road construction activities occurring on the forestry operations since June 1, 2005, timber deeds harvested since June 1, 2005; and open market tracts monitored since June 1, 2005. BLP categorized each site by several risk factors. Criteria used by BVQi to select sites included, 1) forest management operations, 2) environmental risk, and 3) richness of the tract. Sites were also chosen that represented, 4) typical forest management practices, and 5) unique/special management sites. Forest management operations provided for selecting sites that covered a range of silvicultural and post-harvest activities, forest management prescriptions, and road construction/maintenance. Environmental risk provided for covering sites associated with potential impacts on water quality, riparian/wetland impacts, and soil productivity. Richness provided the greatest opportunity to verify several performance measures at each site. Open market tracts were selected based on the contractor's volume of timber and type of harvest to BLP. Many sites were very close in proximity and allowed a large variety of activities to be seen. The final list of selected sites provided for an audit process that:

1. ensure that all applicable Performance Measures and Core Indicators were demonstrated;
2. ensure that, as far as possible, compliance with environmental regulations, codes of practice and BMPs were illustrated;
3. ensure that, as far as possible, all activities within the scope of registration and of relevance to SFI were reviewed; and
4. ensure that BLP implemented its SFI program to achieve conformance with SFI.

Prior to conducting the certification audit the final audit plan was approved by BLP and BVQi. BLP provided logistical support and appropriate staff to accompany the auditors at all times.

An opening meeting was held at the BLP Clarkston, Washington office on June 29, 2006. BLP provided the auditors with an "Auditor Pack" that included BLP's SFI Implementation Plan and the wood procurement policies, standard forms, contracts, and its SFI documents. The Auditor Pack defined BLP's



SFI program and its internal requirements for satisfying the SFI performance measures and verification indicators and was carried by BVQi auditors throughout the audit. The Auditor Pack and files were available and the field files for management activities were documented for the harvest and post harvest activities identifying site preparation, reforestation and stand monitoring. BVQi was impressed with the enthusiasm and professionalism BLP staff worked and the travel schedules for site visits.

BLP operates two facilities and conducts forestry operations on 61,160 acres of lands located in Idaho and Washington. The operations vary from rolling topography to steep canyon areas which require a wide range of diverse harvesting systems and road building requirements.

During the audit Mr. Corrao and Mr. Bassler visited sites which included a mix of harvest, roads, and silviculture practices associated with these tracts. A total of 20 BLP forestry operation sites were visited and included 8 forestry operations, 6 controlled stumpage sales, and 6 gatewood tracts were audited during the field portion of the certification. The auditors were impressed with the out reach program that BLP has implemented with private landowners and BLP commonly provides culverts, grass seed, and tree seedlings to landowners who request assistance in BLP's gatewood sales program. All loggers harvesting on BLP lands were trained and the few small landowner loggers are encouraged to become trained within BLP procurement system.



SECTION 2.0

AUDIT RESULTS

2.1 General Findings

The pre-certification planning audit summary and certification audit reports summarize the audit planning and certification audit activities and results. Auditor comments and specific findings and observations for each of the SFI verification indicators are recorded.

The audit was conducted in a positive atmosphere. Representatives of BLP were very cooperative throughout the audit process and demonstrated knowledge of their SFI program. BLP management and staff approached the audit in a constructive manner, demonstrating a willingness to improve their system throughout the audit process. BVQi auditors were impressed with the on-the-ground application of the company's SFI program.

The closing meeting was held on June 30, 2006 with a recommendation for immediate certification.

2.2 Non-conformances Issued

No non-conformances (SF02) were issued during the pre-certification planning meeting or during the certification audit.

2.3 Opportunities for Improvement

BVQi auditors did observe seven opportunities for improvement during the pre-certification and certification audit. BLP was informed when the Auditors considered an opportunity for improvement and BLP immediately addressed the opportunities for improvement and initiated a change in their implementation of the program to meet the SFI standard. The opportunities for improvement identified include:

- 1.) Objective 1, PM- 1.1, Indicator 1: A periodic forest inventory time frame needs to be identified.
- 2.) Objective 2, PM- 2.1, Indicator 2: Regeneration surveys are lagging behind Implementation Plan specifications.
- 3.) Objective 3, PM 3.1, Indicator 1: Additional training is required for operators performing routine road maintenance to meet water quality and BMP's standards.



4.) Objective 8, PM 8.3, Indicator 2: BLP contract for logging does not have a clause indicating the expectation of the contractor to meet all State FPA's, BMP's, environmental laws (i.e. T & E species), and commitment to sustainable forestry.

5.) Objective 8, PM 8.4, Indicator 1: BLP should evaluate the number of IDL inspections conducted and what are the results of the inspections.

6.) Objective 11, PM 11.1, I-2- BLP should consider a spill procedure for contract loggers for reporting spills. Spill amounts required for reporting (State laws) and reporting procedures should be well defined and understood by BLP staff and logging contractors.

7.) Objective 13, PM 13.1, Indicator 3: Annual Management Review meetings should be held for both facilities on a yearly schedule.

2.4 Notable Practices

BVQi auditors found several practices they considered to be notable. These represent BLP's SFI program strengths that BVQi found to be exemplary practices.

1.) Objective 8, PM 8.1, Indicator 1: BLP has done an exceptional job of public outreach to private landowners affected by the School Fire. Company foresters provided information and services to implement salvage logging and rehabilitation/restoration practices to small landowners in need of assistance.

2.) Objective 8, PM 8.1, Indicator 1: BLP supplies culverts and seedlings at cost to landowners to encourage regeneration efforts and BMP compliance on gatewood sales. BLP delivers culverts to the landowner's property and also grass seeds the roads at no cost to the landowner. BLP will conduct drainage analysis for culvert sizing to assist in meeting water quality standards.

3.) Objective 10, PM 10.1, Indicator 1: BLP newsletter "Across the Board" was written specifically to inform all staff and employees about the SFI program.

4.) Objective 12, PM 12.4, Indicator 1: BLP has compiled a large indigenous peoples file on the issues in their operating areas.



SECTION 3.0

CONCLUSION

With this report, the two SFI audit objectives were attained. The findings and conclusions of this certification audit are the results of a constructive and cooperative effort between BLP and BVQi.

This report represents a snap shot in time of BLP's SFI program and provides for a baseline from which to continuously improve. Demonstrating continuous improvement is one of the Nine Principles for Sustainable Forestry identified in the SFI standard that will be required during re-certification within the next five years.

The SFI certification process described in this report has provided for a credible SFI program verification. Although an SFI certification audit is a sampling process, BVQi is confident that any credible auditing organization would make similar findings and conclusions.

BVQi recommended that BLP be awarded immediate certification at the closing meeting on June 30, 2006. This certificate will be effective for a period of five years.

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