

Huber Engineered Woods, LLC 2016 SFI Recertification Summary Audit Report

Introduction

The SFI Program of the Huber Engineered Woods, LLC operations in Broken Bow Oklahoma, Commerce Georgia, Crystal Hill Virginia and Easton Maine has demonstrated conformance to the SFI 2015-2019 Fiber Sourcing Standard[®], according to the NSF audit process.

Huber Engineered Woods, LLC procures wood in the resident state of each mill as well as adjacent states. A variety of wood is procured based on mill location and includes pine and soft hardwoods. Huber Engineered Woods, LLC's SFI Program is coordinated by Brad Fuller.

NSF initially certified Huber Engineered Woods on December 20, 2002. This report describes the third recertification audit performed by NSF on November 15-16, 2015 at the Easton Maine and Commerce, Georgia facilities by an audit team headed by Michael Ferrucci, Lead Auditor and supported by Norman Boatwright, Team Auditor. Audit team members fulfill the qualification criteria for conducting audits contained in SFI 2015-2019 Standards and Rules, Section 9 – Audit Procedures and Auditor Qualifications and Accreditation.

The scope of the Audit included procurement operations. Procurement operations occurring in the past 12 months were reviewed to ensure that SFI Procurement Standards were met, in addition to SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit. No indicators were modified. Several of the SFI Section 3 requirements were outside of the scope of Huber Engineered Wood's SFI program and were excluded from the scope of the SFI Re-Certification Audit as follows:

- Indicator 5.1.2 - Huber Engineered Woods, LLC does not support or conduct research on genetically engineered trees.
- Objective 8 - Huber Engineered Woods, LLC does not have forest management responsibilities on public lands.
- Objectives 11 - 13 Fiber Sourcing outside Canada and the US

Audit Process

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable SFI requirements. The plan provided for the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices. During the audit NSF reviewed a sample of the written documentation assembled to provide objective evidence of Conformance. NSF also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF protocols. NSF also selected and interviewed stakeholders such as contract loggers, landowners and other interested parties, and interviewed employees within the organization to confirm that the SFI Standard was understood and actively implemented.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the standard.

2016 Preliminary Audit Findings

Huber Engineered Woods, LLC was found to be in conformance with the standard, with no non-conformances. There were four opportunities for improvement identified, and one area where the program was found to exceed the requirements.

The Huber Program Exceeds the SFI Requirements for public outreach, education and involvement related to sustainable forest management by providing ongoing leadership and support for an impressive range of outreach activities. SFI Indicator 7.2.1 requires "Periodic educational opportunities promoting sustainable forestry."

There is an Opportunity for Improvement in the availability of fiber sourcing policies.

SFI Indicator 2.1.4 states that "Program Participants shall clearly define their fiber sourcing policies in writing and make them available to wood producers."

There is an Opportunity for Improvement in the level of awareness of climate change predictions by procurement foresters to allow for understanding of climate change impacts on wildlife and conservation of biological diversity. SFI Indicator 5.3.2 states that "Program Participants are knowledgeable about climate change impacts on wildlife, wildlife habitats and conservation of biological diversity through international, national, regional or local programs."

There is an Opportunity for Improvement in the method for communicating the commitment to the SFI 2015-2019 Fiber Sourcing Standard. The new policy has not been placed on the Huber internet." SFI Indicator 6.1.1 states that "Written statement of

commitment to the SFI 2015-2019 Fiber Sourcing Standard communicated throughout the organization, particularly to facility and woodland managers, fiber sourcing staff and field foresters.”

There is an Opportunity for Improvement in the awareness of regional conservation planning efforts. SFI Indicator 7.1.4 states that “Program Participants are knowledgeable about credible regional conservation planning and priority-setting efforts that include a broad range of stakeholders and have a program to take into account the results of these efforts in planning.”

Verification of Corrective Action Plans for 2015 Audit Findings

During the 2015 audit NSF determined that there was one Transitional minor non-conformance. This finding was previously closed and was re-verified during the 2016 audit:

- Written agreements for the purchase of raw material sourced directly from the forest now include provisions requiring the use of qualified logging professionals. (SFI 2015-2019 Fiber Sourcing Standard, Indicator 6.1.5)

The next Surveillance Audit is scheduled for November, 2017.

General Description of Evidence of Conformity

NSF's audit team used a variety of evidence to determine conformance. A general description of this evidence is provided below, organized by SFI Objective.

Objective 1 Biodiversity in Fiber Sourcing

To address the practice of *sustainable forestry* by conserving *biological diversity*.

Summary of Evidence: Review of records, interviews with landowners and participation in several SFI Implementation Committees.

Objective 2 Adherence to Best Management Practices

To broaden the practice of sustainable forestry through the use of best management practices to protect water quality.

Summary of Evidence: The Company requires all direct logging contractors working on purchased stumpage tracts to complete an SFI recognized training program, and suppliers are also required to attain logger training. Direct logging contractors are also obligated to follow the State BMPs. Field observations did not identify any BMP issues.

Objective 3 Use of Qualified Resource and Qualified Logging Professionals

To encourage forest landowners to utilize the services of qualified logging professionals, certified logging professionals (where available) and qualified resource professionals.

Summary of Evidence: Training records of selected personnel, records associated with harvest sites audited, and interviews were the key evidence for this objective.

Objective 4 Legal and Regulatory Compliance

Compliance with applicable federal, provincial, state and local laws and regulations.

Summary of Evidence: Field reviews of ongoing and completed operations were the most critical evidence. Regulatory compliance was assessed.

Objective 5 Forestry Research, Science, and Technology

To support forestry research, science, and technology, upon which sustainable forest management decisions are based.

Summary of Evidence: Confirmed via review of records on file and interviews that the SFI team is aware of the effects of climate change of forest and wildlife and that the Company has funded forestry research.

Objective 6 Training and Education

To improve the implementation of *sustainable forestry* practices through appropriate training and education programs.

Summary of Evidence: Confirmed by the Company's financial and physical support of the several SFI Implementation Committees and its development of education and logger training programs.

Objective 7 Community Involvement and Landowner Outreach

To broaden the practice of *sustainable forestry* through public outreach, education, and involvement and to support the efforts of SFI Implementation Committees.

Summary of Evidence: Confirmed by the Company's financial and physical support of the several SFI Implementation Committees and an impressive breadth of leadership and support for outreach programs and its distribution of information for forest landowners.

Objective 9 Communications and Public Reporting

To broaden the practice of sustainable forestry by documenting progress and opportunities for improvement.

Summary of Evidence: Confirmed audit report was filed on time with SFI Inc. and that the Company maintains copies of previous reports.

Objective 10 Management Review and Continual Improvement

To promote continual improvement in the practice of sustainable forestry, and to monitor, measure, and report performance in achieving the commitment to sustainable forestry.

Summary of Evidence: The Company's SFI Team annually meets to review the Sustainable Forestry Policy and Procurement Program to evaluate their effectiveness and has a system for annually collecting, reviewing and reporting information addressing progress in achieving the SFI Standard.

Relevance of Forestry Certification

Third-party certification provides assurance that forests are being managed under the principles of sustainable forestry, which are described in the Sustainable Forestry Initiative Standard as:

1. Sustainable Forestry

To practice *sustainable forestry* to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates *reforestation* and the managing, growing, nurturing and harvesting of trees for useful products and *ecosystem services* such as the *conservation* of soil, air and water quality, carbon, *biological diversity*, *wildlife* and *aquatic habitats*, recreation and aesthetics.

2. Forest Productivity and Health

To provide for regeneration after harvest and maintain the productive capacity of the forest land base, and to protect and maintain *long-term* forest and soil *productivity*. In addition, to protect forests from economically or environmentally undesirable levels of wildfire, pests, diseases, *invasive exotic plants and animals* and other damaging agents and thus maintain and improve *long-term forest health and productivity*.

3. Protection of Water Resources

To protect water bodies and *riparian areas* and to conform with forestry *best management practices* to protect water quality.

4. Protection of Biological Diversity

To manage forests in ways that protect and promote *biological diversity*, including animal and plant species, *wildlife habitats*, and ecological or natural community types.

5. Aesthetics and Recreation

To manage the visual impacts of forest operations, and to provide recreational opportunities for the public.

6. Protection of Special Sites

To manage lands that are ecologically, geologically or *culturally important* in a manner that takes into account their unique qualities.

7. Responsible Fiber Sourcing Practices in North America

To use and promote among other forest landowners *sustainable forestry* practices that are both scientifically credible and economically, environmentally and socially responsible.

8. Legal Compliance

To comply with applicable federal, provincial, state, and local *forestry* and related environmental laws, statutes, and regulations.

9. Research

To support advances in sustainable forest management through *forestry* research, science and technology.

10. Training and Education

To improve the practice of *sustainable forestry* through training and education *programs*.

11. Community Involvement and Social Responsibility

To broaden the practice of *sustainable forestry* on all lands through community involvement, socially responsible practices, and through recognition and respect of *Indigenous Peoples'* rights and *traditional forest-related knowledge*.

12. Transparency

To broaden the understanding of forest certification to the *Fiber Sourcing* Standard by documenting certification audits and making the findings publicly available.

13. Continual Improvement

To continually improve the practice of forest management, and to monitor, measure and report performance in achieving the commitment to *sustainable forestry*.

14. Avoidance of *Controversial Sources* including *Illegal Logging in Offshore Fiber Sourcing*

To avoid wood fiber from *illegally logged* forests when procuring fiber outside of North America, and to avoid sourcing *fiber from countries without effective social laws*.

Source: *Sustainable Forestry Initiative® (SFI) Standard, 2015-2019 Edition*

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