



**Bureau Veritas Certification
North America, Inc.
SFI Fiber Sourcing Audit Report**

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PQC Code	E01E
Contract Number	US 1514416

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	#2	Scope extension audit:	
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Audit Summary

Introduction

This report summarizes the results of a surveillance audit conducted on Idaho Forest Group (IFG); Sustainable Forestry Initiative (SFI) Certified Sourcing program. Jim Colla, Bureau Veritas Certification Lead Auditor, conducted the audit on September 15-17, 2015.

Audit Scope, Objectives and Process

The scope of the audit is “Wood procurement in the IFG sourcing area under purchased stumpage and open market programs”. The goal is continued certification under the SFI 2015-2019 Certified Sourcing Standard. Two objectives of the SFI audit were to verify that the Program Participant’s SFI Program is in conformance with the SFI Objectives, Performance Measures, and Indicators and verify whether IFG has effectively implemented its SFI program requirements on the ground.

The opening meeting occurred on September 15, 2015 at the Chilco mill in Athol, ID. During the opening meeting the objectives for the surveillance audit were outlined and the audit process for collecting evidence and making audit findings was explained. Findings of non-conformance, opportunities for improvement, and appeals were also explained. Confidentiality was assured. The audit plan was discussed and agreed to, and the time and date of the closing meeting was also confirmed. There were no substitutions or edifications of SFI indicators. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the current version of the Bureau Veritas Certification SFI Auditor Handbook. Field notes and an SFI indicator checklist were completed. Jeff Berend, SFI Manager, and other designated IFG staff, were present throughout portions of the audit.

Audit Plan

After discussing the goals and objectives of the audit, the audit plan and logistics was reviewed and the sites confirmed to conduct the field portion of the audit in a timely manner. Sourcing sites covered during the surveillance audit were selected based on the range of activity completed since the last audit in 2014. Several operating locations were visited in the field; a number of contractors and landowners were interviewed. The complete audit schedule is detailed in the audit plan on file with Bureau Veritas.

Company Information

Idaho Forest Group is a privately held sawmilling business. IFG maintains a multi-site organization of five manufacturing facilities in Idaho located in Athol, Grangeville, Laclede, Lewiston and Moyie Springs. All facilities are similar in that they produce dimension and board lumber, saw dust, planar shavings, chips,

and hog fuel. IFG does not have its own land base so suppliers are primarily private landowners in the region, IFG also purchases federal, state and tribal agency wood via competitive contract. IFG maintains a very active outreach program and interacts well with their wood suppliers. There is one set of procedures that applies to the entire system, and the SFI manager is the sole person responsible for maintaining the procedures. Individual mill procurement foresters are responsible for conforming to the company's SFI program for on the ground activities and for providing corrective actions to the SFI manager when necessary.

Multi-Site Requirements

The company qualifies for multi-site certification since the management system is controlled and directed by the headquarters staff. Management information systems, invoicing, internal audit program and management control are all carried out at headquarters. All manufacturing sites operate under a common set of Certified Sourcing, Chain of Custody, accounting and business procedures. The number of audited sites is based upon standard selection protocols, where the square root of the number of sites is rounded up to the next whole number. The headquarters site is audited annually.

Sites	Sites Audited During this Event
Grangeville, ID	
Chilco, ID (Athol HQ)	X
Laclede, ID	X
Moyie Springs, ID	X
Lewiston, ID	

Audit Results

The audit consisted of document and record reviews and interviews. In addition a number of field sites, two of which were actively being harvested, were visited that represent the spectrum of sourcing activities IFG undertakes. Several contractors and landowners representatives were interviewed.

Objective 1-Biodiversity in Fiber Sourcing: IFG has maintained and continues to distribute information concerning Idaho BMP's for water quality and SMZ rules to landowners and contractors. IFG continues to do regular mailing to landowners covering a multitude of sustainable forestry topics, including biodiversity. They support contractor and landowner educational opportunities on BMP/SMZ topics. IFG's website has links for landowners and contractors to view topics for additional information and guidance. IFG is very active, as a member of the Clearwater Basin Collaborative, and has supported and worked to conduct Landscape Assessments on Federal lands within the Clearwater-Nezperce National Forest.

Objective 2-Adherence to Best Management Practices: IFG Procurement and BMP Monitoring Procedures, Adverse Weather Condition Program, Log Purchase Agreements and General Contracts contain policies, programs and requirements for compliance with BMP/SMZ practices. IFG BMP inspection policies, priorities and sampling intensities are well defined. IFG works very closely with ID, WA and MT state forestry agencies, constantly monitoring state inspections and reports. IFG has an internal inspection/inconsistent practices program that are used supplemental to the state inspection program. All sites visited had purchase agreements in place requiring use of BMPs.

Objective 3-Use of Qualified Resource and Qualified Logging Professionals: IFG continues to maintain, support and implement a program to promote trained professionals. IFG tracks the volume of wood provided by trained professionals. Procurement policies address logger training goals and objectives. IFG provides annual training that includes SFI elements. The contractors interviewed were all current with Idaho SIC training requirements. Contractors had required safety equipment and were well versed in sustainable forestry principles.

Objective 4-Legal and Regulatory Compliance: A log purchase contract cannot be issued without an established FPA notification. IFG utilize sites visits and inspection forms per Fiber Sourcing and BMP Procedures to document compliance and follow up on non-conformances. Furthermore, State forestry agencies monitor BMP compliance and IFG actively monitors state reports. IFG monitors information from

the SIC, Procurement Policies address inconsistent practices. No compliance issues or state issued citations on any of the sites visited. The auditor found that the documentation was consistent between the mills. While IFG has developed a risk assessment regarding the potential to acquire logs from illegal sources; this is not fully documented in their procedures manual. Extensive records and documents are maintained for every fiber sourcing transaction.

Objective 5-Forestry Research, Science and Technology: Not audited

Objective 6-Training and Education: The commitment statement has been updated to reflect commitment to the SFI 2015-2019 standard. IFG has maintained their program to use trained professional as detailed in their handbook. IFG supports the Association Logging Contractors program. IFG purchase contracts contain clauses that require contractors comply with IFG SFI policies. IFG encourages all other suppliers to use trained contractors. IFG cooperates through the SIC/MLA/ALC to ensure contractor training programs are consistent with the goals and needs of the SFI program. Continuing education is built into the MLA and ALC programs. IFG hosts a contractor meeting in the spring that covers a number of topics and maintains detailed training records on the continuing education and training accomplishments of its staff. Interviewed contractors and staff were very knowledgeable of sustainable forestry practices.

Objective 7-Community Involvement and Landowner Outreach: IFG continues to maintain and distribute information on any number of sustainable forestry topics as a comprehensive packet and on the IFG website. Landowner packets have always included information on reduction of wildfire risks.

Objective 8-Public Land Management Responsibilities: Not applicable

Objective 9-Communications and Public Reporting: The 2014 IFG Audit Report is posted on the SFI Website. All records necessary for reporting to SFI are maintained electronically and were reviewed as part of this audit.

Objective 10-Management Review: Management systems are in place to share information at both an operational and policy level among staff to provide interactive feedback. Reviews are conducted annually, are robust, and provide for continuous improvement. For 2015, preparation and updates needed to conform to changes in the 2015-2019 standard were the focus.

Objective 11-Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Conservation Wilderness Areas: Not Applicable

Objective 12-Avoidance of Controversial Sources including Illegal Logging: Not Applicable

Objective 13-Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws: Not Applicable

Findings

Previous non-conformances: None issued

Non-conformances: None issued

Opportunities for Improvement: PM 4.1: (5) - IFG has addressed risk under their CoC programs; LPA notes seller must have a legal right to the timber and obtain notice from IDL, MDNRC or WDNR; any suspicion of significant risk would result of non-issuance of a LPA until risk has been confirmed. . The handbook has not been updated to detail IFG risk procedures should a significant issue arise.

Notable Practices: None issued

Logo/label use: IFG has not and does not intend to use the on product label, but has used the logo for promotional purposes on promotional documents and the website. One new use (brochure) in the last year, approval obtained. IFG does not use the BVC logo.

SFI reporting: The 2014 audit report for IFG is on the SFI website as required. IFG has submitted 2014 annual report data to SFI as requested.

Conclusions

The closing meeting was held at the Chilco mill office on September 17, 2015. The findings related to all audited indicators were reviewed, and the confidentiality of audit results assured. In the opinion of the auditor, Idaho Forest Group LLC continues to implement an effective SFI program that meets the requirements of the SFI 2015-2019 Fiber Sourcing Standard. Continued certification is recommended.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: September 15, 2015				To: September 17, 2015			
Number of SF02's Raised:			Major:		0		Minor:		0
Is a follow up visit required:			Yes	No	Date(s) of follow up visit:				
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes	No	N/A	X	Date:			
Proceed to/Continue Certification		Yes	X	No	N/A	Date:		Sept 17, 2015	
All NCR's Closed		Yes	No	N/A	X	Date:			
Standard audit conducted against:									
1)	SFI 2015-2019 Fiber Sourcing			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Jim Colla			2)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Wood procurement in the IFG sourcing area under purchased stumpage and open market programs									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	October 2016								
Audit Report Distribution									
Client: IFG – Jeff Berend, jberend@idfg.com									
BVNA: CAC – Dawn Komnick, dawn.komnick@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	Participants: Jeff Berend (Procurement/SFI Manager) and Jim Colla, Lead Auditor Discussions: Introductions and scope of the audit <ul style="list-style-type: none"> ➢ Audit schedule/plan ➢ Nonconformance types – Major / Minor ➢ Review of previous nonconformances - 0 ➢ Process approach to auditing and audit sampling ➢ Confidentiality agreement ➢ Termination of the audit ➢ Appeals process ➢ Closing meeting timing
Closing Meeting	Participants: Jeff Berend (procurement forester/ SFI Manager), Kyle Wetmore Discussions: (procurement forester); and Jim Colla, Lead Auditor <ul style="list-style-type: none"> ➢ Introductions and appreciation for selecting Bureau Veritas Certification. ➢ Review of audit process - process approach and sampling. ➢ Review of OFIs and System Strengths ➢ Nonconformance's - 0 ➢ Date for next audit. ➢ Reporting protocol and timing