



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

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PQC Code	E01E – Forestry, Logging

Contract Number:	US.1255163	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	#2
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Audit Summary

Introduction

A surveillance audit of the fiber sourcing program at Idaho Timber (IT) was conducted on August 20, 2014. The audit was conducted by Gregory Bassler, Lead Auditor.

Audit Scope, Objectives and Process

The scope of the surveillance audit was Idaho Timber’s procurement of gateway, stumpage and other wood fiber for the Troy, Boise and Weiser facilities in Idaho. The objective of the audit was continued certification to the SFI 2010-2014 Standard. The surveillance audit is to verify the ongoing effectiveness of Idaho Timber’s SFI fiber sourcing (procurement) program and to demonstrate conformance to the policies and procedures.

Audit Plan

The opening meeting of the audit was held at the Idaho Timber’s office in Boise, ID on Wednesday, August 20, 2014. David Taugher, SFI Manager and V.P. Human Resources; Byron Cannon, SFI Coordinator and General Manager - Idaho Cedar Sales and Dennis Badesheim, Sales and Purchasing were in attendance. The Lead Auditor, Gregory Bassler, introduced himself and reviewed the scope, objectives and audit plan. Non-conformances and the requirements for clearing them, opportunities for improvement, and notable practices were also discussed at the opening meeting. The closing meeting time was confirmed and was to be held at the Idaho Timber office at 4:30 PM.

The one day audit consisted of a document review which was conducted immediately following the opening meeting. The audit plan is included in this report and is maintained on file by Bureau Veritas Certification. The surveillance audit was conducted under environmental auditing methodologies identified in the SFI 2010-2014 Audit Procedures and Auditor Qualifications and Accreditation (Section 9 of the Requirements for the SFI 2010-2014 Program) and standard Bureau Veritas Certification protocols and forms were applied throughout the verification. The audit plan identified the objectives, performance measures and indicators of the SFI 2010-2014 Standard to be audited however; all were subject to review.

Company Information

Idaho Timber owns two secondary remanufacturing facilities in Idaho: one located in Weiser (Idaho Timber of Idaho, LLC) and the other located in Boise (Idaho Timber of Boise, LLC). Idaho Timber has a primary sawmill facility located in Troy, ID (Idaho Cedar Sales) which utilizes western red cedar to produce post and rail fencing products. The headquarters and corporate officers of Idaho Timber are located in Boise, ID.

Idaho Timber provides an extensive range of quality wood products and markets across the United States and

Canada. Started in 1979, Idaho Timber successfully combined business and resource management with productive manufacturing to ensure service and quality.

Multi-Site Requirements

Idaho Timber is a multi-site organization and has a central office or headquarters (Boise, ID) at which certain activities are planned, controlled or managed. The Boise, ID central office provides each facility with information and guidance on activities. The scope and scale of activities are similar at all sites. Each facility operates under a common fiber sourcing management system, policies and set of procedures that is managed and administered by the central office.

For multi-site certifications, a site sampling method is generally used. A site sampling method however; was not used since the Weiser and Boise sites are secondary manufacturing facilities which purchase finished lumber. The Troy site, Idaho Cedar Sales, is a primary manufacturing facility but does not purchase stumpage and a large percentage of the supplier harvest sites are inspected or monitored by the Idaho Department of Lands, State Forest Practices Advisors. Only the headquarters in Boise is audited on an annual basis. Idaho Timber maintains an internal monitoring program of all sites and is in conformance with all multi-site requirements.

Sites	Sites Audited During this Event
Boise, ID (Central Office)	X
Idaho Timber of Boise, LLC. Boise, ID	
Idaho Timber of Idaho, LLC. Weiser, ID	
Idaho Cedar Sales, LLC. Troy, ID	

Audit Results

Objective 8, Landowner Outreach: Idaho Timber has provided links in its supplier letter for landowners to use to find information on the various topics and services. Log suppliers also received information on Endangered Species and Wildlife Habitat in our Area. Idaho Timber Lumber encourages landowners to participate in forest management programs and states their Commitment to Sustainable Forestry in the supplier letter.

Objective 9, Use of Qualified Resource and Qualified Logging Professionals: Idaho Timber encourages landowners to use loggers accredited by the States Pro-Logger program. Idaho Timber states their support for using qualified logging and resource professionals in their supplier letter. The Pro-Logger list can be found on the Associated Contract Loggers (ACL) website and Idaho Timber maintains a list of Idaho Pro-Loggers on file.

Objective 10, Adherence to Best Management Practices: Approximately 98% of the net volume delivered to Idaho Timber in 2013 was from Pro-Loggers. All sellers/contractors are required to comply with BMP's in their Log Purchase Agreements. Idaho Cedar Sales monitors the State of Idaho's NOV list and all IDL Forest Practices inspection reports for sales they purchase wood from. The Idaho Department of Lands (IDL) inspects many of the forest practices notifications that are taken out annually. Monitoring by the IDL is considered very robust and is relied upon for evaluation of BMP's throughout the State. There were no unsatisfactory practices issued on any of the procurement sales. The IDL publishes an annual monitoring report that is used by Idaho Timber to identify potential areas of improvement.

Objective 14, Legal Compliance: Idaho Timber has a copy of all the pertinent rules and regulations pertaining to operations at each facility. To maintain compliance with all laws and regulations, Idaho Timber requires that all suppliers comply with all rules and regulations as stated in their Procurement Policy, Supplier letter and Log Purchase Agreement. IDL regulatory staff monitor for regulatory compliance. No Forest Practices Notice of Violations was issued by the IDL against any of Idaho Timber procurement sales last year. Idaho Timber commits to compliance with social laws as outlined in its employee handbook. No complaints were issued in 2014 against Idaho Timber by its employees or subcontractors regarding the three ILO core conventions. The Employee handbook has policies on EEO and Harassment. The National Labor Relations

Act (NLRA) covers most private-sector employers. All applicable policies were posted in the Idaho Timber office break room and each facility. Health and Safety requirements are met and requirements are posted in various locations as prescribed by law.

Objective 15, Forestry Research: Idaho Timber provides financial support to various agencies for research. This includes softwood lumber research, Idaho forest products, and educational materials development. Idaho Timber procurement staff is knowledgeable about climate change impacts on wildlife, wildlife habitats and conservation of biological diversity through national, regional or local programs. Idaho Timber is monitoring and gathering information on climate models from various sources and conferences.

Objective 16, Training and Education: Idaho Timber has a written statement of Commitment in their supplier and has provided it to all suppliers. Staff is trained on their roles in the SFI program and several procurement staff is Pro-Logger trained. Idaho Timber policies and supplier letter document requirements for use of certified or qualified logging professionals. The Idaho SIC acknowledges the Associated Logging Contractors ownership of the Idaho Pro-Logger Program and it recognizes that it meets the requirements of the Idaho SFI program. The Idaho SIC provides funding for the Pro-Logger program.

Objective 17, Community Involvement: Idaho Timber supports the Idaho SIC to inform the public on sustainable forestry. It also annually provides financial support for the Sustainable Forestry Teachers Tour. Idaho Timber supports the Idaho Forest Products Commission which promotes the education program "Project Learning Tree". Idaho Timber conducts numerous mill tours of the Idaho Cedar Sales facilities for school kids. Idaho Timber is a member of the Idaho SIC which has a website where non-conforming practices can be reported and emailed to the SIC Chair. Idaho Timber also has a toll free number that the general public can report any concerns or inquiries. No notices of inconsistent practices were received from any party in 2013.

Objective 19, Communications and Public reporting: Last year's 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. The annual SFI Progress Report was submitted for 2013.

Objective 20, Management Review and Continuous Improvement: The Boise, ID central office conducts and maintains an internal audit program to review and monitor conformance of each facility. Idaho Timber conducts an SFI meeting (management review) annually. There is good coordination and communication between the central office and each facility. Idaho Timber review information on FPA compliance for all sales and summarizes the information. Idaho Timber staff review the SFI program at their annual SFI Meeting which was held on June 6, 2014.

Idaho Timber did not have any substitution or modifications to any of the Indicators. The review of previous audits was conducted to verify the results of previous audit findings and to evaluate Idaho Timber's past performance. Idaho Timber addressed all past opportunities for improvements with documentation and actions to improve the weaknesses and have successfully implemented changes. There were no significant trends in the SFI implementation that would indicate that any particular area needs special attention. An SF 61 has been completed and contains specific information and audit notes.

Findings

Previous non-conformances:

No non-conformances were identified in the 2013 surveillance audit.

Non-conformances:

No non-conformances were uncovered during the surveillance audit.

Opportunities for Improvement:

OPI's are weaknesses in the program that may lead to a non-conformance in the future if activities are not monitored for effectiveness. No Opportunities for Improvement were identified during the surveillance audit.

Notable Practices:

NP's are practices and actions that are exemplary and indicate a strong commitment to the SFI intent and to continual improvement of their program. No Notable Practices were identified during the surveillance audit.

Logo/label use:

Idaho Timber does not use the SFI label or logo. Idaho Timber does not use the Bureau Veritas Certification logo on any promotional material or products.

SFI reporting:

A review of the SFI, Inc. website provided evidence that the previous summary audit report of the Idaho Timber SFI fiber sourcing program was posted.

Conclusions

The Closing Meeting for the renewal audit was held at the Idaho Timber’s Boise office on August 20, 2014. David Taugher, SFI Manager and V.P. Human Resources, Byron Cannon, SFI Coordinator and General Manager Idaho Cedar and Dennis Badesheim, Sales and Purchasing were present. Lead Auditor Gregory Bassler presented and reviewed the audit findings. Confidentiality of the audit results was assured. Idaho Timber continues to meet the SFI requirements and has effectively implemented their fiber sourcing program. Bureau Veritas recommends continued certification.

Surveillance Audit Schedule

Date: Wednesday, August 20, 2014

Time	Activity	BVC Repr.	Company Repr.
08:00 AM	Opening Meeting at Headquarters	Gregory Bassler	Dave Taugher and Byron Cannon
8:30 AM	Document Review – Objectives 8-13	Bassler	Taugher/ Cannon
12:00	Lunch		
1:00 PM	Continue document review, Objectives 14, 15, 16, 17, 19 & 20.	Bassler	Taugher/ Cannon
4:00 PM	Summarize finding, prepare for closing meeting	Bassler	
04:30 PM	Closing Meeting	Bassler	Taugher/ Cannon
05:00 PM	Depart site		

SEE SF61/SF71 FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):	From: August 20, 2014			To: August 20, 2014		
Number of SF02's Raised:	Major:		0	Minor:		0
Is a follow up visit required:	Yes	No	X	Date(s) of follow up visit:		
Follow-up visit remarks:						
Team Leader Recommendation:						
Corrective Action Plan (s) Accepted	Yes	No		Date:	NA	
Proceed to/Continue Certification	Yes	X	No	Date:	August 20, 2014	
All NCR's Cleared	Yes	No		Date:	NA	
Standard audit conducted against:						
1)	SFI 2010-2014		3)			
2)			4)			
Team Leader (1):		Team Members (2, 3, 4 ...)				
Gregory Bassler RABQSA EMS-LA		2)				
		3)				
		4)				
		5)				
Scope of Supply: (scope statement must be verified and appear in the space below)						
Procurement of gatewood, stumpage and other wood fiber for the Troy, Boise and Weiser facilities in Idaho.						
Accreditation's	ANAB					
Number of Certificates	2					
Proposed Date for Next Audit Event						
Date	August 2015					
Audit Report Distribution						
Client: Idaho Timber, David Taugher, dtaugher@idahotimber.com						
BVC – Customer Service Representative – Melissa Marchese, melissa.marchese@us.bureauveritas.com						

Clause	Audit Report
Opening Meeting	<p>Participants: David Taugher, SFI Manager and V.P. Human Resources, Byron Cannon, SFI Coordinator and General Manager Idaho Cedar Sales and Dennis Badesheim, Sales and Purchasing were in attendance.</p> <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor ➤ Review of previous non-conformances - 0. ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	<p>Participants: David Taugher, SFI Manager and V.P. Human Resources, Byron Cannon, SFI Coordinator and General Manager Idaho Cedar Sales and Dennis Badesheim, Sales and Purchasing were in attendance.</p> <p>Discussions:</p> <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 ➤ Non-conformances - 0 ➤ Date for next audit. ➤ Reporting protocol and timing



SF02/NA NONCONFORMITY REPORT

Company Name and Site:		<u>SF02#:</u>	
Contract #:	Department / Process:	Team Leader:	
Date:	Standard and Clause #:	Team Member:	
Major	Minor	Other Documents (if applicable):	Company Representative:
REQUIREMENT OF AUDITED STANDARD:			
OBSERVED NONCONFORMITY:			
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)			
Corrective Action Plan Date:		Company Representative:	
Root Cause Analysis and Corrective Action			
Root Cause:			
Corrective Action Plan:			
ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)			
Root Cause:			
Corrective Action Plan:			
Plan Accepted:	Yes	No	Comments:
Auditor:			Date:
CORRECTIVE ACTION IMPLEMENTATION (To be completed by Company – Provide objective evidence. Must be completed within 90 days from the last day of the audit)			
Corrective Action Completion Date:		Company Representative:	
Corrective Action Implementation:			
Method used to verify effectiveness of action taken:			
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)			
Accepted:	Yes	No	Nonconformance Downgraded: Yes No
Follow Up Comments:			
Auditor:			Date: