



**BUREAU
VERITAS**

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

390 Benmar Drive, Suite 100
Houston, TX 77060
Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	Louisiana Pacific Corp
Contact Person	David Hudnall/Doug Rodman
Address	414 Union Street, Suite 2000 Nashville, TN 37219-1765
Phone / Fax	Tel-706-433-1465/ Fax-866-726-6982
PQC Code	E01E
Contract Number	US.1966165

Certification Audit:		Re-Certification Audit:	X	Surveillance Audit:		Scope extension audit:	
----------------------	--	-------------------------	----------	---------------------	--	------------------------	--

Audit Summary
Introduction
A renewal audit of Louisiana Pacific Corporation’s (LP) forest management program was conducted over a two month period (August - October) in 2015. The audit team consisted of Brian Callaghan RPF EP(EMSLA), Lead Auditor with team auditors Julie Stengall, and Paul Chenard.
Audit Scope, Objectives and Process
The scope of the renewal audit was “Fiber Sourcing activities for company mills in Canada and the United States”. The objective was verifying the effectiveness and conformance of Louisiana Pacific wood procurement activities to the Requirements of the SFI 2015-2015 Standard and Rules. The audit consisted of a thorough review of documents and a review of the implementation of policies, programs and plans in the field. Prior to the audit, the auditor selected field sites to be sampled at each location based on all management operations and activities conducted over the past 12 months. All Objectives, Performance Measures and Indicators pertinent to land management and fiber sourcing were reviewed.
Audit Plan
An audit plan was prepared which covered the fiber sourcing audit as well as the forest management audit and chain of custody audits which occurred at the same time. The audit plan was provided to the client prior to the start of the audit. The audit plan identified the various activities which each auditor would carry out at each Company facility. A copy of the audit plan is on file at the Bureau Veritas Certification office in Houston Texas.
Objectives, Performance Measures and Indicators were all verified through a review of documents and field verification of sites to meet the intent of the SFI 2010-2014 Standard. The Louisiana Pacific Corporation Forest Management System Handbook, office documents, records, field files and interviews were used to verify conformance. A debriefing was conducted at the end of the day by the lead auditor.
Company Information

Louisiana Pacific Corporation is a leading manufacturer of high quality building products. LP Building Products manufactures LP Solid Start Engineered Wood Products such as Laminated Strand Lumber (LSL), Laminated Veneer Lumber (LVL), Oriented Strand Board (OSB), I-Joists and Rim Board. Products are used primarily in new construction, repair and remodeling, and manufactured housing. LP operates production facilities in the U.S., Canada and South America.

Fiber sourcing operations at LP’s BC Dawson Creek office coordinate timber supply to the Dawson Creek OSB plant, the Peace Valley LVL mill and the Chetwyn pulp mill (owned by Paper Excellence). Timber is harvested from the Dawson Creek and Fort St John Timber Supply Areas covering nearly seven million hectares. LP manages the lands to BC Ministry of Forestry Requirements and the Forest and Range Practices Act. The BC Region is highly regulated and sustainably managed. LP’s fiber sourcing facilities purchase a limited amount of controlled stumpage and mostly gateway.

???

Multi-Site Requirements

Louisiana Pacific Corporation maintains a multi-site certification consisting of headquarters and 18 facilities throughout the U.S. and Canada which are certified to the SFI fiber sourcing standard. Headquarters for all management systems is in Nashville, Tennessee. The company qualifies as a multi-site certification since the management system is controlled and directed by the central office. 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 sites are responsible for conforming to the company’s SFI program, and for providing corrective actions to the SFI manager when necessary. The company has a reliable internal audit program and monitoring system carried out at headquarters to determine conformance at facilities or sites and to implement corrective actions when appropriate. There is good coordination and communication between the central office and each site. Internal audits were conducted at all sites within the last year and a management review was conducted on May 26 2015. Louisiana Pacific Corporation meets all multi-site requirements.

Sites covered during the renewal audit were selected based on a randomized schedule developed by Bureau Veritas Certification at the time of contract renewal. Five sites were audited this year; Roxborough NC, Roraring River NC, Dawson Creek BC, Peace Valley BC and Maniwaki PQ. The Nashville, TN headquarters office is audited annually.

Multi-Site	X	Group Certification	
Sites,		Sites Audited During this Event	
Nashville HQ			X
Hanceville OSB			
Jasper OSB			
Roxboro OSB			X
Two Harbors Siding			
Peace Valley OSB			X
Carthage OSB			
Hayward Siding			
Newberry Siding			
Sagola OSB			
Dawson Creek OSB			X

Swan River OSB	
Maniwaki OSB	X
Clarke County OSB	
Houlton EWP	
Roaring River Siding	X
Tomahawk Siding	
Golden EWP	
East River Siding	

--	--

Audit Results

During the field portion of the fiber sourcing audit, a total of 17 field sites were reviewed for BMP monitoring and compliance. Five sites were controlled stumpage and 12 sites were gatewood sales. Five active harvest sites were inspected. All forestry staff working on the sites were available for the audit.. Louisiana Pacific provides training to all their logging and road building contractors and maintains training records. All operations/activities were found to be in compliance with all regulations and BMP's

Louisiana Pacific Corporation's fiber sourcing system does a very good job of documenting BMP compliance on their wood suppliers. The Wood Supply On-Site Visit Report is well developed and documents findings of Best Management Practices (BMP) compliance and forest management activities. Site visit reports from all fiber sourcing facilities are collected and summarized annually at headquarters to provide insight on any compliance issues or areas of concern. Louisiana Pacific provides communication packets to all suppliers and maintains records of contractor training. Documentation was found to be consistent between mills and in conformance with the standard.

Objective 1-Biodiversity in Fiber Sourcing:

To address the practice of sustainable forestry by conserving biological diversity the Company has undertaken staff training and has updated their landowner outreach packet with new information on biodiversity and conservation. The North Carolina Natural Heritage Program provided training for the Roxboro staff in order to access specific information from the Natural Heritage web site.

Objective 2-Adherence to Best Management Practices:

Louisiana Pacific monitors the sites where it obtains timber to ensure that they are in compliance with Best Management Practices (BMPs). In order to deliver fibre to a Louisiana Pacific mill each supplier signs a timber purchase agreement which specifies training requirements and adherence to BMPs.

In North Carolina sites for inspection are chosen through a random sample derived from list of loads received A site visit report is filled out and results are entered into a database that is reviewed by management once per year at annual SFI management review meeting.

In Quebec a small amount (de minimus) of wood is derived from private lands an inspection protocol is in place.

In British Columbia the Company applies the approach developed by the Western Canada Implementation Committee. This approach involves undertaking a risk assessment on all private tracts, if the results are Low Risk no survey is needed. In the case of Dawson Creek all

areas providing private timber fell into the Low Risk category, as they do not contain water features or steep slopes, and do not produce more than 1000 m³ (1000 + tons). The result is that there is little data on BMP compliance for Company operations in British Columbia. This situation was uncovered in the August 2015 internal audit and the Company is addressing it. The audit team heartily concurs with this finding, which would have been a nonconformance in this audit if not previously uncovered. Future audits will focus on the collection of BMP compliance data in British Columbia.

Objective 3-Use of Qualified Resource and Qualified Logging Professionals:

Louisiana Pacific requires that all loggers be trained to the standard of the applicable Implementation committee. Training includes the application of best management practices to protect soil and water quality, knowledge of species at risk and rare/threatened/endangered species, safety, and environmental protection. All suppliers must sign a Timber Purchase Agreement which requires loggers to be trained. All loggers interviewed were fully trained with the exception of one new contractor who will attend training this winter.

Objective 4-Legal and Regulatory Compliance:

Company staff have access to all relevant laws and regulations. Each location has a SFI Handbook which contains a complete list of regulations that apply to their operations with website listings. Relevant laws and regulations are stated in all contracts and purchase agreements. There have been no violations issued by the BC Ministry against LP during the audit period. Any issues with operations that arise are documented in Report of Corrective Action. LP utilizes site visits and follows BMP Procedures to ensure compliance. These visits and checklists note compliance with laws and regulations.

Louisiana Pacific is a responsible employer and business venture. They employ a Code of Business Conduct to guide all their relationships. The Company provides a full range of benefits and rights to its employees. It contracts responsible suppliers to provide service and complies with all labour laws.

Objective 5-Forestry Research, Science and Technology:

Louisiana Pacific is a member of NCASI which conducts research on forest health, water quality, wildlife habitat, climate change, etc. NCASI recently assembled information on Climate Change and prepared a presentation that was made available to LP personnel on Climate Change and its effects on Forest, Wildlife and Biodiversity. A Q & A fact sheet was then prepared and distributed to LP Staff. *Louisiana Pacific* contributed to an Auburn study on the effects of wet decking logs (moisture content and geometry). Louisiana Pacific support ten FIA projects in Canada providing funding and sites for study. Staff at all locations actively participated in SFI implementation committees which discuss BMP practices, growth modeling, regeneration, etc.

Objective 6-Training and Education:

Louisiana Pacific has a Training Policy which presents the Company's commitment to staff and corrector training. LP Canada has developed their own program for their logging and road building contractors. LP has an extensive training matrix to keep track of training topics and when it was given. LP maintains a list and tracks training all of suppliers and contractors.

Objective 7-Community Involvement and Landowner Outreach:

Louisiana Pacific is active in all the communities it has facilities in. Forestry staff in most locales make presentations to schools and community groups. The Company supports a range of charities such as the American Heart Assoc., The Wounded Warrior Project, Pencil Box (provide school supplies), and Habitat for Humanity

The Company is active in SFI implementation committees in all the states and provinces it has facilities. Louisiana Pacific staff are active participants in all SICs. Staff are active on SFI implementation committees, from program development to delivery on any number of typical issues. LP is active in SFI implementation committees for the Western Canada and Central Canada SICs. LP provides support and is an active participant in their SFI Implementation Committees. Several of the LP resource personnel and staff are involved on committees or have positions in the SIC. LP also contributes time and materials to various activities and projects

The company has a landowner outreach package which it distributes to private landowners and the general public.

Objective 8-Public Land Management Responsibilities:

Not Applicable – Fiber sourcing applies to private land and stumpage.

Objective 9-Communications and Public Reporting:

The 2014 LP 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 2014 SFI Annual Progress Report was submitted to SFI, Inc. prior to the deadline.

Objective 10-Management Review:

The internal audit and management review system is mature, fully functioning and effective. LP has a well-documented procedure for collecting information, conducting an internal audit and reporting results of all monitoring to management. An internal audit is conducted annually at each facility. A checklist is completed listing evidence for each indicator in the standard. Conformance and non-conformances are issued. A corrective action procedure is followed to remedy any non-conformances. A management review meeting is conducted annually where monitoring results are presented and discussed.

Objective 11-Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Conservation Wilderness Areas:

Not Applicable – all wood sourced in Canada and USA

Objective 12-Avoidance of Controversial Sources including Illegal Logging:

Not Applicable – all wood sourced in Canada and USA

Objective 13-Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws:

Not Applicable – all wood sourced in Canada and USA

Findings

Previous non-conformances: *None*

Non-conformances: *None*

Opportunities for Improvement: *None*

Notable Practices: *None*

Logo/label use:

Louisiana Pacific uses the SFI Trademark for promotional purposes. They seek approval from SFI Inc. before using the trademark. They do not use the Bureau Veritas trademark at this point.

SFI reporting:

During this audit verification of the SFI website was completed on October 1st to ensure that the previous audit report was submitted and posted.

Conclusions

A closing meeting was October 1 held in Company's offices in Dawson Creek. The lead auditor chaired the meeting, provided findings from all sites audited, The audit team found that Louisiana Pacific operates a sophisticated information system which can capture, track and store all the information requirements of the standard. Immediate recertification to the 2015-2019 SFI Fiber Sourcing standard is recommended.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: August 24/15				To: Oct 1, 2015			
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	N/A	X	Date:			
Proceed to/Continue Certification		Yes	X	No	N/A	Date:		Oct 20/15	
All NCR's Closed		Yes	No	N/A	X	Date:			
Standard audit conducted against:									
1)	SFI FS 2915-2019			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Brian Callaghan			2) Julie Stengall						
			3) Paul Chenard						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
<i>Fiber Sourcing activities for company mills in Canada and the United States</i>									
Accreditation's		ANAB							
Number of Certificates		3							
Proposed Date for Next Audit Event									
Date	September 2015								
Audit Report Distribution									
David Hudnall david.hudnall@us.bureauveritas.com									
Dawn Komnick dawn.komnick@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	Participants: July Stengall (auditor), Everett Titus, Greg Ricks, Jim Pruett Discussions: <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit ➤ 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: Brian Callaghan (lead), David Hudnall, Dale Wright, Rick Coombs, Mark Fonda, Martin Scholz, Dion Livingston (by phone) Doug Rodman (by phone) Discussions: <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 ➤ Nonconformances - 0 ➤ Date for next audit. ➤ Reporting protocol and timing



SF02/NA NONCONFORMITY REPORT

Company Name and Site:		<u>SF02#:</u>	
Contract #:	Type of audit (e.g., initial, surveillance):	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. Not to exceed: 90 Days <input type="checkbox"/> 1 Year <input type="checkbox"/>			
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 Closed: Yes No
Follow Up Comments:			
Auditor:			Date: