



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

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PQC Code	E06
Contract Number	US2276802

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

Introduction

This report summarizes the results of the Recertification audit conducted on Neiman Enterprises' SFI program for fiber sourcing. Richard Boitnott, Bureau Veritas Certification Lead Auditor conducted the audit 9/6/2016 through 9/8/2016.

Audit Scope, Objectives and Process

The scope of the audit is "Procurement of Timber & Logs primarily under a purchased stumpage program. The audit was conducted against the SFI 2015-2019 fiber sourcing standard. SFIS Objectives 1-7, 9 and 10 were covered during the audit. There was no substitution or modification of indicators. Specifically, 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 any additional indicators that the Program Participant chooses, and verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the most recent version of the Bureau Veritas Certification SFI Auditor Handbook available on the auditor access website.

Audit Plan

The audit began with an opening meeting at 8:00 am on 9/6/2016, followed by a review of system documentation. Purchased stumpage tracts were reviewed the afternoon of 9/6, all day on 9/7, and one tract was reviewed the morning of 9/8. Follow-up document review was conducted the remainder of the morning of the 8th. A closing meeting was held at 11:30 am on the 8th. An audit plan was developed and is maintained on file by Bureau Veritas Certification.

Company Information

Neiman Enterprises operates three sawmills in the Black Hills; Spearfish and Hill City South Dakota, and Hulett Wyoming. The company procures wood for these facilities primarily through a purchased stumpage program. Very little open market wood is received. The majority of purchases are from U.S. Forest Service timber sales, although this has decreased slightly the past couple of years due to a reduction in allowable cut by the Service. The Forest Service conducts a rigorous review of the presence of FECVs and special sites, and closely monitors contract requirements, including

implementation of BMPs. The company has increased the amount of wood it procures from private landowners.

Multi-Site Requirements

The company maintains a multi-site certification consisting of three facilities as shown below. The central office of the management system is at the Spearfish office. 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. The SFI manager monitors performance of each its sites, and includes a summary of findings in the management review process. The lead auditor believes the internal audit program is one upon which Bureau Veritas Certification can rely.

The company operates a single procurement system for all three sites. All mills are covered during every audit since it is not unusual for wood from any site to go to any or all of the mills.

Multi-Site	X	Group Certification	
Sites		Sites Audited During this Event	
Spearfish, SD		X	
Hill City, SD		X	
Hulett, WY		X	

Audit Results

The document review was conducted to determine if Neiman’s system documentation continues to meet the requirements of the SFI 2015-2019 Standard Fiber Sourcing Edition. The field audit consisted of a review of nine purchased stumpage tracts; four private, three U.S. Forest Service, and two in Custer State Park. The lead auditor continues to attempt to bias site selection towards private tracts due to the low risk offered by working on public land, but Neiman still only purchases a small amount of private timber.

Objective 1-Biodiversity in Fiber Sourcing:

Neiman has developed a brochure to communicate the conservation of biodiversity to landowners. The brochure is very well done. Neiman also provides training for loggers and employees that included items on biodiversity conservation. The company continues to do an excellent job in this area.

Most of the timber purchased by Neiman is from the U.S Forest Service or other public lands, where FECVs are closely monitored. The company has a program to address FECVs when it purchases timber from a private landowner. Neiman provides location information for each of its private purchased stumpage tracts to the state heritage program in South Dakota, which does a T&E and FECV search and provides the information back to Neiman. In Wyoming, the company reviewed township-level FECV data to determine the potential presence of such species on any tract it purchases in the state

Objective 2-Adherence to Best Management Practices:

The company has a program to ensure BMP compliance on its purchased stumpage tracts. All purchased stumpage tracts reviewed during the audit demonstrated compliance with South Dakota and Wyoming BMPs. Contracts contain BMP compliance language. The company has a program to

address adverse weather conditions. The program consists primarily of inventory management, identification of tracts that can be logged in wet weather, and methods of mitigation, such as rocking roads or the use of low ground pressure equipment. Neiman sends an annual letter to its wood producers, providing them a copy of the fiber sourcing policies. Neiman procures approximately 96% of its wood through direct purchases, and monitors BMP compliance through its purchased stumpage program. It monitors BMP compliance of its few open market suppliers using state monitoring data. Neiman has a management review process that includes the analysis of trends in BMP performance. An output of the management review process is the identification of any areas for improvement.

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

Neiman requires all loggers delivering wood to company facilities to be trained, with the exception of those that deliver less than 25 loads per year. The company encourages landowners to use trained loggers

Objective 4-Legal and Regulatory Compliance:

Neiman's SFI program manual contains links to applicable laws and regulations. The company's system to ensure regulatory compliance consists of a policy commitment, contractual requirements, training, and monitoring. No adverse regulatory action information is in evidence. Neiman has a program to assess the risk of procuring wood coming from illegal sources. Most of the wood it procures comes from the U.S. Forest Service, assuring it is not from illegal source. It has also evaluated the risk of procuring illegal wood from private landowners, and determined it to be low.

Objective 5-Forestry Research, Science and Technology:

Neiman continues to support research through its contribution towards an aerial photography project to monitor MPB infestations. Neiman is also working with the Black Hills Forest Resource Association to conduct research on the long-eared bat and black-backed bat. The company does not keep track of the amount of in-kind contributions it makes towards research, and thus reported no contribution in the most recent SFI annual progress report. Neiman was issued an opportunity for improvement against PM 9.2, Ind. 2 to encourage the company to take credit for its efforts.

Neiman gathers information on BMP compliance in the two states in which it operates. Its landowner packet contains information on the conservation of biodiversity. Neiman also works with the USFS to gather data on the extent of Mountain Pine Beetle infestations, helping to determine growth and drain assessments. It provides annual funding for the MPB remote sensing project, although this effort is decreasing due to a decreasing infestation of the MPB.

The company provided evidence it has access to information on the potential impacts of climate change on forest and forest health, and wildlife and wildlife habitat.

Objective 6-Training and Education:

Neiman has developed a policy statement to comply with the SFI standard. This policy statement has been communicated throughout the organization. Assignment of SFI roles and responsibilities are provided in the procurement program. All procurement employees are required to complete SIC training. Records verified training has taken place as required. New employees are required to receive SFI training within 30 days of employment. All new employees have been properly trained. All contractors working on purchased stumpage are required to complete SIC logger training. Neiman continues to do an excellent job of helping to provide training to its contractors to help them

maintain their continuing education credits. Logging contracts contain a requirement for qualified loggers. Neiman's participation on the Central Rockies SIC includes the development and distribution of logger training.

Objective 7-Community Involvement and Landowner Outreach:

Neiman is a member of the Central Rockies SIC. Neiman's participation in the Central Rockies SIC includes the development of landowner information that includes the new requirement for the reduction of wildfire risk, although the company's landowner packet had already contained this requirement for a number of years. Neiman is a member of the Black Hills Forest Resource Association, which provides support for policies that promote the conservation of forestland, and is a driving force behind the Black Hills Regional Multiple Use Coalition. The BHRMUC is involved in promoting multiple use of public lands. Neiman continues to be involved in a number of public education efforts. Employees are on the National Forestry Advisory Board, and one is on the Federal Timber Purchasers Board. The company continues to be involved in Project Learning Tree and Tree Farm. Neiman is very involved in governmental affairs. Neiman has an inconsistent practices procedure in place to address public complaints and inquiries. One possible report of inconsistent practice was reported against the company, but it was investigated through the inconsistent practices process and the report was found to be invalid.

Objective 8-Public Land Management Responsibilities: N/A

Objective 19-Communications and Public Reporting:

A review of the SFI, Inc. website provided evidence Neiman submitted its previous surveillance audit report as required for public review. The company has procedures in place to provide for all the pieces of information needed to complete the SFI annual progress report. An e-mail transmission from SFI, Inc. provided evidence the company submitted the 2015 annual progress report in a timely manner.

Objective 20-Management Review and Continual Improvement:

Neiman has a management review process in place. The company does a good job of keeping meeting minutes and documenting goals for continual improvement.

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

Objective 12-Avoidance of Controversial Sources including Illegal Logging: N/A

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

Findings

Previous non-conformances:

No non-conformances were issued during the previous audit.

Non-conformances:

No non-conformances were issued during this audit.

Opportunities for Improvement:

One opportunity for improvement was issued. This should be considered in light of how it may affect conformance in the future.

1. PM 9.2, Ind. 2: Neiman should consider better tracking of internal expenses it incurs for research efforts to take credit for the contributions it makes towards research.

Notable Practices:

One notable practice was issued.

Logo/label use:

Neiman uses the SFI certified sourcing label on lumber wraps and pellet bags. All labels were being used properly. The company does not use the Bureau Veritas Certification logo.

SFI reporting:

The 2015 surveillance audit report was found on the SFI, Inc. website as required for public review.

Conclusions

A closing meeting was held at 11:30 am Thursday the 8th. The lead auditor issued a recommendation for immediate recertification to the SFI 2015-2019 Fiber Sourcing Standard.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: 9/6/2016				To: 9/8/2016			
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:	9/8/2016
All NCR's Closed		Yes		No		N/A	X	Date:	
Standard audit conducted against:									
1)	SFIS 2015-2019 FS Edition			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Richard Boitnott; CF, AF, EMS (LA)			2)						
			3)						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Procurement of Timber & Logs primarily under a purchased stumpage program									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	August 22-23, 2017								
Audit Report Distribution									
Neiman : John Batt-jbatt@spearfishfp.com									
BVC: Dawn Komnick-dawn.komnick@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	Participants: Bill Coburn, Dan Buehler, John Batt 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: Dan Buehler, John Batt 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