



Parton Lumber Company
2015 SFI
Public Summary Recertification Audit Report

The SFI Program of the Parton Lumber Company of Rutherfordton, North Carolina has achieved conformance with Section 3 of the SFI Standard®, 2015-2019 Edition, according to the NSF SFIS Certification Audit Process.

NSF initially certified Parton Lumber Company to the SFIS in April 2009 and recertified them in 2012. This report describes the third Recertification Audit designed to focus on changes in the standard, changes in operations, the management review system, and efforts at continuous improvement. A portion of the SFI requirements were selected for detailed review.

Parton Lumber Company is privately owned and operates a sawmill and chip mill in Rutherfordton, North Carolina and woodyards in Lenoir, Sparta and Spruce Pine North Carolina and Hampton, Tennessee. It procures wood primarily from western North Carolina, northern South Carolina and eastern Tennessee. Parton's SFI Program is administered by Jimmy Clay.

The Recertification audit was performed by NSF-ISR on March 2-4, 2015 by an audit team headed by Norman Boatwright, Lead Auditor. Audit team members fulfill the qualification criteria for conducting SFIS Certification Audits of "Section 9. SFI 2015-2019 Audit Procedures and Auditor Qualifications and Accreditation" contained in Requirements for the SFI 2015-2019 Standards and Rules.

The objective of the audit was to assess conformance of the firm's SFI Program to the requirements of Section 3 of the Sustainable Forestry Initiative® Standard, 2015-2019 Edition.

The scope of the SFIS Audit included procurement operations. Procurement operations occurring in the past 12 months were reviewed to ensure that SFI Procurement Standards were met. In addition, SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit.

Section 3 of the 2015-2019 Sustainable Forestry Initiative Standard® was used without modifying any requirements. Several of the SFI Indicators were outside of the scope of the company's SFI program and were excluded from the scope of the SFI Certification Audit as follows:

- Core Indicator 4.1.5 Program to address risk
- Core Indicator 5.2 Research on genetically engineered trees
- Objective 8 Public land management responsibilities

SFIS Recertification Audit Process

The review was governed by a detailed audit protocol designed to enable the audit team determine conformance with the applicable SFI requirements. The process included the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices. Documents describing these activities were provided to the auditor in advance, and a sample of the available audit evidence was designated by the auditor for review.

During the audit NSF reviewed a sample of the written documentation assembled to provide objective evidence of SFIS 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 SFI-SOP. 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 for specific SFI requirements included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the SFIS.

Overview of Audit Findings

Parton Lumber Company's SFI Program was found to be in full conformance with the SFIS Standard. The NSF SFI Recertification Audit Process did identify three (3) non-conformances and no opportunities for improvement.

Section 3 (both are transitional non-conformances):

2.1.2 *Use of written agreements for the purchase of raw material sourced directly from the forest is*

required and must include provisions requiring the use of best management practices. The Company has contracts with contract loggers that meet this requirement. The Company does not have contracts with gatewood suppliers.

6.1.5 *Program Participants shall have written agreements for the use of qualified logging professionals and/or certified logging professionals (where available) and/or wood producers that have completed training programs and are recognized as qualified logging professionals.* The Company has contracts with contract loggers that meet this requirement. The Company does not have contracts with gatewood suppliers.

Section 5:

3.5 *Program Participants must seek approval from the SFI Office of Label Use and Licensing for use of the off-product marks.* The Company was placing an incorrect unapproved Certified Sourcing label on its invoices and does not have approval from SFI Inc.

The Company has developed plans to address these issues. The minor-nonconformance for Section 5 CI 3.5 has already been resolved. Progress in implementing the remaining corrective action plans will be reviewed in subsequent surveillance audits. Note: 2015 is a transition period and CIs 2.1.2 and 6.1.5 are considered major changes to the Standard. Section 6, Objective 15 of the new Standard states (in part): *For re-certifications against the SFI 2015-2019 Standards and Rules nonconformities against changes made in the revised SFI 2015-2019 Standards and Rules shall be reported but will not adversely affect re-certification until after December 31, 2015.*

NSF also identified the following areas where forestry operations exceed the basic requirements of the SFI Standard:

The Company sponsored the Local logger training event in 2015, exceeding the requirements of CI 6.2.2.

No non-conformances were issued during the 2014 audit.

The next Surveillance audit is scheduled for February 29, 2016.

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 the NC SIC.

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 – Field observations, review of BMP monitoring records and state BMP audits.

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 landowner interviews were the key evidence for this objective.

Objective 4. *Legal and Regulatory Compliance* - To comply 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 organizations contacted included the North Carolina Forest Service.

Objective 5. Forestry Research, Science and Technology - To invest in *forestry* research, science and technology, upon which sustainable forest management decisions are based and broaden the awareness of *climate change* impacts on forests, *wildlife* and *biological diversity*.

Summary of Evidence – Confirmed by review of records that the Company has sponsored 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 Parton’s financial and physical support of the North Carolina SIC 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 Parton’s financial and physical support of the North Carolina SIC and its development of handouts for forest landowners.

Objective 9. Communications and Public Reporting - To increase transparency and to annually report progress on conformance with the *SFI Fiber Sourcing Standard*. .

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

Objective 10. Management Review and Continual Improvement - To promote continual improvement in the practice of *sustainable forestry* by conducting a management review and monitoring performance.

Summary of Evidence – Records of program reviews, agendas and notes from management review meetings, internal audits and interviews with personnel from all involved levels in the organization were assessed.

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 zones, and to conform with 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 forests and lands of special significance (ecologically, geologically or culturally important) in a manner that protects their integrity and 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. 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.

9. Legal Compliance

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

10. Research

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

11. Training and Education

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

12. Public Involvement

To broaden the practice of sustainable forestry on public lands through community involvement.

13. Transparency

To broaden the understanding of forest certification to the SFI 2010-2014 Standard by documenting certification audits and making the findings publicly available.

14. Continual Improvement

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

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