



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

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

Company Name	C&D Lumber
Contact Person	Jennifer Whitmore
Address	1182 Pruner Rd Riddle, OR 97469
Phone / Fax	Phone: 541-874-2281 Email: logacctg@cdlumber.com
PQC Code	E01E
Contract Number	US.1647615

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 C&D Lumber’s Wood Procurement program. Brian Callaghan, Bureau Veritas Certification Lead Auditor, conducted the audit May 12-13, 2015. This audit was undertaken in conjunction with Company’s FSC chain of custody audit of its operations.

Audit Scope, Objectives and Process

The scope of the audit is “wood procurement” for their Riddle Oregon operations. The audit was conducted against the SFI 2015:2019 fiber sourcing standard. Five SFI Objectives were the focus of this audit;

- Objective 2 – Adherence to Best Management Practices
- Objective 3 – Use of Qualified Resource and Qualified Logging Professionals
- Objective 7 - Community Involvement and Landowner Outreach
- Objective 9 – Communications and Public Reporting
- Objective 10 – Management Review and Continual Improvement

Additionally any new or changed Performance Measure or Indicator in the rest of the standard were audited to facilitate moving the certificate on to the new SFI standard.

The objective of the audit was to determine the continued conformance of the company’s wood procurement program with the SFI standard. 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 consisted of a review of program documentation, inspection of the two field sites where the Company purchased the stumpage. A closing meeting was held May 13 at the Company’s offices in Riddle Oregon. An audit plan was developed and is maintained on file by Bureau Veritas Certification

Company Information

The C&D Lumber Company has been producing softwood lumber for more than 100 years. It is a family-owned business with four generations of history. Today it is a producer of quality Douglas Fir, Incense Cedar and Port Orford Cedar lumber. The Company procures wood through purchasing stumpage tracts and buying “gatewood”, primarily in Oregon but occasionally from California and Washington.

Audit Results

C&D Lumber has a very effective monitoring system for its fiber sourcing systems. Monitoring results were found to be accurate and insightful for both gatewood tracts and purchased stumpage. Recordkeeping is quite sound. The Company is active in public outreach participating in a number of events and charities. The Company has had no significant issues of legal compliance.

Objective 1- Biodiversity in Fiber Sourcing: Not audited

Objective 2- Adherence to Best Management Practices:

C&D Lumber is committed to ensuring that best management practices are employed in the harvesting of the timber they purchase. All landowner and logger contracts include requirements to abide by the Oregon Forest Practices Law requirements. Additionally, supplier declarations also require a commitment to BMP use. Two forms of monitoring are undertaken.

1. Where the Company purchases standing timber and has the right to harvest, they hire the logger and carryout physical inspections on a regular basis. The audit included inspections of two stumpage sales both were found to be in excellent condition and the inspection reports were found to accurately reflect the conditions on the ground.
2. With “gatewood” they rely on State records for monitoring logger performance. They use the Oregon Forest Practices violation data to determine if wood was purchased from a sale where a violation took place. When violations occur they are reviewed at monthly forestry meetings and then discussed with the violator. In 2014 no tracts were found to be in violation for the entire company harvest.

During the audit we inspected two of the three stumpage sales from the past yearv(Callahan 3 and Judd creek 2). Road and water quality BMPs were evident with many water bars found on roads on and off the block. On average C&D staff undertake formal inspection at least once per week. Both tracks were very well treated harvesting providing a clean bed for planting. The Company was observed to be leaving residual standing timber on all sites (Figure 1).



Figure 1. Judd Creek II stumpage sale harvested in 2014.

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

C&D Lumber requires all the loggers it hires to be Oregon Professional Logger (OPL) certified (or equivalent). The Company encourages logger certification for all suppliers of timber to the mill, with approximately 90% of all suppliers being OPL certified. The company retains the current OPL list and has access to it on the web in order to verify logger qualifications

Objective 4- Legal and Regulatory Compliance: Not audited

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

Objective 6- Training and Education: Not audited

Objective 7- Community Involvement and Landowner Outreach:

The company provides loggers and landowner with an information package outlining their commitment to sustainable forestry and various aspect of forest management. Information provided to landowners include information on SFI certification, additionally the C&D website promotes certification and provides links to the SFI website.

C&D Lumber provide mill and woods tours on a request basis. They participate in the Western Forestry and Conservation Association classes and are active with the Morgan Creek Education facility as well as doing elementary and high school talks occasionally.

C&D participates in the Oregon SIC attending most meetings and getting involved. The company is also a contributor financially to SIC. They belong to the small woodlot association and part of their timber taxes fund the Oregon Forest Resources Institute

Objective 8:-Public Land Management Responsibilities: Not applicable

Objective 9- Communications and Public Reporting:

The company is an SIC participant and participate in the Inconsistent Practices Process. The audit report provided by the Company met all the content requirements of this indicator. It was an unaltered version of the BVC report

Report submitted March 30 2015 as per acknowledgement email from SFI

Objective 10- Management Review and Continual Improvement:

D&C has a robust internal audit program that is used to evaluate conformance with the SFI standard. The continual improvement procedure also describes other information needed to present to management to determine SFI conformance D&C has a very good management review process which covers all aspects of the standard.

Findings

Previous non-conformances:

Not Applicable. There were no non-conformances issued in 2014.

Non-conformances:

No non-conformances were issued during this audit.

Opportunities for Improvement:

1. PM 2.1, Ind. 2: Log purchase agreements state that “*seller agrees to meet or exceed the Oregon Forest Practices Law*”. It would be an improvement to add a reference to the forest practice rules as they are the prescriptive practices of the law.

Notable Practices:

No notable practices were identified during this audit.

Logo/label use:

The company continues to use the SFI trademark on its lumber wraps the approvals for which are on file. There have been no new uses of the trademark in past year.

SFI reporting:

The 2014 C&D Lumber SFI audit report was found on the SFI website.

Conclusions

Through an examination of two stumpage sites, a review of records and interviews with staff it can be concluded that C & D Lumber operates a fiber sourcing program which conforms to the requirements of the SFI 2015-2019 standard. Based upon the favorable results of this surveillance

audit it can be concluded that certification to the SFI 2015-2019 standard shall be granted.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:										
Audit Date(s):		From: May 12 2015				To: May 13, 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:	May 13, 2015	
All NCR's Closed		Yes		No		N/A	X	Date:		
Standard audit conducted against:										
1)	SFIS 2015-2019			3)						
2)				4)						
Team Leader (1):			Team Members (2,3,4...)							
Brian Callaghan			2)							
			3)							
			4)							
			5)							
Scope of Supply: (scope statement must be verified and appear in the space below)										
<i>Wood Procurement</i>										

Accreditation's	ANAB				
Number of Certificates	2				
Proposed Date for Next Audit Event					
Date	May 13-15 2016				
Audit Report Distribution					
Jenny Whitmore - logacctg@cdlumber.com					
Melani Potts - melani.potts@us.bureauveritas.com					

Clause	Audit Report
Opening Meeting	<p>Participants: Ms. Jenny Whitmore – Log Accountant Mr. Gary Schroeder – Timber Manager Mr. Stacy Stiefel – Controller Mr Stuart MacPherson – ANAB auditor</p> <p>Discussions:</p> <p>Introductions</p> <ul style="list-style-type: none"> ➤ 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	<p>Participants: Ms. Jenny Whitmore – Log Accountant Mr. Gary Schroeder – Timber Manager Mr Stuart MacPherson – ANAB auditor</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 ➤ Nonconformances - 0 ➤ Date for next audit. ➤ Reporting protocol and timing