



**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	Pyramid Mountain Lumber Company, Inc (Pyramid)
Contact Person	Gordy Sanders – Resource Manager
Address	379 Boy Scout Road, Seeley Lake, MT 59868
Phone / Fax	406-677-2201/ 406-677-2509
PQC Code	E01E
Contract Number	US 1515663

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 Pyramid Mountain Lumber (PML); Sustainable Forestry Initiative (SFI) Certified Sourcing program. Jim Colla, Bureau Veritas Certification Lead Auditor, conducted the audit on October 6-7, 2015.

Audit Scope, Objectives and Process

The scope of the audit is “Fiber Sourcing system in Idaho and Montana”. The goal is continued certification under the SFI 2015-2019 Certified Sourcing Standard. 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 Pyramid chooses, and verify whether Pyramid has effectively implemented its SFI Standard program requirements on the ground.

The opening meeting occurred on October 6, 2015 and took place in the field near Swan Lake, MT. During the opening meeting the objectives for the surveillance audit were outlined and the audit process for collecting evidence and making audit findings was explained. Findings of non-conformance, opportunities for improvement, and appeals were also explained. Confidentiality was assured. The audit plan was discussed and agreed to, and the time and date of the closing meeting was also confirmed. There were no substitutions or edifications of SFI indicators. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the current version of the Bureau Veritas Certification SFI Auditor Handbook. Field notes and an SFI indicator checklist were completed. Gordy Sanders, Resource Manager; and Dylan Brown, Resource Forester, and other designated Pyramid staff, were present throughout portions of the audit.

Audit Plan

After discussing the goals and objectives of the audit, the audit plan and logistics was reviewed and the sites confirmed to conduct the field portion of the audit in a timely manner. Sourcing sites covered during the surveillance audit were selected based on the range of activity completed since the last audit in 2014. Several operating locations were visited in the field; a number of contractors and landowners were interviewed. The complete audit schedule is detailed in the audit plan on file with Bureau Veritas.

Company Information

Pyramid Mountain Lumber Company is a family owned board and random length dimension lumber mill that has been in operation for over 60 years. Pyramid has been represented on the Montana SFI State

Implementation Committee for years and became a 3rd party SFI Certified participant in January, 2011. Pyramid does not own any forest land; suppliers include private landowners in the region; and federal, state and tribal wood via competitive bid process. Pyramid maintains a robust outreach program and is very active in the local community.

Audit Results

The audit consisted of document and record reviews and interviews. In addition a number of field sites, one of which was actively being harvested, were visited that represent the spectrum of sourcing activities Pyramid undertakes.

Objective 1-Biodiversity in Fiber Sourcing: Pyramid has maintained and updated their outreach package to address biodiversity. Information describing conservation of critical wildlife habitat is contained in a MSWAP and Natural heritage Program brochure. TES and importance of biodiversity across the landscape is specifically noted. PML also utilizes external (MDNRC, Tree Farm) to communicate objectives to landowners. The depth of the information provided, frequency, and commitment to ATFS remains outstanding. As noted in reviewed records, PML has met and discussed biodiversity and landscape scale issues with a number of entities, including the annual PML Logger and Landowner meeting and Swan Ecosystem Center.

Objective 2-Adherence to Best Management Practices: Pyramid Procurement and BMP Monitoring Procedures, Adverse Weather Condition Program, LPAs and Timber Cutting Agreements contain policies, programs and requirements for compliance with BMP/SMZ practices. BMP inspection policies, priorities and sampling intensities are well defined. PML conducts internal reviews regularly and formally documents BMP and regulatory compliance. MDNRC checks for HRA compliance. Any deficiencies are directly addressed with the supplier. All sites visited had purchase agreements or contracts in place requiring BMPs.

Objective 3-Use of Qualified Resource and Qualified Logging Professionals: Pyramid continues to maintain, support and implement a program to promote trained professionals. Pyramid tracks the volume of wood provided by trained professionals. Procurement policies address logger training goals and objectives. Pyramid only uses trained logging professionals on purchase contracts and they strongly encourage use of the same on gate wood. Procurement objectives address logger training goals and objectives. The contractors interviewed are Montana Logging Association (MLA) certified. All contractors had required safety equipment and emergency and spill response plans. Contractors and landowners were well versed in sustainable forestry principles.

Objective 4-Legal and Regulatory Compliance: A log purchase contract cannot be issued without an established HRA notification. Pyramid utilizes sites visits and inspection forms per handbook procedures and uses these to document and follow up with non-compliance issues. These visits and forms record compliance levels with laws and regulations. Furthermore, MDNRC monitors inspects for HRA compliance. Pyramid will monitor information from SIC and address inconsistent practices via handbook policies deal with inconsistent practices. None reported since the last audit. Pyramid maintains and implements a Program to Address Fuel, Oil Spills and Hazardous Waste issues to ensure compliance. Pyramid has developed and documented a risk assessment regarding the potential to acquire logs from illegal sources and written a policy that addresses all requirements of this indicator. Extensive records and documents are maintained for every fiber sourcing transaction.

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

Objective 6-Training and Education: The commitment statement has been updated to reflect commitment to the SFI 2015-2019 standard. Pyramid has maintained their program to use trained professional as detailed in their handbook. Pyramid supports the Montana Logging Association Accredited Logging Professional program. Pyramid LPAs and Timber Cutting Agreements contain clauses that require contractors comply with Pyramid SFI policies. Pyramid encourages all other suppliers to used trained contractors. Pyramid cooperates through the SIC/MLA to ensure contractor training programs are consistent with the goals and needs of the SFI program. Continuing education is built into the MLA program. Pyramid hosts a contactor meeting in the spring that covers a number of topics and maintains detailed training records on the continuing

education and training accomplishments of its staff. Interviewed contractors and staff were very knowledgeable of sustainable forestry practices.

Objective 7-Community Involvement and Landowner Outreach: Pyramid has maintained and distributed information concerning Montana BMP's for water quality, SMZ rules, and MT SIC publications to landowners and contractors in the form of a comprehensive packet. They support contractor and landowner educational opportunities on BMP/SMZ topics. Landowner packet also include a Reduction in Wildfire Risk pamphlet.

Objective 8-Public Land Management Responsibilities: Not applicable

Objective 9-Communications and Public Reporting: The 2014 Pyramid 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.

Objective 10-Management Review: Management systems are in place to share information at both an operational and policy level among staff to provide interactive feedback. Reviews are conducted annually, are robust, and provide for continuous improvement. For 2015, preparation and updates needed to conform to changes in the 2015-2019 standard were the focus.

Objective 11-Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Conservation Wilderness Areas: Not Applicable

Objective 12-Avoidance of Controversial Sources including Illegal Logging: Not Applicable

Objective 13-Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws: Not Applicable

Findings

Previous non-conformances: None issued

Non-conformances: None issued

Opportunities for Improvement: None issued

Notable Practices: None issued

Logo/label use: Pyramid continues to use the SFI logo on lumber wrap. New wrap is on order to replace the dated 'Certified Fiber Sourcing' logo, thereby addressing a 2014 OFI. Pyramid does not use the BVC logo.

SFI reporting: The 2015 audit report for Pyramid Mountain Lumber is on the SFI website as required. Pyramid has submitted 2014 annual report data to SFI as requested.

Conclusions

The closing meeting was held in the field near Lincoln, MT office on October 7, 2015. The findings related to all audited indicators were reviewed, and the confidentiality of audit results assured. In the opinion of the auditor, Pyramid Mountain Lumber Company, Inc. continues to implement an effective SFI program that meets the requirements of the SFI 2015-2019 Fiber Sourcing Standard. Continued certification is recommended.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: October 6, 2015				To: October 7, 2015			
Number of SF02's Raised:			Major:		0		Minor:		0
Is a follow up visit required:			Yes	No	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 7, 2015	
All NCR's Closed		Yes	No	N/A	X	Date:			
Standard audit conducted against:									
1)	SFI 2015-2019 Fiber Sourcing			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Jim Colla			2)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Fiber Sourcing system in Idaho and Montana									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	early October 2016								
Audit Report Distribution									
Client: Pyramid - Gordon Sanders- gsanders@pyramidlumber.com									
BVNA: CAC – Dawn Komnick, dawn.komnick@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	<p>Participants: Doug Wasileski- Resource Forester, Dylan Brown- Resource Forester; Owen Discussions: Retzlaff – Resource Forester; Gordy Sanders- Resource Manager; and Jim Colla, lead auditor.</p> <ul style="list-style-type: none"> ➤ Introductions and 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: Dylan Brown- Resource Forester; Gordy Sanders- Resource Manager; and Jim Discussions: Colla, lead auditor.</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 ➤ Nonconformance's - 0 ➤ Date for next audit. ➤ Reporting protocol and timing