

SGS		SGS Systems & Services Certification, NA	
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Approval: Zachary Pivarnik	USLF045 SFI Forest Management Summary Report	Page 1 of 4	
		Effective: January 29, 2010	

Summary Report for SFI Forest Management Audit

Sustainable Forestry Initiative 2010-2014 Program, Section 2 (SFI 2010-2014 Standard)

Reviewed by D.J. Simonds – 19 June 2013

Organization:	C&D Lumber Co.		
Address:	1182 Pruner Road, Riddle, OR 97469, USA		
Audit Type:	Recertification		
Standard(s):	Sustainable Forestry Initiative 2010-2014 Program, Section 2 (SFI 2010-2014 Standard) & Section 4 (SFI Responsible Fiber Sourcing & Label Use)	Accreditation Body: ANAB	
Certificate No.	SGS-SFI/FM-US10/74626	Acres: 1674 (SFI exempt, & Tree-Farm certified)	
Effective Dates:	19 Jun 13 – 18 Jun 18	Approval:	
Representative:	Brad Hatley, 541.874.2281, brad@cdlumber.com		
Site(s) audited:	C&D Lumber Co office in Riddle, OR, & a procurement site	Date(s) of audit(s):	15-16 January 2013
EAC Code:	07	NACE Code:	21
No. of Employees:	4 in procurement; 4 more in related functions; c.100 overall	No. of Shifts:	1
Lead auditor:	Bill Rockwell	Other team member(s):	None
This report is confidential and distribution is limited to the audit team, client representative, and the SGS office. IT IS THE RESPONSIBILITY OF THE CLIENT TO SUBMIT THE APPROVED REPORT TO SFI.			

1. Audit Objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. General Description

The story of C&D goes back to 1890, when Alfred Johnson built his first sawmill in Southern Oregon's Coos County. In 1943, the Johnson family built a mill near the Coos and Douglas County lines. With a nod to its geography, the operation became C&D Lumber. Now, the fifth generation of the family guides the company. C&D is the largest US manufacturer of Port Orford cedar, and also produces incense cedar and Douglas fir. High-quality custom dimension lumber and other finished products such as decking and exposed timbers are produced at the company's sole sawmill in Riddle, OR.

For the most part, C&D Lumber buys logs (and occasional stumpage) from landowners (who contract the logging); they also buy some logs from loggers who buy stumpage and some logs (that cannot be traced to their origin) from other mills. Most wood comes from Oregon (which has a respected State forest practices act program that includes monitoring by the State), but two truckloads came from a national forest in California in 2011, and some logs occasionally (but none in 2011 or 2012) have come from log yards in Washington and California (which are both known for their strict forest practice acts).

The company owns some 1674 acres, about half of which is forested, that has supplied just under 1% of the mill's timber volume receipts over the previous 17 years, especially when log supplies were tight. These lands were determined to be "de minimus" by SFI and allowing exclusion of lands per an audit in Interpretation #10 on pages 20-21 of "Interpretations for the SFI 2010-2014 Program Requirements: Standards, Rules for Label Use, Procedures and Guidance", dated December 2010. Although these lands temporarily provided just over 4% of supply in 2011, this exclusion was reaffirmed by SFI in 2012 due to the one-time nature of this harvest level, and no harvesting occurred from these lands in 2012. Finally, these lands were certified to the SFI-recognized Tree Farm Standard in 2012.

In addition, the company purchased just under 30% of its 2010 supply, 24% of its 2011, & 29% of its 2012 supply from lands of Silver Butte Timber Company (which is owned by various members of the same extended family that owns the mill) and holds cutting rights on these lands (purchased from the previous landowner) yielding just under another 11% of the mill's supply in 2010. The forester for these lands rents office space from C&D and participates in the monthly meetings of C&D's forestry staff, and C&D staff sometimes provides forestry services to this ownership for a fee. Because of the independent ownership and management of these lands, however, they were determined by SGS to not be subject to Interpretation #2 on page 18 of "Interpretations for the SFI 2010-2014 Program Requirements: Standards, Rules for Label Use, Procedures and Guidance", dated January 2012, and were excluded from the scope of the audit.

3. Scope of certification

Procurement operations for the C&D Lumber sawmill in Riddle, OR, according to Section 2 of the SFI 2010-2014 Program.

Has this scope been amended as a result of this audit? Yes No

New scope: [Put the new scope here if it has changed]

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client Yes No

4. Current audit findings and conclusions

The auditor conducted a process-based audit to the Objectives, Performance Measures, & Indicators as required by the SFI Standard via interviews with 4 members of C&D's SFI Implementation team and review of documents & records. Field visits were not required due to the adequacy of ODF's support for FPA monitoring & reporting, but one procurement site was visited to review the overall efficacy of the system.

The auditor concludes that the organization / has / has not / established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives for wood procurement under Objectives 8-20 of the SFI Standard.

Number of nonconformities identified: 0 Major 0 Minor

Therefore the auditor recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

Granted / Continued / Withheld / Suspended until satisfactory corrective action is

completed.

5. Previous Audit Results

Bill Rockwell – 27-28 January 2012 surveillance – no non-conformances & one observation

- Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

6. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system. Yes No

The organization has demonstrated effective implementation and maintenance / improvement of its management system. Yes No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. Yes No

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. Yes No

The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. Yes No

Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard. Yes No

Certification claims are accurate and in accordance with SGS & SFI guidance N/A Yes No

7. Audit Trail Results

Information on conformance or lack of conformance is indicated below and in Appendix A:

SFI Section 2. Objectives 1-7: Forest Land Management: N/A per SFI determination of de minimus status of associated lands

SFI Section 2. Objectives 8-10: Fiber Sourcing from within the US & Canada: Evidence collected during the audit, including document review, interviews, and field observations, verified overall and consistent conformance to all applicable indicators. See related SFI Checklist (USLF043) for details

SFI Section 2. Objectives 11-13: Fiber Sourcing from outside of the United States and Canada: N/A

SFI Section 2. Objectives 14-20: Forest Land Management & Fiber Sourcing: Evidence collected during the audit, including document review, interviews, and field observations, verified overall and consistent conformance to all applicable indicators. See related SFI Checklist (USLF043) for details

SFI Section 4. Responsible Fiber Sourcing & Label Use: all labels uses were approved.

8. Nonconformities

CAR #	Indicator	CAR Detail					
		Date Recorded>	dd mm yy	Due Date>	dd mm yy	Date Closed>	dd mm yy
		Non-Conformance:					
		none to date					
		Objective Evidence:					
		Close-out evidence:					
		Date Recorded>	dd mm yy	Due Date>	dd mm yy	Date Closed>	dd mm yy
		Non-Conformance:					
		Objective Evidence:					
		Close-out evidence:					

9. Observations (Opportunities for Improvement)

OBS #	Indicator	Observation Detail			
		Date Recorded>	dd mm yy	Date Closed>	dd mm yy
2012: 02	Objectives 1-7	Date Recorded>	24 JAN 2012	Date Closed>	15 JAN 2013
		Observation:			
		Although the small portion of company-owned lands has been exempted from the SFI land-management requirements, they could be certified under the more size-appropriate American Tree Farm System.			
		Follow-up evidence:			
		These lands have received Tree Farm certification effective October 9, 2012, Tree Farm number: OR-5816			
01	Overall	Date Recorded>	15 JAN 2013	Date Closed>	dd MMM yy
		Observation:			
		Dates on documents & records would help with version control.			
		Follow-up evidence:			

-- End of Summary Report --