



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

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PQC Code	E06
Contract Number	US.2450681

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	#2	Scope extension audit:	
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Audit Summary
<p align="center"><b>Introduction</b></p> <p>This audit conducted August 2-4, 2016 is a 2<sup>nd</sup> surveillance audit for KyKenKee Inc. This company is transferring their SFI fiber sourcing certificate to BVC from Timber Products Inspection (certificate number TP-SFILMP-0002). Gary Boyd served as the lead auditor for this surveillance / transfer audit. Mr. Boyd is a Certified Forester and EMS Lead Auditor.</p> <p align="center"><b>Audit Scope, Objectives and Process</b></p> <p>The scope of this audit is “Procurement of fiber for the Vance, AL, Centerville, AL &amp; Jachin, AL sawmills and Eutaw, AL, Selma, AL, Portersville, AL wood yards, and related sustainable forestry activities in Alabama and Mississippi.” The audit was conducted against the SFI 2015-2019 Fiber Sourcing Standard. 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.</p> <p align="center"><b>Audit Plan</b></p> <p>The audit process began with an opening meeting at 8:00am on August 2, 2016 in Vance, AL. Document review occurred that morning in the Vance, AL office. The fiber sourcing operations around Vance occurred the afternoon of August 2, 2016 – five harvest sites were visited. The field operations around Eutaw, AL were visited on August 3, 2016. A total of seven stumpage and Gatewood tracts were visited. Fiber sourcing operations around Centerville, AL were visited the morning of August 4, 2016. Six stumpage and Gatewood tracts were audited. The audit concluded with a closing meeting held in the Vance, AL office at 4:00pm on August 4, 2016. An audit plan was developed and is maintained on file by Bureau Veritas Certification.</p>

### Company Information

KyKenKee is a privately owned company that has sawmills located in Vance, AL; Centerville, AL and Jachin, AL. The company also owns woodyards in Eutaw, AL; Selma, AL and Portersville, AL. The company’s main office is located in Vance, AL. The company produces pine and hardwood specialty milled products for pallets, the mining industry and other clients that want specialty designed products.

### Multi-Site Requirements

Multi-Site	X	Group Certification	
Sites		Sites Audited During this Event	
KyKenKee - Vance, AL (Central Office)		X	
KyKenKee - Vance, AL – 2 sawmills		X	
KyKenKee – Eutaw, AL - Woodyard		X	
Bibb Hardwood – Centerville, AL - Sawmill		X	
KyKenKee – Selma, AL – Woodyard			
KyKenKee – Portersville, AL – Woodyard			
Clear Creek Forest Products – Jachin, AL – Sawmill & Woodyard			

### Audit Results

*Provide a description of the areas audited and the number and type of field sites visited. Provide a description of the results of the audit by SFI Objective. Describe how the company conforms to overall requirements of each of the indicators. Provide a description of issues that generated audit findings. If an objective was not covered during the audit, enter “Not audited” next to that objective. If an objective is not applicable (Objectives 11-13), enter “N/A” or delete.*

The document review was conducted to determine if KyKenKee’s system documentation continues to meet the requirements of the SFI 2015-2019 Fiber Sourcing Standard. The central office audit also examined the company’s procedures for meeting the multi-site requirements. The field audit consisted of a review of seventeen clear-cut harvesting tracts and one thinning site. Of the eighteen total tracts visited, ten were stumpage tracts and eight were gatewood tracts.

**Objective 1-Biodiversity in Fiber Sourcing:** KyKenKee has completed a due diligence risk assessment of its supply area as part of its SFI Chain of Custody certification. This assessment looked at the potential of receiving wood fiber from controversial sources as defined by such conversation groups as World Resources Institute, NatureServe, Conservation International and various state Wildlife Action Plans. The company has procedures in place to identify and address Forests with Exceptional Conservation Value (FECV) and Federally listed threatened and endangered species on stumpage tracts. Gatewood tracts also address FECV’s through their Supplier Field Audit Form. KyKenKee also is an active partner in the Cahaba River Mitigation Bank.

**Objective 2-Adherence to Best Management Practices:** KyKenKee uses contracts that require the use of BMP’s. The company has a robust monitoring program that assesses the compliance of BMP’s on stumpage and Gatewood tracts. Procedures require at least eight Gatewood tracts to be inspected per quarter with all stumpage tracts being inspected on a regular basis while harvesting is active and then completed. Compliance checks reviewed for the eighteen tracts audited were correct and complete.

**Objective 3-Use of Qualified Resource and Qualified Logging Professionals:** KyKenKee requires all of its suppliers and loggers who deliver wood to its facilities to be current with their state logger training requirements. Company contracts state these requirements. All loggers who harvested

wood on the eighteen sites visited were up-to-date with their training requirements. Road contractors used by the company had also received training on BMP's.

**Objective 4-Legal and Regulatory Compliance:** KyKenKee employees have access to federal laws through their Fiber Sourcing procedures. They are aware of the key federal and state laws and know where to access further information on these laws and regulations, if needed. The company's system to achieve compliance consists of contract requirements, pre-activity planning and monitoring processes, and training of employees and contractors. No adverse regulatory action has been taken.

**Objective 5-Forestry Research, Science and Technology:** KyKenKee provides financial support of hardwood research through a post-graduate scholarship at Auburn University. Company employees demonstrated they have access to information on the potential impacts of climate change on forest health and productivity, and wildlife and wildlife habitat.

**Objective 6-Training and Education:** KyKenKee employees received annual SFI training on 7/29/2016. Company contracts state all loggers who deliver wood to company facilities are required to maintain their state SIC logger continuing education training. All loggers who had been used on the eighteen harvest sites audited were current with their training.

**Objective 7-Community Involvement and Landowner Outreach:** KyKenKee remains involved in landowner outreach and community involvement. The company continues to use the AL SIC landowner packet to educate landowner about sustainable forestry practices. The company also sponsors numerous events such as the AL Teacher conservation Workshop and the Auburn University Architecture Workshops.

**Objective 8-Public Land Management Responsibilities:** Not Applicable

**Objective 9-Communications and Public Reporting:** A review of the SFI, Inc. website provided evidence that KyKenKee submitted its previous 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. E-mail records provided evidence the company submitted the 2015 annual progress report in a timely manner.

**Objective 10-Management Review:** Records of an internal audit were reviewed and the results of this internal audit were reviewed by top management on 7/29/2016.

**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:**

*Provide a description of previous non-conformances, and verify effectiveness of corrective actions.*

One minor non-conformance related to training and education was issued during the first surveillance audit in 2015 while the company was contracted with Timber Products Inspection. This non-conformance was closed on 9/10/2015. Upon review of this closed non-conformance, it remains

closed.

**Non-conformances:**

No non-conformances were issued during this 2nd surveillance audit.

**Opportunities for Improvement:**

One Opportunity for Improvement was issued during this surveillance audit. This OFI was issued against Objective 4, PM 4.2, Ind. 1 as the company's SFI Policy does not specifically state commitment to all the social laws referenced in the standard.

**Notable Practices:**

None

**Logo/label use:**

KyKenKee provided a SFI logo approval from SFI, Inc. for a logo use dated 10/20/2015. The company has no plans to place an on-product label on its finished products. The company has no plans to use the BVC trademark.

**SFI reporting:**

The 2015 surveillance audit report from Timber Products Inspection was found on the SFI website as required for public review.

**Conclusions**

Based on the result of this surveillance audit, the lead auditor issues a recommendation for continued certification to the SFI 2015-2019 Fiber Sourcing Standard.

**SEE SF61 FOR AUDIT NOTES**

Summary of Audit Findings:									
Audit Date(s):		From: August 2, 2016				To: August 4, 2016			
Number of SF02's Raised:			Major:		0		Minor:		0
Is a follow up visit required:			Yes	X	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:	8/4/2016
Proceed to/Continue Certification		Yes	X	No		N/A		Date:	8/4/2016
All NCR's Closed		Yes		No		N/A	X	Date:	8/4/2016
Standard audit conducted against:									
1)	SFI 2015-2019 Fiber Sourcing Standard				3)				
2)					4)				
Team Leader (1):		Team Members (2,3,4...)							
Gary Boyd		2)							
		3)							
		4)							
		5)							
Scope of Supply: (scope statement must be verified and appear in the space below)									
Procurement of fiber for the Vance, AL, Centerville, AL & Jachin, AL sawmills and Eutaw, AL, Selma, AL, Portersville, AL wood yards, and related sustainable forestry activities in Alabama and Mississippi.									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	July 2017								
Audit Report Distribution									
Dwayne Tew – <a href="mailto:dwaynet@kykenkee.com">dwaynet@kykenkee.com</a>									
Dawn Komnick (BVC) - <a href="mailto:Dawn.komnick@us.bureauveritas.com">Dawn.komnick@us.bureauveritas.com</a>									

Clause	Audit Report
Opening Meeting	Participants: Dwayne Tew, Dannon Lisenby, Gary Boyd Discussions: <ul style="list-style-type: none"> <li>➤ Introductions</li> <li>➤ Scope of the audit</li> <li>➤ Audit schedule/plan</li> <li>➤ Nonconformance types – Major / Minor</li> <li>➤ Review of previous nonconformances – 1 Minor.</li> <li>➤ Process approach to auditing and audit sampling</li> <li>➤ Confidentiality agreement</li> <li>➤ Termination of the audit</li> <li>➤ Appeals process</li> <li>➤ Closing meeting timing</li> </ul>
Closing Meeting	Participants: Dwayne Tew, Dannon Lisenby, Gary Boyd Discussions: <ul style="list-style-type: none"> <li>➤ Introductions and appreciation for selecting Bureau Veritas Certification.</li> <li>➤ Review of audit process - process approach and sampling.</li> <li>➤ Review of OFIs and System Strengths</li> <li>➤ Nonconformances - 0</li> <li>➤ Date for next audit.</li> <li>➤ Reporting protocol and timing</li> </ul>