



**BUREAU
VERITAS**

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

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PQC Code	06
Contract Number	US1498311

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	#2	Scope extension audit:	
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Audit Summary
<p align="center">Introduction</p> <p>This report summarizes the results of the second surveillance audit conducted on Neiman Enterprises' SFI program for fiber sourcing. Richard Boitnott, Bureau Veritas Certification Lead Auditor conducted the audit 9/9/2015 through 9/10/2015.</p> <p align="center">Audit Scope, Objectives and Process</p> <p>The scope of the audit is "Procurement of Timber & Logs". The audit was conducted against the SFI 2015-2019 standard. SFIS Objectives 1-4, 6, 7, 9, and 10 were covered during the audit. 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">Audit Plan</p> <p>The audit began with an opening meeting at 8:00 am on 9/9/2015, followed by a review of system documentation. Purchased stumpage tracts were reviewed the afternoon of 9/9 and all day on 9/10. A closing meeting was held at the close of business on the 10th. An audit plan was developed and is maintained on file by Bureau Veritas Certification.</p> <p align="center">Company Information</p> <p>Neiman Enterprises operates three sawmills in the Black Hills; Spearfish and Hill City South Dakota, and Hulett Wyoming. The company procures wood for these facilities primarily through a purchased stumpage program. Very little open market wood is received. The majority of purchases are from U.S. Forest Service timber sales. The Forest Service conducts a rigorous review of the presence of FECVs and special sites, and closely monitors contract requirements, including implementation of BMPs.</p> <p align="center">Multi-Site Requirements</p>

The company maintains a multi-site certification consisting of three facilities as shown below. The central office of the management system is at the Spearfish office. The company qualifies as a multi-site certification since the management system is controlled and directed by the central office. There is one set of procedures that applies to the entire system, and the SFI manager is the sole person responsible for maintaining the procedures. The SFI manager monitors performance of each its sites, and includes a summary of findings in the management review process. The lead auditor believes the internal audit program is one upon which Bureau Veritas Certification can rely.

The company operates a single procurement system for all three sites. All mills are covered during every audit since it is not unusual for wood from any site to go to any or all of the mills.

Multi-Site	X	Group Certification	
Sites		Sites Audited During this Event	
Spearfish, SD		X	
Hill City, SD		X	
Hulett, WY		X	

Audit Results

The document review was conducted to determine if Neiman’s system documentation meets the requirements of the SFI 2015-2019 Standard Fiber Sourcing Edition. The field audit consisted of a review of eight purchased stumpage tracts; three private and five U.S. Forest Service. The lead auditor continues to attempt to bias site selection towards private tracts due to the low risk offered by working on public land, but Neiman still only purchases a small amount of private timber.

Objective 1-Biodiversity in Fiber Sourcing:

Neiman has developed a brochure to communicate the conservation of biodiversity to landowners. The brochure is very well done. Neiman also provides training for loggers and employees that included items on biodiversity conservation. The company’s efforts resulted in the issuance of a notable practice.

Most of the timber purchased by Neiman is from the U.S Forest Service or other public lands, where FECVs are closely monitored. The company has a program to address FECVs when it purchases timber from a private landowner. Neiman provides location information for each of its private purchased stumpage tracts to the state heritage program, which does a T&E and FECV search and provides the information back to Neiman.

Objective 2-Adherence to Best Management Practices:

The company has a program to ensure BMP compliance on its purchased stumpage tracts. All purchased stumpage tracts reviewed during the audit demonstrated compliance with South Dakota BMPs. Contracts contain BMP compliance language. The company has a program to address adverse weather conditions. The program consists primarily of inventory management, identification of tracts that can be logged in wet weather, and methods of mitigation, such as rocking roads or the use of low ground pressure equipment. Neiman sends an annual letter to its wood producers, providing them a copy of the fiber sourcing policies. Neiman procures approximately 95% of its wood through direct purchases, and monitors BMP compliance through its purchased stumpage program. It monitors BMP compliance of its few open market suppliers using state monitoring data. Neiman has a management review process that includes the analysis of trends in BMP performance.

An output of the management review process is the identification of any areas for improvement.

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

Neiman requires all loggers delivering wood to company facilities to be trained, with the exception of those that deliver less than 25 loads per year. The company encourages landowners to use trained loggers

Objective 4-Legal and Regulatory Compliance:

Neiman's SFI program manual contains links to applicable laws and regulations. The company's system to ensure regulatory compliance consists of a policy commitment, contractual requirements, training, and monitoring. No adverse regulatory action information is in evidence. Neiman has a program to assess the risk of procuring wood coming from illegal sources. Most of the wood it procures comes from the U.S. Forest Service, assuring it is not from illegal source. It has also evaluated the risk of procuring illegal wood from private landowners to be low.

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

Objective 6-Training and Education:

Neiman has developed a policy statement to comply with the SFI standard. This policy statement has been communicated throughout the organization. Assignment of SFI roles and responsibilities are provided in the procurement program. All procurement employees are required to complete SIC training. Records verified training has taken place as required. All contractors working on purchased stumpage are required to complete SIC logger training. Neiman continues to do an excellent job of providing training to its contractors to help them maintain their continuing education credits, something that has been recognized as a notable practice in the past. Logging contracts contain a requirement for qualified loggers. Neiman's participation on the Central Rockies SIC includes the development and distribution of logger training.

Objective 7-Community Involvement and Landowner Outreach:

Neiman is a member of the Central Rockies SIC. Neiman's participation in the Central Rockies SIC includes the development of landowner information that includes the new requirement for the reduction of wildfire risk. Neiman is a member of the Black Hills Forest Resource Association, which provides support for policies that promote the conservation of forestland, and is a driving force behind the Black Hills Regional Multiple Use Coalition. The BHRMUC is involved in promoting multiple use of public lands. Neiman continues to be involved in a number of public education efforts. Employees are on the National Forestry Advisory Board, and one is on the Federal Timber Purchasers Board. The company continues to be involved in Project Learning Tree and Tree Farm. Neiman is very involved in governmental affairs. Neiman has an inconsistent practices procedure in place to address public complaints and inquiries. No reports of inconsistent practices have been received by the company.

Objective 8-Public Land Management Responsibilities: N/A

Objective 19-Communications and Public Reporting:

A review of the SFI, Inc. website provided evidence Neiman submitted its previous surveillance 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. An e-mail transmission from SFI, Inc. provided evidence the company submitted the 2014 annual progress report in a timely manner.

Objective 20-Management Review and Continual Improvement:

Neiman has a management review process in place. The company does a good job of keeping meeting minutes and documenting goals for continual improvement.

Objective 11-Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Conservation Wilderness Areas: N/A

Objective 12-Avoidance of Controversial Sources including Illegal Logging: N/A

Objective 13-Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws: N/A

Findings

Previous non-conformances:

No non-conformances were issued during the previous audit.

Non-conformances:

No non-conformances were issued during this audit.

Opportunities for Improvement:

No opportunities for improvement were issued during this audit.

Notable Practices:

One notable practice was issued.

1. PM 1.1, Ind. 1: Neiman's landowner brochure already contained information on the conservation of biodiversity. However, the company did an excellent job of developing an additional brochure to directly address the conservation of biodiversity.

Logo/label use:

Neiman uses the SFI certified sourcing label on lumber wraps and pellet bags. All labels were being used properly. The company does not use the Bureau Veritas Certification logo.

SFI reporting:

The 2014 surveillance audit report was found on the SFI, Inc. website as required for public review.

Conclusions

A closing meeting was held at the end of business on Thursday the 10th. The lead auditor issued a recommendation for immediate upgrade to the SFI 2015-2019 Fiber Sourcing Standard.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: 9/9/2015				To: 9/10/2015			
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:	9/10/2015
All NCR's Closed		Yes		No		N/A	X	Date:	
Standard audit conducted against:									
1)	SFIS 2015-2019 FS Edition			3)					
2)				4)					
Team Leader (1):		Team Members (2,3,4...)							
Richard Boitnott; CF, EMS(LA)		2)							
		3)							
		4)							
		5)							
Scope of Supply: (scope statement must be verified and appear in the space below)									
Procurement of Timber and Logs									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	Renewal audit should be conducted September 6-8, 2016								
Audit Report Distribution									
Neiman: Bill Loffer-bloffer@spearfishfp.com									
Bureau Veritas Certification: Dawn Komnick-dawn.komnick @us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	Participants: Bill Loffer, Dan Buehler Discussions: <ul style="list-style-type: none"> ➤ Introductions ➤ 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	Participants: Bill Loffer Discussions: <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