

Canfor Southern Pine

3700 Claypond Rd, Myrtle Beach, SC 29579

FRS # C0079539

2015-2019 SFI Standards and Rules, Section 3

3rd Annual Surveillance Audit – Fiber Sourcing

1st Annual Surveillance Audit – Certified Sourcing



NSF International

789 N. Dixboro Road, Ann Arbor, MI 48105 USA
T +1 (734) 769-8010 | F +1 (734) 769-0109
www.nsf.sustainability.org | sustainability@nsf.org

NSF International Forestry Program Audit Report

A. Program Participant Name

Canfor Southern Pine

NSF Customer Number (FRS)

C0079539

Contact Information (Name, Title, Phone & Email)

Wes Smith

Forest Certification Manager

Canfor Southern Pine, Inc.

Mobile: 229.977.2380

Wes.Smith@canfor.com

B. Scope of Certification

SFI FS: The procurement organizations supplying logs to its manufacturing facilities. The scope of the SFI Program includes Objectives 1-7 and 9-10. The SFI Fiber Sourcing certification number is NSF-SFI-FS-C0079539.

Locations Included in the Fiber Sourcing Certification

Canfor Southern Pine, Inc. – Camden, SC

Canfor Southern Pine, Inc. – Conway, SC

Canfor Southern Pine, Inc. – Graham, NC

Canfor Southern Pine, Inc. – Darlington, SC

Canfor Southern Pine, Inc. – Mobile, AL

Canfor Southern Pine, Inc. - Urbana, AR

Canfor Southern Pine, Inc. – Fulton, AL

Canfor Southern Pine, Inc. – Jackson, AL

SFI CS: The manufacture of lumber and engineered wood products. The SFI Certified Sourcing certification number is NSF-SFI-FS-C0079539.

Locations Included in the Fiber Sourcing Certification

Canfor Southern Pine, Inc. – Camden, SC sawmill

Canfor Southern Pine, Inc. – Conway, SC sawmill

Canfor Southern Pine, Inc. – Graham, NC sawmill

Canfor Southern Pine, Inc. – Darlington, SC sawmill

Canfor Southern Pine, Inc. – Mobile, AL sawmill

Canfor Southern Pine, Inc. - Urbana, AR

Canfor Southern Pine, Inc. - El Dorado, AR gluelam

Canfor Southern Pine, Inc. – Washington, GA gluelam

Canfor Southern Pine, Inc. – Fulton, AL sawmill

Canfor Southern Pine, Inc. – Jackson, AL sawmill

C. NSF Audit Team

Norman Boatwright

D. Audit Dates

June 19-21, 2017

E. Reference Documentation (Standards, Guidance, etc.)

SFI 2015-2019 Standards and Rules, Section 3

Company Documentation (Program Manual, Procedures, etc.)

SFI Implementation Program and SFI Indicators and Evidence Manual both dated 3/20/2017.

F. Audit Results: Based on the results of this assessment, the auditor concluded:

- Acceptable with no nonconformities
- The following nonconformities were identified and will require corrective action:

Major: 0 Minor: 0

In addition, 2 opportunities for improvement (OFIs) were identified.

PM 7.3: There is an opportunity to improve the Company's procedures for the *certified sourcing* standard to address the required elements.

CL 7.6.1: There is an opportunity to improve internal audits covering all of the standard requirements.

G. Changes to Operations or to the Standard

Note: *Were there any significant changes in operations, procedures, specifications, facility records, etc., from the previous visit?*

- Yes (Please explain: The Canfor facilities were contained in 2 separate certificates which are being combined into a single certificate this year. Certificate transfers and a scope expansion audit (separate from this surveillance audit) will add additional sites into the certification.
- No

H. Other Issues Reviewed

- Yes No N/A Public report from previous audit(s) is posted on the [SFI/SBP/etc.] website
- Yes No N/A Relevant industry specific logos or labels (SFI, PEFC, etc.) are utilized correctly.
- Yes No N/A Relevant accreditation logos (ANSI or ANAB) are utilized correctly and meet rules specified in NSF SOP 14680 and SOP 4876.
- Yes No N/A Nonconformities from previous audit were reviewed.

Minor non-conformance to Cl 1.2: Additional Requirements- Use of the SFI on-product labels and claims shall follow Section 5 - Rules for Use of SFI On-Product Labels and Off-Product Marks as well as ISO 14020:2000.

Finding: Canfor elected to be audited to the 2010-2014 SFI Standard in 2015. They have continued to use the Certified Sourcing label on their lumber. The 2016 audit includes a registration audit for use of the Certified Sourcing label on their lumber. SFI logo meets standards and was re-approved by SFI (Rachel Dierolf) 6-16-16.

Resolution: Audit confirmed the certified sourcing is functioning and that label/logo use is correct.

OFI to CL 2.1.1: *Program to require that harvests of purchased stumpage comply with best management practices.*

Finding: Ensure that SMZ's are in BMP compliance for the entire length of stream. Robertson tract.

Resolution: This surveillance audit did not identify any SMZ or other BMP issues.

I. Future Audit Schedule

Following the initial registration audit, continued certification requires annual assessments commonly referred to as "Surveillance Audits". Additionally, at the end of the certification period, maintaining certification requires the completion of a recertification or "Reassessment Audit". The following table lists the dates of the audits in the current certification period and (for multi-site certificates) the sites chosen at each visit.



Registration / Reassessment	Surveillance 1	Surveillance 2	Surveillance 3	Surveillance 4
Date(s)	Date(s)	Date(s)	Date(s)	Date(s)
NA certificated combined	NA certificated combined	May 19-21, 2017	June 2018	
Sites visited	Sites visited	Sites visited	Sites visited	Sites visited
		Darlington, SC and Graham, NC	TBD	



J. Appendices

- Appendix 1: Audit Notification Letter and Audit Schedule
- Appendix 2: SFI Fiber Sourcing Public Summary Report
- Appendix 3: Audit Standard Checklists
- Appendix 4: Meeting Attendance



Appendix 1
Audit Notification Letter and Audit Schedule



Wes Smith
Forest Certification Manager
Canfor Southern Pine, Inc.
Post Office Box 1337
Thomasville, GA 31799
Mobile: 229.977.2380

June 17, 2017

Re: Confirmation of 2017 SFI Surveillance Audit Schedule

Dear Mr. Smith,

As we have discussed previously, I am scheduled to conduct the Surveillance Audit of your procurement operations on the east coast providing timber to your sawmills on June 19-21, 2017. This is a partial review of your SFI Program to confirm that it continues to be in conformance with the SFI Standard and that continual improvement is being made. As discussed, Tucker Watts will be conducting initial certification audits for the Georgia and Mississippi mills later this month.

The audit team will consist of me as NSF Lead Auditor.

During the audit I will:

1. Review progress on achieving SFI objectives and performance measures and the results of the management review of your SFI Program;
2. Review selected components of your SFI program;
3. Verify effective implementation of any corrective action plans from the previous NSF audit;
4. Review logo and/or label use;
5. Confirm public availability of public reports; and
6. Evaluate the effectiveness of planned activities aimed at continual improvement of your SFI Program.

As required by SFI Inc. policy, this audit will be conducted using the SFI 2015-2019 Standards and Rules®, Section 3 – Fiber Sourcing and Appendix -1 Certified Sourcing. The enclosed schedule outlines the topics I expect to review during this visit. The schedule can be adapted either in advance or on-site to accommodate any special circumstances. **Criteria are listed at the end of the schedule to assist you in preparing potential site visit and interview lists.**

I look forward to visiting you and evaluating continual improvement in your SFI Program. If you have any questions regarding this planned audit, please call me at 842.229.1851.

Sincerely yours,

Norman Boatwright

Norman Boatwright
Lead Auditor, NSF
Enclosure: Agenda for Surveillance Audit



Schedule – Surveillance Audit
Canfor Southern Pine– Facility #C0079539
Sustainable Forestry Initiative Standard 2015-2019 Standards and Rules®,
Section 3 – Fiber Sourcing and Appendix 1 – Certified Sourcing

NSF Audit Team: Norman Boatwright, SFI Lead Auditor

Day 1 Agenda Monday June 19th

<u>TIME</u>	<u>ACTIVITY</u>
9:00 am	Opening Meeting/Agenda Review at the Darlington, SC mill <ul style="list-style-type: none"> - Review changes to the Facility Record Sheet - Discuss changes/improvements to the SFI Program, changes in operations, or changes in scope since the certification audit - Review NSF SFI Audit Procedures - Discuss field site visit provisions and other logistical issues - Confirm public report is available to public - Select field sites and NC meeting place
9:30 am	SFI Program Review (<i>a partial review of the following</i>) Section 3, Objectives 1-7 and 9-10: Requirements for Fiber Sourcing <ul style="list-style-type: none"> Objective 1. Biodiversity in Fiber Sourcing Objective 2. Adherence to Best Management Practices Objective 3. Use of Qualified Resource and Qualified Logging Professionals Objective 4. Legal and Regulatory Compliance Objective 5. Forestry Research, Science and Technology Objective 6. Training and Education Objective 7. Community Involvement and Landowner Outreach Objective 9. Communications and Public Reporting Objective 10. Management Review and Continual Improvement
12:00 – 1:00 pm	Lunch
1:00 – 4:30 pm	Review the Multi-Site requirements, complete checklists for Certified Sourcing and the Graham, NC mill and interview wood suppliers
4:30 pm	Daily recap

Day 2 Agenda Tuesday June 20th

- 7:30 - 8:30 am Travel to field sites in Cumberland County, NC
- 8:30 - 4:30 pm Field Visits of Graham purchase stumpage tracts

Day 3 Agenda Wednesday June 21st

- 7:30 - 11:00 am Field Visits of Graham Purchase stumpage tracts south of I-85
- 11:00 am Closing Meeting – on the “tailgate”
- 11:30 am Auditor Departs



Site Visits:

Please prepare a list sites with activity since the certification audit. Will also need a rough map showing where the tracts are located. I will choose tracts based on the following criteria:

- Sites that have been inspected as part of the company's monitoring program, including stumpage and gate wood sites if applicable;
- Stumpage sales where company policies related to BMPs, visual quality, utilization, species protection and cultural/historic issues have been communicated to the landowner;
- Any steeper and mountainous terrain where erosion and soil stability may be issues of concern;
- Any wet sites where soil compaction, rutting, and riparian protection may be issues of concern;
- Active sites where contract loggers and landowners can be interviewed;
- Sites where logging has been completed and the site has been closed-out;
- Sites with a range of timber types that encompass the most common species or products harvested.

Potential Interviewees:

Please prepare a list with contact information that includes the following:

- List of all Contract Loggers and wood suppliers that harvest stumpage sales, prioritized by production;
- List of all landowners that have sold their timber to Canfor within the past year;
- Canfor's foresters with responsibility for the SFI Program;
- Canfor's representatives on the SFI program State Implementation Committees.



Appendix 2
SFI Fiber Sourcing Public Summary Report



Canfor Southern Pine

2017 Public Summary Audit Report

SFI Fiber Sourcing

The SFI Program of Canfor Southern Pine of Myrtle Beach, SC 29579 has demonstrated conformance with the SFI 2015-2019 Standards and Rules, Section 3 – Fiber Sourcing, including Appendix 1 – Certified sourcing according to the NSF Certification Process.

Canfor Southern Pine is a forest products company with its US South headquarters located in Mobile, AL that operates thirteen (13) southern yellow pine manufacturing facilities in located in Alabama, Arkansas the Carolinas and Georgia. The company utilizes six (6) procurement groups to source the mills. This certificate is a combination of 2 existing certificates in addition to a scope expansion.

Inputs are sourced as gatewood and purchased stumpage. The certification program is managed by Wes Smith. The Company has a robust verifiable monitoring system to maintain rates of conformance to best management practices and to identify areas for improved performance. The system includes conducting BMP inspections on purchase stumpage tracts, reviewing state BMP data and communicating the findings annually to management. The audit was performed by NSF on June 19-21, 2017 by Norman Boatwright, Lead Auditor. Audit team members fulfill the qualification criteria for conducting audits contained in SFI 2015-2019 Standards and Rules, Section 9 – Audit Procedures and Auditor Qualifications and Accreditation.

The scope of the audit included procurement operations. Procurement operations occurring in the past 12 months were reviewed to ensure that SFI Procurement Standards were met, in addition to SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit.

The SFI Standard was used without modifying any requirements.

Audit Process

NSF initiated the audit process with a readiness review to confirm the scope of the audit, review the SFI Indicators and evidence to be used to assess conformance, verify that Canfor Southern Pine was prepared to proceed to the audit, and to prepare a detailed audit plan. NSF then conducted the audit of conformance. A report was prepared and approved by an independent certification board member assigned by NSF. Follow-up or surveillance audits are required by SFI, Section 9. The next surveillance audit is scheduled for June 2018.

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable requirements. The plan provided for the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices.

During the audit NSF reviewed a sample of the written documentation assembled to provide objective evidence of conformance. NSF also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF protocols. NSF selected and interviewed stakeholders such as contract loggers, landowners and other interested parties, and interviewed employees within the organization to confirm that the SFI Standard was understood and actively implemented.

As with the initial certification, several of the SFI Performance Measures were outside of the scope of Canfor Southern Pine's SFI program and were excluded from the scope of the SFI Certification Audit as follows:

- Core Indicator 5.2.2 Research on genetically engineered trees
- Objective 8 Public land management responsibilities
- Objectives 11 - 13 Fiber Sourcing outside Canada and the US

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the standard.

Overview of Audit Findings

Canfor Southern Pine was found to be in conformance with the standard. NSF did not identify any non-conformances or opportunities for improvement.

The following findings were identified during the 2016 audit and implementation of the approved corrective action plan was confirmed:



Minor non-conformance to CI 1.2 Additional Requirements- *Use of the SFI on-product labels and claims shall follow Section 5 - Rules for Use of SFI On-Product Labels and Off-Product Marks as well as ISO 14020:2000.*

Finding: Canfor elected to be audited to the 2010-2014 SFI Standard in 2015. They have continued to use the Certified Sourcing label on their lumber. The 2016 audit includes a registration audit for use of the Certified Sourcing label on their lumber. SFI logo meets standards and was re-approved by SFI (Rachel Dierolf) 6-16-16.

Resolution: Audit confirmed the certified sourcing is functioning and that label/logo use is correct.

OFI to CL 2.1.1: *Program to require that harvests of purchased stumpage comply with best management practices.*

Finding: Ensure that SMZ's are in BMP compliance for the entire length of stream. Robertson tract.

Resolution: This surveillance audit did not identify any SMZ or other BMP issues.

General Description of Evidence of Conformity

NSF's audit team used a variety of evidence to determine conformance. A general description of this evidence is provided below, organized by SFI Objective.

Objective 1 Biodiversity in Fiber Sourcing

To address the practice of *sustainable forestry* by conserving *biological diversity*.

Summary of Evidence: *Review of Company policies; stumpage files containing T & E species checks and plans. Viewed landowner pamphlets indicating State SICs promotion of biodiversity.*

Objective 2 Adherence to Best Management Practices

To broaden the practice of sustainable forestry through the use of best management practices to protect water quality.

Summary of Evidence: *The Company has a robust verifiable monitoring system to maintain rates of conformance to best management practices and to identify areas for improved performance. The system includes conducting BMP inspections on purchase stumpage tracts, reviewing state BMP data and communicating the findings annually to management.*

Objective 3 Use of Qualified Resource and Qualified Logging Professionals

To encourage forest landowners to utilize the services of *qualified logging professionals, certified logging professionals* (where available) and *qualified resource professionals*.

Summary of Evidence: *Cut & Haul and Supplier Agreements require the use of trained loggers. The SFI pamphlets provided to landowners encourage the use of qualified professionals.*

Objective 4 Legal and Regulatory Compliance

Compliance with applicable federal, provincial, state and local laws and regulations.

Summary of Evidence *Not audited in 2017.*

Objective 5 Forestry Research, Science, and Technology

To support forestry research, science, and technology, upon which sustainable forest management decisions are based.

Summary of Evidence: *Not audited in 2017.*

Objective 6 Training and Education

To improve the implementation of *sustainable forestry* practices through appropriate training and education *programs*.

Summary of Evidence: *Reviewed commitment signed by Company President; company policies; training records for staff and logging contractors.*

Objective 7 Community Involvement and Landowner Outreach

To broaden the practice of *sustainable forestry* through public outreach, education, and involvement and to support the efforts of *SFI Implementation Committees*.

Summary of Evidence: *Reviewed Agendas and minutes from two state SIC's from 2016 to present indicating Canfor personnel's involvement.*

Objective 9 Communications and Public Reporting

To broaden the practice of sustainable forestry by documenting progress and opportunities for improvement.

Summary of Evidence: *Reports filed on time with SFI Inc. Viewed evidence to support this.*

Objective 10 Management Review and Continual Improvement

To promote continual improvement in the practice of sustainable forestry, and to monitor, measure, and report performance in achieving the commitment to sustainable forestry.

Summary of Evidence: *Records of program reviews, agendas and notes from management review meetings, internal audits and interviews with personnel from all involved levels in the organization were assessed.*

Relevance of Forestry Certification

Third-party certification provides assurance that forests are being managed under the principles of sustainable forestry, which are described in the Sustainable Forestry Initiative Standard as:

1. Sustainable Forestry

To practice *sustainable forestry* to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates *reforestation* and the managing, growing, nurturing and harvesting of trees for useful products and *ecosystem services* such as the *conservation* of soil, air and water quality, carbon, *biological diversity*, *wildlife* and *aquatic habitats*, recreation and aesthetics.

2. Forest Productivity and Health

To provide for regeneration after harvest and maintain the productive capacity of the forest land base, and to protect and maintain *long-term* forest and soil *productivity*. In addition, to protect forests from economically or environmentally undesirable levels of wildfire, pests, diseases, *invasive exotic plants and animals* and other damaging agents and thus maintain and improve *long-term forest health* and *productivity*.

3. Protection of Water Resources

To protect water bodies and *riparian areas* and to conform with forestry *best management practices* to protect water quality.

4. Protection of Biological Diversity

To manage forests in ways that protect and promote *biological diversity*, including animal and plant species, *wildlife habitats*, and ecological or natural community types.

5. Aesthetics and Recreation

To manage the visual impacts of forest operations, and to provide recreational opportunities for the public.

6. Protection of Special Sites

To manage lands that are ecologically, geologically or *culturally important* in a manner that takes into account their unique qualities.

7. Responsible Fiber Sourcing Practices in North America

To use and promote among other forest landowners' *sustainable forestry* practices that are both scientifically credible and economically, environmentally and socially responsible.

8. Legal Compliance

To comply with applicable federal, provincial, state, and local *forestry* and related environmental laws, statutes, and regulations.

9. Research

To support advances in sustainable forest management through *forestry* research, science and technology.

10. Training and Education

To improve the practice of *sustainable forestry* through training and education *programs*.

11. Community Involvement and Social Responsibility

To broaden the practice of *sustainable forestry* on all lands through community involvement, socially responsible practices, and through recognition and respect of *Indigenous Peoples'* rights and *traditional forest-related knowledge*.

12. Transparency

To broaden the understanding of forest certification to the *Fiber Sourcing* Standard by documenting certification audits and making the findings publicly available.



13. Continual Improvement

To continually improve the practice of forest management, and to monitor, measure and report performance in achieving the commitment to *sustainable forestry*.

14. Avoidance of *Controversial Sources* including *Illegal Logging in Offshore Fiber Sourcing*

To avoid wood fiber from *illegally logged* forests when procuring fiber outside of North America, and to avoid sourcing *fiber from countries without effective social laws*.

Source: Sustainable Forestry Initiative® (SFI) Standard, 2015-2019 Edition

For Additional Information Contact:

Norman Boatwright	Daniel Freeman	Company Contact Information
NSF Forestry Program Manager	NSF Project Manager	Wes Smith
PO Box 4021 Florence, SC 29502	789 N. Dixboro Road Ann Arbor, MI 48105	Canfor Southern Pine 1283 Hwy 501 Bus. Conway, SC 29526
843-229-1851	734-214-6228	Mobile: 229.977.2380
nboatwright12@gmail.com	dfreeman@nsf.org	Wes.Smith@canfor.com



Appendix 3
Audit Standard Checklists



SFI 2015-2019, Section 3: Fiber Sourcing Standard Audit Checklist

FRS# C0079539; Canfor Southern Pine

Date of audit: 6/19-21/2017

Auditor: Norman Boatwright

Audited in 2017

Multi-site Assessment

- Yes. Section 9, Appendix 1 Checklists (main and 1 sub-checklist) must be completed.
- No. Section 9, Appendix 1 Checklists are not included.

1.2 Additional Requirements

SFI Program Participants that own or have management authority for forestlands must also conform to the SFI 2015-2019 Forest Management Standard.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes: Canfor Southern Pine does not own or have management authority for forestlands associated with this certificate.

Use of the SFI on-product labels and claims shall follow Section 5 - Rules for Use of SFI On-Product Labels and Off-Product Marks as well as ISO 14020:2000.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes: The Company is SFI CS certified. Reviewed on-product label use approval from SFI Inc. Dated 3/9/2017 reference: C0079539-FS2.pdf. Review on-product labels on boards produced at the Darlington mill.

Section 3, Appendix 1: Rules for Use of SFI Certified Sourcing Label – Applicability

The organization applies or intends to apply the “Certified Sourcing” label.

- Yes: Section 3, Appendix 1 checklist must be completed.
- No: Section 3, Appendix 1 checklist may be deleted.

Audit Notes: The Company is SFI CS certified. Reviewed on-product label use approval from SFI Inc. Dated 3/9/2017 reference: C0079539-FS2.pdf. Review on-product labels on boards produced at the Darlington mill.

Fiber sourcing within the United States and Canada (Objectives 1-10 apply)



Objective 1 Biodiversity in Fiber Sourcing.

To address the practice of *sustainable forestry* by conserving *biological diversity*.

Performance Measure 1.1

Promotion and conservation of biological diversity.

1.1.1 Program participant shall address conservation of *biodiversity*, individually or collaboratively, through a Program which includes one or more of the following:

- a. promotion of *biological diversity* utilizing information from organizations such as World Resources Institute, The Nature Conservancy, NatureServe, Conservation International, State Wildlife Action Plans, State Forest Action Plans and assessments;
- b. conducting local and regional level *landscape* assessments;
- c. involvement with local or regional conservation efforts;
- d. use of relevant information on *biological diversity* from credible sources (such as those noted above) in approved training and education programs; and
- e. other credible approaches.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Darlington: Does not purchase stumpage. When CSP purchases wood through wood suppliers where it does not have contact with the landowner, the company sends a letter to the wood suppliers with a supply of SFI Information Packets. Confirmed by review of letter sent to wood suppliers dated 6/10/2017. The wood producers are requested to pass the SFI information on to landowners from whom they purchase wood. If the wood producer needs additional copies, they are encouraged to notify CSP and additional copies are provided.

Graham: Procurement Foresters provide SFI Information Packets with brochures, fact sheets Canfor’s Sustainable Forestry Policy, the landowner letter and other relevant information directly to landowners or their consultants when the timber deed is signed or approved. These packets are provided to the landowner or consultant at closing. 45 packets were distributed to landowners in 2016 for the Graham facility. The company sends a letter to the wood suppliers with a supply of SFI Information Packets. Information for South Carolina includes A Landowners Guide to Forestry and for North Carolina A Landowners Guide to Forestry in North Carolina. Both contain the required guidance.

Interview with landowners/consultants confirmed they have received the landowner information.

Confirmed by review on file and interviews with procurement managers that the Company is familiar with the NC/SC/VA State Wildlife Action Plans.

1.1.2 Program to address Forests with Exceptional Conservation Value in harvests of purchased stumpage.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Darlington: Does not purchase stumpage.

Graham: On tracts that are determined to have the potential to qualify as a Forest with Exceptional Conservation Value based on forest type, the Procurement Manager accesses the NC Natural Heritage Program Conservation Planning Tool to search for known G-1 or G-2 species and communities in the area. Confirmed by review of website printout in file for sites visited.

Where the Natural Heritage Database indicates that a G-1 or G-2 species or community is known to exist in close proximity to the tract, the Procurement Manager will assess whether the species or community is actually present on the tract. This may involve accessing the forest and habitat type prior to harvesting and notifying the landowner of its presence. If it is likely that the G-1 or G-2 species or community is likely to be present, the Procurement Manager or Procurement Forester would conduct an on-site visit to look for the presence of the species or community. If the G-1 or G-2 species or community is not present, no action would be taken.

If a G-1 or G-2 species or community is present on a purchased stumpage tract, the Procurement Forester would contact the landowner and notify him/her of the location of the species or community. The landowner would be encouraged to manage the tract so as to protect and maintain habitat conditions conducive to the long-term survival of the G-1 or G-2 species or community.



Objective 2 Adherence to Best Management Practices.

To broaden the practice of *sustainable forestry* through the use of *best management practices* to *protect* water quality.

Performance Measure 2.1

Program Participants shall clearly define and implement *policies* to ensure that facility inventories and *fiber sourcing* activities do not compromise adherence to the *principles of sustainable forestry*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: See evidence below.

2.1.1 Program to require that harvests of purchased stumpage comply with best management practices.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company's program consists of BMP clauses in the Contractor Annual Agreements, Supplier Annual Agreements and the Direct Purchase Agreement.

Graham: Confirmed by review of the following Supplier Agreements: American Woodyards dated 12/23/2016, Carolina Commonwealth Forest Products dated 12/20/2106 and Timco dated 12/27/2016.

Confirmed by review of the Contractor Annual Agreement for all sites visited and the following Supplier Agreements: Claybourn Walters dated 1/19/2017, Almond Forest Products dated 1/6/2017 and Delta Timber dated 1/6/2017. Confirmed by review of the Direct Purchase Agreements for all sites visited.

The Company conducts BMP inspections on all purchase stumpage tracts.

2.1.2 Use of written agreements for the purchase of raw material sourced directly from the forest is required and must include provisions requiring the use of *best management practices*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Graham: Confirmed by review of the following Supplier Agreements: American Woodyards dated 12/23/2016, Carolina Commonwealth Forest Products dated 12/20/2106 and Timco dated 12/27/2016.

Confirmed by review of the Contractor Annual Agreement for all sites visited and the following Supplier Agreements: Claybourn Walters dated 1/19/2017, Almond Forest Products dated 1/6/2017 and Delta Timber dated 1/6/2017. Confirmed by review of the Direct Purchase Agreements for all sites visited.

The Company conducts BMP inspections on all purchase stumpage tracts.

2.1.3 Program to address adverse weather conditions.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Both: Wood inventory is increased in the winter. Wet storage at Camden and Conway mills. Reviewed graphs showing build up in winter and reduction in summer for Q3, 4 2016 and Q1, 2 for 2017. Most mills are heavy to supplier rather than purchased stumpage >80%. Target all weather stumpage on better ground when possible. Provide rock and encourage purchase contract loggers to use wet weather equipment such as dual skidder tires and track cutters.

2.1.4 Program Participants shall clearly define their *fiber sourcing policies* in writing and make them available to *wood producers*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company's fiber sourcing policies are described in the annual letters and agreements sent to wood suppliers and contract loggers.

Performance Measure 2.2

Program Participants shall monitor the use of best management practices.

Indicators:

2.2.1 A verifiable monitoring system to:

- a. monitor the use of *best management practices* by *wood producers* supplying the Program Participant; and
- b. evaluate use of best management practices across the wood and fiber supply area.



N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Darlington: The Company (Landon Lvie at the Camden, SC facility) reviews the monthly SC BMP Courtesy Exam Reports to monitor BMP compliance and note whether any suppliers are listed.

Graham: The Company (Will Reece at the Graham, NC facility) reviews the Quarterly NC Forest Service Forest Practices Guidelines Non-compliance and the quarterly Compliance Inspection Reports to monitor BMP compliance and note whether any suppliers are listed.

Purchase stumpage tracts have at least one BMP inspection which are documented on the Tract Inspection Worksheet. Confirmed y review of inspection reports for all sites visited.

The Company's internal audit also conducts site visits on purchase stumpage tracts to confirm BMP implementation.

2.2.2 Use of information from the *verifiable monitoring system* to maintain rates of conformance to *best management practices* and to identify areas for improved performance.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The 2016 Annual Summary of BMP Compliance Report summarizes the Company's BMP inspections, internal audit inspections and the NC/SC BMP data. The information was discussed during the annual management review. Improvements included conducting a special BMP training for the Graham procurement group conducted by the NCFS and using a preharvest checklist on direct purchase tracts.

Ron Phillips (Camden Procurement Manager) site on the TOP Logger Training Committee.



Objective 3 Use of Qualified Resource and Qualified Logging Professionals.

To encourage forest landowners to utilize the services of qualified logging professionals, certified logging professionals (where available) and qualified resource professionals.

Performance Measure 3.1

Program Participants shall encourage landowners to utilize the services of *qualified logging professionals, certified logging professionals* (where available), *qualified resource professionals* and in applying *principles* of sustainable forest management on their lands.

3.1.1 Program to promote the use of qualified logging professionals, certified logging professionals (where available), and qualified resource professionals.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company requires all wood suppliers and contract loggers to have SFI trained personnel on-site at all times. The Company's procurement foresters are also required to be SFI trained. The SFI information packets encourage landowners to use qualified professionals.

3.1.2 List of qualified *logging professionals, certified logging professionals* and maintained by a *Program Participant*, state or provincial agency, loggers' association or other organization.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Both: Logging training is tracked in the Company's wood flow accounting system. Logger certification data is input by the facilities fiber specialist. Confirmed by review of the WTD Log Delivery Report.



Objective 4 Legal and Regulatory Compliance

To comply with applicable federal, provincial, state and local laws and regulations.

Performance Measure 4.1

Program Participants shall comply with applicable federal, provincial, state and local *forestry* and related social and environmental laws and regulations and take steps to avoid *illegal logging*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

4.1.1 Access to relevant laws and regulations in appropriate locations.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

4.1.2 System to achieve compliance with applicable federal, provincial, state or local laws and regulations.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

4.1.3 Demonstration of commitment to legal compliance through *available regulatory action information*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

4.1.4 *Program* to assess the risk that the *Program Participant's fiber sourcing program* could acquire material from *illegal logging* by considering some of the following:

- a. communications with suppliers;
- b. independent research;
- c. contract documentation; and
- d. maintain records.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

4.1.5 *Program* to address any significant risk identified under 4.1.4.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

Performance Measure 4.2

Program Participants shall take appropriate steps to comply with all applicable social laws at the federal, provincial, state and local levels in the country in which the *Program Participant* operates.

4.2.1 Written *policy* demonstrating commitment to comply with social laws, such as those covering civil rights, equal employment opportunities, anti-discrimination and anti-harassment measures, workers' compensation, *Indigenous Peoples'* rights, workers' and communities' right to know, prevailing wages, workers' right to organize, and occupational health and safety.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:



Objective 5 Forestry Research, Science and Technology

To invest in *forestry* research, science and technology, upon which sustainable forest management decisions are based and broaden the awareness of *climate change* impacts on forests, *wildlife* and *biological diversity*.

Performance Measure 5.1

Program Participants shall individually and/or through cooperative efforts involving *SFI Implementation Committees*, associations or other partners provide in-kind support or funding for forest research to improve *forest health, productivity*, and sustainable management of forest resources, and the environmental benefits and performance of forest products.

5.1.1 Financial or in-kind support of research to address questions of relevance in the region of operations. Examples could include, but are not limited to areas of forest *productivity*, water quality, biodiversity, community issues, or similar areas which build broader understanding of the benefits and impacts of forest management.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

5.2.2 Research on genetically engineered trees via *forest tree biotechnology* shall adhere to all applicable federal, state, and provincial regulations and international protocols ratified by the U.S. or Canada depending on jurisdiction of management.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

Performance Measure 5.2

Program Participants shall individually and/or through cooperative efforts involving *SFI Implementation Committees*, associations or other partners develop or use state, provincial or regional analyses in support of their *sustainable forestry programs*.

5.2.1 Participation, individually and/or through cooperative efforts involving *SFI Implementation Committees* and/or associations at the national, state, provincial or regional level, in the development or use of some of the following:

- a. regeneration assessments;
- b. *growth and drain* assessments;
- c. *best management practices* implementation and conformance;
- d. *biodiversity conservation* information for family forest owners; and
- e. social, cultural or economic benefit assessments.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

Performance Measure 5.3

Program Participants shall individually and/or through cooperative efforts involving *SFI Implementation Committees*, associations or other partners broaden the awareness of *climate change* impacts on forests, *wildlife* and *biological diversity*.

5.3.1 Where available, monitor information generated from regional climate models on *long-term forest health, productivity* and *economic viability*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

5.3.2 *Program Participants* are knowledgeable about *climate change* impacts on *wildlife, wildlife habitats* and *conservation of biological diversity* through international, national, regional or local *programs*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:



Objective 6 Training and Education

To improve the implementation of *sustainable forestry* practices through appropriate training and education *programs*.

Performance Measure 6.1

Program Participants shall require appropriate training of personnel and contractors so that they are competent to fulfill their responsibilities under the *SFI 2015-2019 Fiber Sourcing Standard*.

6.1.1 Written statement of commitment to the *SFI 2015-2019 Fiber Sourcing Standard* communicated throughout the organization, particularly to facility and woodland managers, *fiber sourcing* staff and field foresters.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Viewed document dated 3/8/17 signed by Fred Stimpson, President to all personnel. The document was also sent to all wood suppliers.

6.1.2 Assignment and understanding of roles and responsibilities for achieving *SFI 2015-2019 Fiber Sourcing Standard objectives*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Roles and assignments mentioned throughout the Canfor SFI Program document.

6.1.3 Staff education and training sufficient to their roles and responsibilities.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: All procurement foresters are required to have logger training in their state.
Darlington: Confirmed all procurement foresters have up-to-date training.
Graham: Confirmed

6.1.4 Contractor education and training sufficient to their roles and responsibilities.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: CSP requires that all wood suppliers and logging contractors achieve Top and Pro Logger status in the States of North and South Carolina and Sharp Logger status in Virginia. Contract loggers that CSP contracts with to harvest stumpage tracts have all been trained and are required to maintain their continuing education. 100% purchase stumpage and 99% wood supplier material was harvested and delivered by trained loggers. Canfor checks logger training status annually as verified by auditor review of records. Canfor sponsored a road building class for road contractors in 2014.

6.1.5 Program Participants shall have written agreements for the use of qualified logging professionals and/or certified logging professionals (where available) and/or wood producers that have completed training programs and are recognized as qualified logging professionals.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company has trained logger clauses in the Contractor Annual Agreements, Supplier Annual Agreements and the Direct Purchase Agreement.
Graham: Confirmed by review of the following Supplier Agreements: American Woodyards dated 12/23/2016, Carolina Commonwealth Forest Products dated 12/20/2106 and Timco dated 12/27/2016.
Confirmed by review of the Contractor Annual Agreement for all sites visited and the following Supplier Agreements: Claybourn Walters dated 1/19/2017, Almond Forest Products dated 1/6/2017 and Delta Timber dated 1/6/2017. Confirmed by review of the Direct Purchase Agreements for all sites visited.

Performance Measure 6.2

Program Participants shall work individually and/or with *SFI Implementation Committees*, logging or forestry associations, or appropriate agencies or others in the *forestry* community to foster improvement in the professionalism of *wood producers*.

6.2.1 Participation in or support of *SFI Implementation Committees* to establish criteria and identify delivery mechanisms for *wood producer* training courses and periodic continuing education that address:



- a. awareness of *sustainable forestry principles* and the *SFI* program;
- b. *best management practices*, including streamside management and road construction, maintenance and retirement;
- c. reforestation, invasive exotic plants and animals, forest resource conservation, aesthetics and special sites;
- d. awareness of responsibilities under the U.S. Endangered Species Act, the Canadian Species at Risk Act, and other measures to protect *wildlife habitat* (e.g., *Forests with Exceptional Conservation Value*);
- e. awareness of rare forested natural communities as identified by provincial or state agencies, or by credible organizations such as NatureServe, The Nature Conservancy, etc.
- f. logging safety;
- g. U.S. Occupational Safety and Health Administration (OSHA) and Canadian Centre for Occupational Health and Safety (CCOHS) regulations, wage and hour rules, and other provincial, state and local employment laws;
- h. transportation issues;
- i. business management;
- j. public *policy* and outreach; and
- k. awareness of emerging technologies.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Both: This requirement is satisfied by the Company's support of, and participation in, the NS and SC SICs. Ron Phillips, Camden/Darlington Procurement Manager participates in the SC TOP Logger Training Committee.
 Darlington: Confirmed by review of paid check requisition and meeting minutes that dues were paid for Landon Ilvie and he participated in the SIC meetings.
 Graham: Confirmed by review of paid check requisition and meeting minutes that dues were paid for Will Reese and he participated in SIC meetings.

6.2.2 The *SIC*-approved *wood producer* training programs shall have a continuing education component with coursework that supports the current training programs, safety and the *principles of sustainable forestry*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Both: Review of websites confirms there is a continuing education component.

6.2.3 Participation in or support of *SFI* Implementation Committees to establish criteria for recognition of logger certification *programs*, where they exist, that include:

- a. completion of *SFI Implementation Committee* recognized logger training *programs* and meeting continuing education requirements of the training *program*;
- b. independent in-the-forest verification of conformance with the logger certification *program* standards;
- c. compliance with all applicable laws and regulations including responsibilities under the U.S. Endangered Species Act, the Canadian Species at Risk Act and other measures to protect *wildlife habitat*;
- d. use of *best management practices* to protect water quality;
- e. logging safety;
- f. compliance with acceptable *silviculture* and utilization standards;
- g. aesthetic management techniques employed where applicable; and
- h. adherence to a management or harvest plan that is site specific and agreed to by the forest landowner.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: There is no logger certification in NC/SC.



Objective 7 Community Involvement and Landowner Outreach

To broaden the practice of *sustainable forestry* through public outreach, education, and involvement and to support the efforts of *SFI Implementation Committees*.

Performance Measure 7.1

Program Participants shall support and promote efforts by consulting foresters, state, provincial and federal agencies, state or local groups, professional societies, *conservation* organizations, *Indigenous Peoples* and governments, community groups, sporting organizations, labor, universities, extension agencies, the *American Tree Farm System*® and/or other landowner cooperative *programs* to apply *principles* of sustainable forest management.

7.1.1 Support, including financial, for efforts of *SFI Implementation Committees*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Both: This requirement is satisfied by the Company's support of, and participation in, the NS and SC SICs. Confirmed by review of paid check requisition.

7.1.2 Support individually or collaboratively education and outreach to forest landowners describing the importance of and providing implementation guidance on:

- a. best management practices;
- b. reforestation and afforestation;
- c. visual quality management;
- d. conservation objectives, such as of critical wildlife habitat elements, biodiversity, threatened and endangered species, and Forests with Exceptional Conservation Value;
- e. management of harvest residue (e.g., slash, limbs, tops) considers economic, social, environmental factors (e.g., organic and nutrient value to future forests) and other utilization needs;
- f. control of invasive exotic plants and animals;
- g. characteristics of special sites; and
- h. reduction of wildfire risk.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: This requirement is satisfied by the Company's support of, and participation in, the NC/SC SICs.

7.1.3 Participation in efforts to support or promote *conservation* of managed forests through voluntary market-based incentive *programs* such as current-use taxation *programs*, *Forest Legacy Program* or *conservation* easements.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Both: This requirement is satisfied by the Company's participation in, and support of the NC/SC Forestry Associations; which promote current use taxation. Confirmed by review of paid check requisitions.

7.1.4 *Program Participants* are knowledgeable about credible regional *conservation* planning and priority-setting efforts that include a broad range of stakeholders and have a *program* to take into account the results of these efforts in planning.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The company actively works with the SICs in the states where it operates mills to develop information for family forest owners addressing the advantages of providing wildlife biodiversity at the stand and landscape levels. This information has been incorporated into the SFI Implementation Committee SFI Information Packets and/or brochures for distribution to forest landowners and wood producers.

In each state where Canfor sources wood there are two statewide conservation planning efforts, the statewide forest resource assessment and plan and the state wildlife action plan. The first, the forestry-oriented strategy/plan was described in SFIS 5.2 above.

A key source of information on Biodiversity is the State Wildlife Action Plans. The Wildlife Action Plans are a comprehensive management tool developed by the State wildlife resource agency and others to help conserve and enhance the full array of fish and wildlife species and their habitats. State-by-state "Wildlife Action Plans" emerged from a mandate by the U.S. Congress that each state develop a comprehensive conservation strategy to be eligible for federal funding under the State Wildlife Grants program. The State Wildlife Action Plans are available on-line.



7.1.5 *Program Participants with fiber sourcing programs, either individually or collaboratively with SFI Implementation Committees, encourage forest landowners to participate in forest management certification programs.*

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes: Both: Landowner Guides include information about Tree Farm. Web page includes link to ATFS website. ATFS supported through SIC funding in NC and SC.

Performance Measure 7.2

Program Participants shall support and promote, at the state, provincial or other appropriate levels, mechanisms for public outreach, education and involvement related to sustainable forest management.

7.2.1 Periodic educational opportunities promoting *sustainable forestry*, such as

- a. field tours, seminars, websites, webinars or workshops;
- b. educational trips;
- c. self-guided forest management trails;
- d. publication of articles, educational pamphlets or newsletters; or
- e. support for state, provincial, and local *forestry* organizations and soil and water *conservation* districts.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes:

Performance Measure 7.3

Program Participants shall establish, at the state, provincial, or other appropriate levels, procedures to address concerns raised by loggers, consulting foresters, employees, unions, the public or other Program Participants regarding practices that appear inconsistent with the SFI Standard principles and objectives.

7.3.1. Support for *SFI Implementation Committees* (e.g., toll-free numbers and other efforts) to address concerns about apparent nonconforming practices.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes:

7.3.2. Process to receive and respond to public inquiries. *SFI Implementation Committees* shall submit data annually to *SFI Inc.* regarding concerns received and responses.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes:



Objective 8 *Public Land Management Responsibilities*

To participate and implement sustainable forest management on *public lands*.

Performance Measure 8.1

Program Participants with forest management responsibilities on *public lands* shall participate in the development of *public land* planning and management processes.

8.1.1 Involvement in *public land* planning and management activities with appropriate governmental entities and the public.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

8.1.2 Appropriate contact with local stakeholders over forest management issues through state, provincial, federal or independent collaboration.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:



Objective 9 Communications and Public Reporting

To increase transparency and to annually report progress on conformance with the *SFI Fiber Sourcing Standard*.

Performance Measure 9.1

A *Program Participant* shall provide a summary audit report, prepared by the *certification body*, to *SFI Inc.* after the successful completion of a certification, recertification or surveillance audit to the *SFI 2015-2019 Fiber Sourcing Standard*.

- 9.1.1 The summary audit report submitted by the *Program Participant* (one copy must be in English), shall include, at a minimum,
 - a. a description of the audit process, *objectives* and scope;
 - b. a description of substitute *indicators*, if any, used in the audit and a rationale for each;
 - c. the name of *Program Participant* that was audited, including its *SFI* representative;
 - d. a general description of the *Program Participant's* forestland, fiber procurement and/or manufacturing operations included in the audit;
 - e. the name of the *certification body* and *lead auditor* (names of the *audit team* members, including *technical experts* may be included at the discretion of the *audit team* and *Program Participant*);
 - f. the dates the audit was conducted and completed;
 - g. a summary of the findings, including general descriptions of evidence of conformity and any nonconformities and corrective action plans to address them, opportunities for improvement, and exceptional practices; and
 - h. the certification decision.

The summary audit report will be posted on the *SFI Inc.* website (www.sfiprogram.org) for public review.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Auditor confirmed that the 2016 SFI Summary Audit Report is posted on the SFI website.

Performance Measure 9.2

Program Participants shall report annually to *SFI Inc.* on their conformance with the *SFI Fiber Sourcing Standard*.

9.2.1 Prompt response to the *SFI* annual progress report survey.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Confirmed by review of last update date of 3/23/2017 on the APR.

9.2.2 Record keeping for all the categories of information needed for *SFI* annual progress report surveys.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Review of the 2016 APR confirms reporting is adequate.

9.2.3 Maintenance of copies of past survey reports to document progress and improvements to demonstrate conformance to the *SFI 2015-2019 Fiber Sourcing Standard*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Viewed SFI reports dating back to 2009.



Objective 10 Management Review and Continual Improvement

To promote continual improvement in the practice of sustainable forestry by conducting a management review and monitoring performance.

Performance Measure 10.1

Program Participants shall establish a management review system to examine findings and progress in implementing the *SFI 2015-2019 Fiber Sourcing Standard*, to make appropriate improvements in *programs*, and to inform their employees of changes.

10.1.1 System to review commitments, *programs* and procedures to evaluate effectiveness.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company has a formal system for annually collecting information about its SFI implementation, evaluating the effectiveness of the program, reporting information to management, determining whether any changes or improvements are necessary to continually improve SFIS conformance, and communicate those changes to responsible personnel.

10.1.2 System for collecting, reviewing and reporting information to management regarding progress in achieving *SFI 2015-2019 Fiber Sourcing Standard objectives and performance measures*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: As outlined in the Program for evaluating the effectiveness of promoting reforestation and use of BMPs, the Procurement Foresters conduct monitoring using the Tract Visitation Forms and Purchase Agreements for direct purchase stumpage. The Certification Manager consolidates that information and prepares an annual summary of patterns and trends.

The Company has an internal audit program where the facilities to be 3rd party audited undergo an internal audit. The internal audit involves a full desk audit and on-site visits to purchase stumpage tracts.

Information collected is reviewed during the Annual SFI Management Review.

10.1.3 Annual review of progress by management and determination of changes and improvements necessary to continually improve conformance to the *SFI 2015-2019 Fiber Sourcing Standard*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Confirmed by review of agenda and meeting minutes that the Annual SFI Management Review occurred June 13, 2017, Topics discussed included: review of the SFI Policy, results of the internal audit and company & state BMP compliance monitoring, use of SFI trained loggers, distribution of SFI promotional material – 175 landowners, due diligence system and opportunities to improve the SFI program.

There is no fiber sourcing outside the United States and Canada; Objectives 11-13 do not apply and have been deleted.



Checklist for Section 9, Appendix 1: Audits of Multi-Site Organizations

FRS# C0079539; Canfor Southern Pine

Date of audit: 6/19-21/2017

Auditor: Norman Boatwright

3 Terms and Definitions

- 3.1 **Organization: The term organization is used to designate any company or other organization owning a management system subject to audit and certification.**
- 3.2 **Site: A site is a permanent location where an organization carries out work or a service.**
- 3.3 **Multi-Site Organization: An organization having an identified central function (hereafter referred to as a central office – but not necessarily the headquarters of the organization) at which certain activities are planned, controlled or managed and a network of local offices or branches (sites) at which such activities are fully or partially carried out.**
- 3.4 **Group Certification Organization: A specific type of multi-site organization where forest owners, forest owners' organizations, forest managers, forest products manufacturers or forest products distributors without a pre-existing legal or contractual link can form a group for the purposes of achieving certification and gaining eligibility for a sampling approach to certification audits.**

For audits of conformance with SFI Section 4 in the SFI 2015-2019 Standards and Rules document, multi-site organizations using either IAF-MD1 or alternate approaches to sampling shall ensure that all the relevant sites (including the central function) are subject to the organization's internal audit program and shall have been audited in accordance with that program prior to the certification body starting its assessment. (Section 9, Requirement 4.1.5 Audit Procedures)

Note: Communicate with NSF Project Manager to confirm.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Initial assessment occurred in 2009. Review of internal audit confirms the IAF-MD-1 Requirements are met.

4.1 Eligibility Criteria / Method of Sampling (choose 1)

- Eligibility criteria established in IAF-MD1: **Use Sub-Checklist 9-1-A** below.
- Alternative Approaches to sampling provided for in Section 9, Subsection 5.2 of the Audit Procedures and Auditor Qualifications and Accreditation document: **Use Sub-Checklist 9-1-B** below.



Sub-Checklist 9-1-A: Eligibility Criteria Established in IAF-MD1

Applicable **Not Applicable**

Sub-Checklist 9-1- B: Alternative Approaches to Sampling from Section 9, 5.2

Applicable **Not Applicable**

4.1.1 Multi-site organizations **not using** IAF-MD1 as the basis for sampling shall also meet the eligibility criteria established in IAF-MD1, including, but not limited to, the following:

- a. The processes at all sites have to be substantially of the same kind and have to be operated to similar methods and procedures.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: All sites are pine saw mills using similar procurement and processing processes.

4.1.2 Multi-Site Organizations using alternate approaches to sampling provided for in 5.1 of the Audit Procedures and Auditor Qualifications and Accreditation document shall meet all of the eligibility requirements specified in 4.1.1 above.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Each procurement area has a procurement manager and, where appropriate, procurement foresters. Each year the central office and two procurement areas are sampled. Confirmed by review of audit reports for 2016 and 2016 and interview with Wes Smith- Certification Manager.

- b. The organization’s management system shall be under a centrally controlled and administered plan and be subject to central management review and all relative sites (including the central administration function) shall be subject to the organization’s internal audit program.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The central office functions include generating and maintaining program policies and procedures, annual reporting requirements, internal audits and the annual management review.

- c. It shall be demonstrated that the central office of the organization has established a management system in accordance with the SFI 2015-2019 Standards and that the whole organization meets the requirements of the standard.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Internal audit and annual management review confirm the management system.

- d. The organization should demonstrate its ability to collect and analyze data (including, but not limited to, the items listed below) from all sites including the central office and its authority and also demonstrate its authority and ability to initiate organizational change if required:
 - i. System documentation and system changes;
 - ii. Management review;
 - iii. Complaints;
 - iv. Evaluation of corrective actions;
 - v. Internal audit planning and evaluation of the results;
 - vi. Changes to aspects and associated impacts for environmental management systems and
 - vii. Different legal requirements.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Internal audit and annual management review confirm the ability to analyze data.

4.1.2 Multi-Site Organizations using alternate approaches to sampling provided for in 5.1 of the Audit procedures and Auditor Qualifications and Accreditation document shall meet all of the eligibility requirements specified in 4.1.1 above. Deviation



from the sampling requirements specified in IAF MD-1 is only permissible in exceptional (i.e., limited) circumstances. In addition, the following requirements must also be met:

- a. The alternate sampling approach must be accompanied by a written justification demonstrating that the same level of confidence in conformity with the SFI 2015-2019 Standards across all of the sites included in the certification can be obtained.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: There is no deviation from the IAF MS-1 sampling requirements.

- b. A legal or contractual link shall exist between all sites.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: All sites are wholly owned by CSP.

- c. The scope and scale of activities carried out by participating sites shall be similar.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: All sites are southern yellow pine mills that saw dimension lumber and use the same accounting and management systems.

- d. The management system framework shall be consistent across all sites (allowing for site level procedures to reflect variable local factors).

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Each procurement area has a procurement manager and, where appropriate, procurement foresters.

- e. A Central Function shall be established that shall:

- i. provide a commitment on behalf of the whole multi-site organization to establish and maintain practices and procedures in accordance with the requirements of the relevant standard;
- ii. provide all the sites with information and guidance needed for effective implementation and maintenance of practices and procedures in accordance with the relevant standard;
- iii. maintain the organizational or contractual connection with all sites covered by the multi-site organization including the right of the Central Function to exclude any site from participation in the certification in case of serious nonconformities with the relevant standard;
- iv. keep a register of all the sites of the multi-site organization, including for the SFI 2015-2019 Forest Management Standard the forest area associated with each participating site;
- v. maintain an internal audit or monitoring program sufficient to ensure overall organizational conformance with the relevant standard;
- vi. operate a review of the conformity of sites based on results of internal audit and/or monitoring data sufficient to assess Organizational performance as a whole rather than at the individual site level;
- vii. establish corrective and preventive measures if required and evaluate the effectiveness of corrective actions taken; and
- viii. establish procedures for inclusion of new sites within the multi-site organization including an internal assessment of conformity with the standard, implementation of corrective and relevant preventive measures and a requirement to inform the relevant certification body of changes in participation prior to including the sites within the scope of the certification.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: i- Commitment is evidenced by the several Letters and policy statements from upper management.
 ii- All sites provided guidance and info by transitioning to Certification Manager.
 iii-CSP wholly owns each facility and may exclude facilities at will.
 iv- Sites are identified in the SFI Implementation Programs, Systems and Processes.
 v- Confirmed by review of 2017 SFI Internal Audit, Tract Audit Report that CSP audited the Graham procurement area in May 2017.
 Vi-Internal audit (conducted May 8, 2017) was followed by an annual management review (6/13/17).



vii.-Confirmed that CSP adequately responded to the internal audit findings including OFI, CARS- covered in management review

viii- Employee interview indicates CSP is aware of this requirement.

- f. Functions and responsibilities of individual sites shall be established for:
 - i. implementing and maintaining the requirements of the relevant standard;
 - ii. responding effectively to all requests from the Central Function or certification body for relevant data, documentation or other information whether in connection with formal audits or reviews or otherwise;
 - iii. providing full co-operation and assistance in respect of the satisfactory completion of internal audits, reviews, monitoring, relevant routine inquiries or corrective actions; and
 - iv. implementing relevant corrective and preventive actions established by the central office.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: i. Audit confirmed sites implement and maintain the standard requirements
 ii-iv-Interview with the Certification Manager indicates sites respond appropriately.

- 5.1.2 Certification bodies auditing multi-site organizations using alternate approaches as the basis for sampling shall meet the following minimum sample selection and intensity criteria:
- a. stratification of the sites included within the multi-site certification based on the scope and scale of activities as well as previous audit findings, complaints and monitoring data collated by the central function;3 4
 - b. a formal documented evaluation of the inherent and control risks at each of the sites participating in the multi-site certification;
 - c. a sample strategy designed to specifically address the identified risks;
 - d. consideration of the need for an element of randomness within the sampling strategy to address previously unidentified risks;
 - e. in cases where the multi-site organization maintains an internal audit program determined to be reliable the minimum sample size shall in no event be less than:
 - i. \sqrt{n} for initial certification audits⁵
 - ii. $0.6 \sqrt{n}$ for surveillance audits
 - iii. $0.8 \sqrt{n}$ for re-certification audits
 - f. In cases where there the multi-site organization does not maintain an internal audit program determined to be reliable the minimum sample size shall in no event be less than \sqrt{n} for initial certifications, surveillance audits and re-certification audits; and
 - g. In addition to site audits, the central function shall be audited on an annual basis.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: In addition to auditing the Central Office each year, two areas are selected and rotate from year to year. This complies with the sample size equation values. This year Darlington and Graham (northern area) were audited. Confirmed by review of 2016 Audit Report.

(END Sub-Checklist 9-1-B: Alternative Approaches to Sampling from Section 9, Subsection 5.2)



SFI 2015-2019, Section 3, Appendix 1: Certified Sourcing Standard Audit Checklist

FRS# C0079539; Canfor Southern Pine
Date of audit: 6/19-21/2017
Auditor: Norman Boatwright

Multi-site Assessment

- Yes. Section 9, Appendix 1 Checklists (main and 1 sub-checklist) must be completed. Included with the SFI FS Checklist.
- No. Section 9, Appendix 1 Checklists are not included.

1.2 Additional Requirements

SFI Program Participants that own or have management authority for forestlands must also conform to the SFI 2015-2019 Forest Management Standard.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes: Canfor Southern Pine does not own or have management authority for forestlands associated with this certificate.

Use of the SFI on-product labels and claims shall follow Section 5 - Rules for Use of SFI On-Product Labels and Off-Product Marks as well as ISO 14020:2000.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes: The Company is SFI CS certified. Reviewed on-product label use approval from SFI Inc. Dated 3/9/2017 reference: C0079539-FS2.pdf. Review on-product labels on boards produced at the Darlington mill.

Describe the organization's use of the SFI Certified Sourcing Label and/or Claim

Audit Notes: The Company uses the CS logo on lumber from the sawmills and on boards for the GluLAM facilities.

Describe the geographic scope of the organization's sources and operations. Sources or operations beyond the U.S. and Canada will require more detail to ensure accurate scoping and applicability of requirements.

Audit Notes: All mills are located in the south and southeastern US.



Part 3 Certified Sourcing Label

3.1 Primary producers are manufacturing units that produce forest products (wood, paper, pulp, or composite products) and source 50% or more (by weight) of their wood-based raw materials directly from primary sources. They must account for 100% of their primary sources as coming from certified sourcing.

If a primary producer sources from company-owned or company-controlled lands enrolled in the SFI program, those lands must be third-party certified to the SFI 2015-2019 Forest Management Standard.

- Organization is a primary producer
- Organization is a secondary producer

Audit Notes: The Company is a primary producer for its 8 sawmills. 100% of the input is sourced by procurement groups certified to SFI FS.

The Company is also a secondary producer for its 2 GluLAM mills. 100% of the input for the El Dorado, AR facility is sourced from sawmills certified to SFI FS; 98.6% of the input for the Washington, GA is sourced from sawmills certified to SFI FS or by sawmills providing a sourcing declaration.

3.2 Secondary producers are manufacturing units that produce forest products and source 50% or more (by weight) of their wood-based raw materials from secondary sources. They must account for at least two-thirds (2/3) (by weight) of the wood or wood fiber in the product(s) or manufacturing unit as coming from certified sourcing. The other one-third (1/3) cannot come from controversial sources.

Organization meets above definition for a Secondary Producer:

- Yes
- No (then the organization must be a Primary Producer; if so then checklist for Section 3, Appendix 1 does not apply; do not proceed)

Audit Notes: 100% of the input for the El Dorado, AR facility is sourced from sawmills certified to SFI FS; 98.6% of the input for the Washington, GA is sourced from sawmills certified to SFI FS or by sawmills providing a sourcing declaration. The Company has conducted a risk assessment to confirm that there is low risk of sourcing from controversial sources for the small amount of material sourced at the Washington, GA facility that is not from SFI FS certified sources.

3.3 Calculation of percentage for use of the Certified Sourcing Label is as follows:

3.3.1 Primary producers shall demonstrate conformance with the requirements of 3.1 at all times, which means 100% certified sourcing for every product group. If less than 5% (by weight) of a manufacturing unit’s raw material supply comes from secondary sources, these sources are considered de minimis and no certification of this portion is required if all is from U.S. or Canadian sources.

Note: NSF has been instructed that Primary Producers sourcing only from U.S. or Canada are not subject to 3rd-party audits.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes: 100% of the input is sourced by procurement groups certified to SFI FS.

3.3.2 Secondary producers shall specify how they will meet the requirements of 3.2 to conform to the two-thirds rule. They may base the calculation on a product group or time period (which cannot exceed one quarter). The percentage may be calculated as:

- Rolling Average Percentage – The percentage calculated for wood fiber consumed during, for example, the previous four quarters or 12 months. The period over which the rolling average is calculated shall not exceed one year.
- Simple Percentage – The percentage calculated for wood fiber consumed in the specific product group.

- N/A
- Conforms
- Exceeds
- O.F.I.
- Minor NC
- Major NC

Audit Notes: 100% of the input for the El Dorado, AR facility is sourced from sawmills certified to SFI FS; 98.6% of the input for the Washington, GA is sourced from sawmills certified to SFI FS or by sawmills providing a sourcing declaration. The Company has conducted a risk assessment to confirm that there is low risk of sourcing from controversial sources for the small amount of material sourced at the Washington, GA facility that is not from SFI FS certified



sources.

3.3.3 In all cases, the organization must demonstrate that the requirements of 3.1 and/or 3.2 are met before the label can be used in relation to a specific product group or time period.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: See above.

3.3.4 A secondary producer may use the Certified Sourcing Label on products from a single manufacturing unit as long as the specific supply for that product(s) or for that manufacturing unit meets all the content requirements set out in this document.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: 100% of the input for the El Dorado, AR facility is sourced from sawmills certified to SFI FS; 98.6% of the input for the Washington, GA is sourced from sawmills certified to SFI FS or by sawmills providing a sourcing declaration. The Company has conducted a risk assessment to confirm that there is low risk of sourcing from controversial sources for the small amount of material sourced at the Washington, GA facility that is not from SFI FS certified sources.

3.3.5 The sourcing requirement may be met either at the product line or manufacturing unit level.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The requirement is met at the facility level.

3.4 SFI Certified Sourcing Claim: Fiber that conforms with Objectives 1-13 of Section 3, and/or from pre-consumer recycled content, and/or from post-consumer recycled content, and/or from an acceptable forest management standard.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Recycled content is not used.

3.4.1 Certified sourcing claim verification can occur by a Primary Producer's Section 3 certificate, an invoice, bill of lading, shipping document, letter, or other forms of communications available to the customer.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: 100% of the input for the El Dorado, AR facility is sourced from sawmills certified to SFI FS; 98.6% of the input for the Washington, GA is sourced from sawmills certified to SFI FS or by sawmills providing a sourcing declaration. The Company has conducted a risk assessment to confirm that there is low risk of sourcing from controversial sources for the small amount of material sourced at the Washington, GA facility that is not from SFI FS certified sources.



Part 4 Organizations Outside the United States and Canada

The organization sources from outside of the United States or Canada.

Note: Requirement subject to interpretation to resolve contradiction within standard.

- Yes: Part 4 below must be completed.
- No: Part 4.1 through 4.3 portions may be deleted.

Audit Notes:



Part 5 Certified Sourcing Definition

Certified sourcing is defined as raw material sourced from the following sources confirmed by a *certification body*:

5.1 Fiber that conforms with Objectives 1-13 of Section 3 - SFI 2015-2019 Fiber Sourcing Standard’s requirements.

5.2 Pre-Consumer Recycled Content: Material diverted from the waste stream during a manufacturing process. It does not include materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process.

Any claims about *pre-consumer recycled content* by *Program Participants* or *label users* shall be accurate and consistent with applicable law. *Program Participants* and *label users* are encouraged to consult the U.S. Federal Trade Commission’s guidelines on environmental claims in product advertising and communication and the guidelines on environmental labeling and advertising issued by the Fair Business Practices Branch of Industry Canada’s Competition Bureau, as appropriate, and to seek additional information and direction from national accreditation bodies, national standards bodies and national, state and provincial consumer protection and competition laws.

5.3 Post-consumer recycled content: Material generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product, which can no longer be used for its intended purpose.

Any claims about *post-consumer recycled content* by *Program Participants* and *label users* shall be accurate and consistent with applicable law. *Program Participants* and *label users* are encouraged to consult the U.S. Federal Trade Commission’s guidelines on environmental claims in product advertising and communication and the guidelines on environmental labeling and advertising issued by the Fair Business Practices Branch of Industry Canada’s Competition Bureau, as appropriate, and to seek additional information and direction from national accreditation bodies, national standards bodies, and national, state and provincial consumer protection and competition laws.

5.4 Certified forest content, which includes content from specific forest tracts that are third-party certified to conform to the SFI 2015-2019 Forest Management Standard’s Objectives 1-15 requirements or other acceptable forest management standards (e.g., CAN/CSA-Z809 and ATFS).

5.5 Non-controversial sources: The organization shall establish adequate measures to ensure that the labeled products do not come from controversial sources. See Part 6 on due diligence system to avoid controversial sources.

The organization is using these definitions in its SFI Certified Sourcing program as it applies to labels and claims.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Inputs for all facilities meet the requirements of 5.1



Part 6 Due Diligence System to Avoid Controversial Sources

The organization is certified to SFI 2015-2019, Section 3: Fiber Sourcing Standard

Note: If yes, delete all questions under part 6. Otherwise, all of part 6 applies.

Yes No

Audit Notes: The sawmills are certified to the FS standard.

6.1 Definition of controversial sources:

- a. Forest-based products that are not in compliance with applicable state, provincial or federal laws, particularly as they may relate to:
 - conversion sources,
 - legally required protection of threatened and endangered species,
 - requirements of CITES (The Convention on International Trade in Endangered Species of Wild Fauna and Flora)
 - legally required management of areas with designated high environmental and cultural values,
 - labor regulations relating to forest workers,
 - Indigenous Peoples' property, tenure and use rights
- b. Forest-based products from *illegal logging*
- c. Forest-based products from areas without effective social laws

Note: Definition above is used in Sections 6.2 through 6.4 below as applicable.

6.2 Verification of Purchased Product(s)

To avoid controversial sources, the organization shall obtain and verify the scope of an SFI Section 2 (SFI 2015-2019 Forest Management Standard), Section 3 (SFI 2015-2019 Fiber Sourcing Standard), Section 4 (SFI 2015-2019 Chain-of-Custody Standard), or other credible chain-of-custody standard certificate. Verification shall ensure that the facility and the purchased product(s) are directly associated with the certification. This can be achieved through the following:

- a. On a valid SFI Section 2 (SFI 2015-2019 Forest Management Standard), Section 3 (SFI 2015-2019 Fiber Sourcing Standard), Section 4 (SFI 2015-2019 Chain-of-Custody Standard), or other credible chain-of-custody standard certificate or appendix to the certificate.
- b. On a publicly available product group listing, or
- c. By other means of verification.

Where inspection of the certificate and other supporting evidence can demonstrate that the facility and product groups are within scope of the certificate, then the organization purchasing that product group can credibly conclude that the products being sourced are low risk of coming from controversial sources.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: 100% of the input for the El Dorado, AR facility is sourced from sawmills certified to SFI FS; 98.6% of the input for the Washington, GA is sourced from sawmills certified to SFI FS or by sawmills providing a sourcing declaration. The Company has conducted a risk assessment to confirm that there is low risk of sourcing from controversial sources for the small amount of material sourced at the Washington, GA facility that is not from SFI FS certified sources.

6.3 Conducting a Risk Assessment

N/A: All forest-based products, excluding recycled content, are procured with a valid SFI Section 2 (SFI 2015-2019 Forest Management Standard), Section 3 (SFI 2015-2019 Fiber Sourcing Standard), Section 4 (SFI 2015-2019 Chain-of-Custody Standard), or other credible chain-of-custody standard certificate.

Note: If NA then auditor will either delete checklist items below for requirements under 6.3 and 6.4 or check the box for NA.

When forest-based products, excluding recycled content, are procured without a valid SFI Section 2 (SFI 2015-2019 Forest Management Standard), Section 3 (SFI 2015-2019 Fiber Sourcing Standard), Section 4 (SFI 2015-2019 Chain-of-Custody Standard), or other credible chain-of-custody standard certificate, the organization shall collect information on the source of the forest-based product, through a due diligence system to address the likelihood of sourcing from controversial sources. The Organization's Due Diligence System shall:



6.3.1 Conduct a risk assessment of sourcing forest-based products which are not in compliance with applicable state, provincial or federal laws, particularly as they may relate to:

- conversion sources,
- legally required protection of threatened and endangered species,
- requirements of CITES (The Convention on International Trade in Endangered Species of Wild Fauna and Flora),
- legally required management of areas with designated high environmental and cultural values,
- labor regulations relating to forest workers,
- *Indigenous Peoples'* property, tenure and legally established use rights.

The risk assessment shall be carried out at the national level and where risk is not consistent, at the appropriate regional level.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company has conducted a risk assessment and identified low risk for all categories.

6.3.2 Conduct a risk assessment of sourcing forest-based products from *illegal logging*

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company has conducted a risk assessment and identified low risk for all categories.

6.3.3 Conduct a risk assessment of sourcing forest-based products from areas without effective social laws addressing the following:

- a. workers' health and safety;
- b. fair labor practices;
- c. Indigenous Peoples' rights;
- d. antidiscrimination and anti-harassment measures;
- e. prevailing wages; and
- f. workers' right to organize.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company has conducted a risk assessment and identified low risk for all categories.

6.4 Implementing Program to Address Risk

Where the risk assessment conducted under 6.3 determines other than low risk, the organization shall implement a *program* to mitigate such risk and require a signed contract and/or self-declaration that the supplied forest-based product does not originate from *controversial sources*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

If N/A, the risk assessment conducted under 6.3 must have determined low risk

Audit Notes: The Company has conducted a risk assessment and identified low risk for all categories.



Part 7: Minimum Management System Requirements

The organization is certified to SFI 2015-2019, Section 3: Fiber Sourcing Standard, SFI 2015-2019, Section 4: Chain of Custody Standard, and/or PEFC Chain of Custody.

Note: If yes, delete all questions under part 7. Otherwise, all of part 7 applies.

Yes No

Audit Notes: The sawmills are certified to SFI FS and the GluLAM facilities are not.

7.1 General Requirements

The organization shall operate a management system in accordance with the following elements of this standard, which ensure correct implementation and maintenance of the *certified sourcing* process. The management system shall be appropriate to the type, range and volume of work performed.

Note: An organization's quality (ISO 9001:2008) or environmental (ISO 14001:2004) management system can be used to meet the minimum requirements for the management system defined in this standard.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Audit confirmed the Company has sufficient management system, policies and procedures in place,

7.2 Responsibilities and Authorities for Certified Sourcing

7.2.1 The organization's top management shall define and document its commitment to implement and maintain the *certified sourcing* requirements, and make this available to its personnel, suppliers, customers, and other interested parties.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Viewed document dated 3/8/17 signed by Fred Stimpson, President to all personnel. The document was also sent to all wood suppliers.

7.2.2 The organization's top management shall appoint a member of the management who, irrespective of other responsibilities, shall have overall responsibility and authority for the *certified sourcing*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: The Company has appointed Wes Smith as the management representative.

7.2.3 The organization's top management shall carry out a regular periodic review of the *certified sourcing* and its compliance with the requirements of this standard.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Confirmed by review of agenda and meeting minutes that the Annual SFI Management Review occurred June 13, 2017.

7.2.4 The organization shall identify personnel performing work affecting the implementation and maintenance of the *certified sourcing*, and establish and set responsibilities and authorities relating to the *certified sourcing* process:

- a. raw material procurement and identification of the *certified sourcing*;
- b. product sale and labeling;
- c. record keeping; and
- d. internal audits and nonconformity control.

Note: The responsibilities and authorities for the *certified sourcing* given above can be cumulated.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Interviews confirm that responsibilities for implementing the certified sourcing program are well defined.

7.3 Documented Procedures

The organization's procedures for the *certified sourcing* shall be documented, and include at least the following elements:

- a. description of the raw material flow within the production process;
- b. organization structure, responsibilities and authorities relating to chain of custody; and
- c. procedures for the *certified sourcing* process covering all requirements of this standard.



N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: **OFI:** There is an opportunity to improve the Company's procedures for the *certified sourcing* standard address the required elements.

7.4 Record Keeping

7.4.1 The organization shall establish and maintain records to provide evidence it has conformed to the requirements of this standard and its certified sourcing procedures are effective and efficient. The organization shall keep at least the following:

- a. records of all suppliers of *certified sourcing* material, including information to confirm requirements at the supplier level are met;
- b. records of all purchased *certified sourcing* raw material;
- c. records of all *certified sourcing* products sold;
- d. records of internal audits, nonconformities which occurred and corrective actions taken; and
- e. records of top management's periodic review of compliance with *certified sourcing* requirements.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Review i=of internal audits, training and annual management review meeting minutes confirm the Company is capable of adequately maintaining records.

7.4.2 The organization shall maintain the records for a minimum period of three years unless stated otherwise by law.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Interviews confirm the Company is aware of this requirement.

7.5 Resource Management

7.5.1 Human Resources/Personnel

The organization shall ensure that all personnel performing work affecting the implementation and maintenance of the certified sourcing shall be competent on the basis of appropriate training, education, skills and experience.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Training was reviewed for the facilities audited.

7.5.2 Technical Facilities

The organization shall identify, provide and maintain the infrastructure and technical facilities needed for effective implementation and maintenance of the organization's certified sourcing to meet the requirements of this standard.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Audit confirmed the Company has adequate resources including computer hardware and software.

7.6 Internal Audit and Management Review

7.6.1 The organization shall conduct internal audits at intervals of no more than one year covering all requirements of this standard, and establish corrective and preventive measures if required.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Audit confirmed internal audits were conducted at all facilities visited.

OFI: There is an opportunity to improve internal audits covering all of the standard requirements.

7.6.2 The organization shall conduct the internal audit in accordance with the following requirements:

- a. The internal audit shall be undertaken by personnel that have adequate knowledge of the *SFI 2015-2019 Fiber Sourcing Standard*;
- b. Off-site interviews and desk audits are permissible, appropriate to the scope and scale of the organization;
- c. If there have been no inputs or outputs for a site or manufacturing facility over the past year, internal audits are not required;
- d. If a site or manufacturing facility has had no sales of *SFI certified sourcing* products over that past year, internal audits are not required;



- e. Internal audits are to assess overall organizational conformance and internal audit documentation can consist of one consolidated internal audit checklist and/or report; and
- f. Where nonconformities are identified during the internal audit process, a corrective action plan shall be developed at the site and/or organizational level.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Audit confirmed internal audits were conducted on-site by qualified personnel.

7.6.3 Where the organization has outsourced activities within the scope of its certified sourcing the organization shall develop procedures for the audit of these contractors.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

If N/A, there are no outsourced activities within the scope of certified sourcing program; the requirements 7.6.4 through 7.6.8 are also not applicable and may be deleted from this report.

Audit Notes: No outsourcing.

7.6.4 The internal audit of outsource contractors may be conducted remotely.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

7.6.5 Where there are sufficient outsource contractors the internal audit may use a sampling approach for these contractors.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

7.6.6 The internal audit of outsource contractors shall:

- a. determine the level of risk associated with the outsourced activities.
- b. include within the scope of the internal audit those outsourced activities assessed as high risk.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

7.6.7 The organization shall have its rationale for remote audits and its sampling procedure audited by its third-party certifier.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

7.6.8 The results of internal audits shall be reported to management for review during the annual management review.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Confirmed by review of agenda and meeting minutes that the Annual SFI Management Review occurred June 13, 2017.

8.1 Primary producers must annually submit to the Office of Label Use and Licensing:

8.1.1 A copy of their certificate for Section 2 - SFI 2015-2019 Forest Management Standard if a primary producer sources from company-owned or company-controlled lands enrolled in the SFI program and/or a copy of their Section 3 - SFI 2015-2019 Fiber Sourcing Standard listing the manufacturing units covered under the scope of the certificate.

8.1.2 A copy of their annual SFI 2015-2019 Forest Management Standard and/or SFI 2015-2019 Fiber Sourcing Standard audit report issued by an SFI certification body.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: These requirements are satisfied by NSF.

8.2 Secondary producers must annually submit to the Office of Label Use and Licensing:



8.2.1 A copy of their Certified Sourcing certificate issued to secondary producers certified to Section 3 – Appendix 1 -Rules for Use of SFI Certified Sourcing Label, issued by an accredited SFI certification body.

8.2.2 A list of the manufacturing unit(s) and product(s) for which the SFI Certified Sourcing Label use approval is sought.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: These requirements are satisfied by NSF.

8.3 Primary or secondary producers outside the United States and Canada must annually submit to the Office of Label Use and Licensing:

8.3.1 A copy of their Certified Sourcing certificate to Section 3 - Appendix 1 - Rules for Use of SFI Certified Sourcing Label, issued by an accredited SFI certification body.

8.3.2 A list of the manufacturing unit(s) and product(s) for which the SFI Certified Sourcing Label use approval is sought.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

9.2 A label user may not use the SFI program label on any products from manufacturing unit(s) for which it has not obtained approval from the Office of Label Use and Licensing.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes: Interviews confirm the Company is aware of this requirement.

(END Section 3, Appendix 1 Certified Sourcing Supplemental Checklist)



Certified Sourcing for Label Users Requirements and Volume Summaries

Primary producers are manufacturing units that produce forest products (wood, paper, pulp, or composite products) and source 50% or more (by weight) of their wood-based raw materials directly from primary sources. They must account for 100% of their *primary sources* as coming from *responsible fiber sources*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

If a *primary producer* sources from company-owned or company-controlled lands enrolled in the SFI program, those lands must be third-party certified to the SFI 2010-2014 Standard.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:

Secondary producers are manufacturing units that produce forest products and source 50% or more (by weight) of their wood-based raw materials from *secondary sources*. They must account for at least two-thirds ($\frac{2}{3}$) (by weight) of the wood or wood fiber in the product(s) or manufacturing unit as coming from *responsible fiber sources*. The other one-third ($\frac{1}{3}$) cannot come from *controversial sources*.

N/A Conforms Exceeds O.F.I. Minor NC Major NC

Audit Notes:



Canfor Southern Pine, Inc.

CERTIFIED SOURCING INTERNAL AUDIT FORM

Auditor: Derek Ratchford Lam Plant Reviewed: El Dorado, AR Glulam Plant

Date: June 15, 2017 Time Frame Reviewed: Calendar Year 2016

Notes:

1. This internal audit should be considered as a management review of Canfor Southern Pine's Certified Sourcing Program.
2. At least once a year, compare the Certified Sourcing Program, including label use approval, to the SFI Fiber Sourcing Standard, Section 3, Appendix A. Make a note of the full review and any necessary changes.
3. Clearly communicate any corrective actions or necessary changes to the Certified Sourcing Program.

Mill (Company/Location)	Lumber Procured	Valid Certificate (Yes/No)	Self-Declaration (Yes/No)
CSP/Anthony Forest/Urbana, AR	23,699,276	Yes	
CSP/Beadles/Moultrie, GA	0	No	Yes
CSP/New South/Conway, Darlington, SC	0	Yes	
CSP/Scotch Gulf/Fulton, AL	1,455,616	Yes	
CSP/Scotch Gulf/Jackson, AL	2,094,976	Yes	
CSP/Scotch Gulf/Mobile, AL	3,250,944	Yes	
West Fraser/Leola, AR	68,280	Yes	
Westervelt Lumber/Moundville, AL	19,974	Yes	

SFI Certified Lumber Procured: 30,589,066
 Total Lumber Procured: 30,589,066
 SFI Certified Content (%): 100%

Any corrective actions needed:
 None required.

Internal audit comments:
 None.

  
 Derek Ratchford Chris Webb Kerlin Drake



Canfor Southern Pine, Inc.

CERTIFIED SOURCING INTERNAL AUDIT FORM

Auditor: Derek Ratchford **Lam Plant Reviewed:** Washington, GA Glulam Plant

Date: June 15, 2017 **Time Frame Reviewed:** Calendar Year 2016

Notes:

1. This internal audit should be considered as a management review of Canfor Southern Pine's Certified Sourcing Program.
2. At least once a year, compare the Certified Sourcing Program, including label use approval, to the SFI Fiber Sourcing Standard, Section 3, Appendix A. Make a note of the full review and any necessary changes.
3. Clearly communicate any corrective actions or necessary changes to the Certified Sourcing Program.

Mill (Company/Location)	Lumber Procured	Valid Certificate (Yes/No)	Self-Declaration (Yes/No)
CSP/Anthony Forest/Urbana, AR	660,802	Yes	
CSP/Beadles/Moultrie, GA	288,512	No	Yes
CSP/New South/Conway, Darlington, SC	2,086,688	Yes	
CSP/Scotch Gulf/Fulton, AL	4,489,216	Yes	
CSP/Scotch Gulf/Jackson, AL	5,904,768	Yes	
CSP/Scotch Gulf/Mobile, AL	8,074,688	Yes	
Burt Lumber/Washington, GA	38,912	No	No
Pollard Lumber/Appling, GA	321,760	No	Yes

SFI Certified Lumber Procured: 21,826,434

Total Lumber Procured: 21,865,346

SFI Certified Content (%): 99.8%

Any corrective actions needed:

None required at this time.

Internal audit comments:

Since Burt Lumber represents 0.2% of the total lumber purchased (2 truckloads), the non-self declaration is not an issue.

Derek Ratchford

Chris Webb

Kerlin Drake



Appendix 4
Site Visit and Interviewee Notes



Canfor Southern Pine

2017 SFI Fiber Sourcing Surveillance Audit

Interviewees and Tracts Visited

Interviewees:

Company Personnel:

Wes Smith – Forest Certification Manager
Davis McGowen – Conway/Darlington Procurement Manager
Mike Harris – Procurement Forester
Garrick Logue – Coop
Austin Phillips – Coop
Doug Burleson – Procurement Manager Graham
Will Reece – Procurement Forester

Contract Logger:

Carl Johnson

Landowners:

Martha Branson
Michael Anderson

Wood Suppliers:

Joe Graham – CWC Conway
Harry Scott – Triangle Forest Products

Graham Area Tracts Visited (Darlington – gatewood only):

Meadow Rose – Pine/hardwood flatwoods final harvest cut by Williams. Logger used a track processor and dual skidders. New road built with no issues. Three intermittent streams crossed with mats with no issues.

McLeod – Pine/hardwood sandy tract final harvest cut by Jeffers. Good wet weather tract cut during the wet season. Two intermittent streams crossed with steel mats with no issues.

Bennett – Pine final harvest and select cut by Jeffers. Three intermittent streams crossed with mats with good debris on approaches. Little damage to residuals on select cut.

Perry Pond – Pine/hardwood real estate cut by Johnson. Six intermittent streams crossed with mats with good debris on approaches. Built road into eastern part on contour with water bars and turn outs and gravel.

Atkins – Pine final harvest and thinning cut by Jeffers. Six intermittent streams crossed with mats with good debris on approaches. Minimal damage to residuals. Thinning and SMZ marked by consultant.

Goodwin – Pine/hardwood final harvest cut by Johnson. An intermittent stream crossing using logs was cleaned out, strowed with debris on approaches. Good SMZ flagged by Company.

Vaughn/Mann – Pine/hardwood final harvest cut by Williams. Two intermittent streams crossed with mats with good debris on approaches. Good SMZ flagged by Company.

King George – Pine/hardwood final harvest cut by Cole. Inspected during internal audit with a minor NC being issued for not enough water bars. Road was reworked adding additional water bars and grass/straw.

Sanders - Pine/hardwood final harvest cut by Loyd. Four intermittent stream crossings using mats with good debris on approaches. Good SMZ flagged by consultant.

Fuqua Tree Farm - Pine/hardwood select cut by Loyd. Consultant marked with no issues.

Morrow - Pine final harvest cut by Cole. Perineal stream crossing using mats with no issues.

Jones North - Pine/hardwood final harvest cut by Loyd. Intermittent stream crossings using mats with no issues.



The following documents were reviewed for all stumpage tracts visited:

- Multiple timber sale inspections
- Contractor agreement with BMP and trained logger clauses
- For T/E, tract map sent to NC Dept. of Natural and Cultural Resources that do a check and respond with a letter



Appendix 5

Meeting Attendance



NSF Audit Attendance Sheet

Company Name: Canfor Southern Pine, Inc.

Location (Plant # and/or City & State): Darlington, SC

Type of Audit: SFI Fiber Sourcing and Certified Sourcing Surveillance

Opening Meeting Date: June 19, 2017 Closing Meeting Date: June 21, 2017

NAME (Printed)	TITLE/POSITION	OPENING MEETING (Initials)	CLOSING MEETING (Initials)
<i>Wes Smith</i>	<i>NSF Lead Auditor</i>	<i>WS</i>	<i>WS</i>
<i>Wes Smith</i>	<i>Canfor Southern Pine Forest Cert. Manager</i>	<i>WS</i>	<i>WS</i>
<i>Davis McGowan</i>	<i>CSP Conway Procurement Manager</i>	<i>TDM</i>	