



Appendix 2

Canfor Southern Pine, Inc. 2020 SFI Fiber Sourcing Public Summary Audit Report

Introduction

The SFI Program of Canfor Southern Pine 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 the US corporate headquarters located in Mobile, AL that operates eleven (11) southern yellow pine manufacturing facilities in located in Alabama, Arkansas, North Carolina, South Carolina, Georgia, Louisiana and Mississippi. The company utilizes seven (7) procurement groups to source the plants.

Inputs are sourced as gatewood and purchased stumpage. The certification program is managed by Ron Phillips. 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 Surveillance Audit was performed by NSF Lead Auditor, Tucker Watts. A remote document review was conducted using ICF on May 27, 2020. Site visits were conducted on June 30, and July 1, and July 16, 2020. 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.

Several of the SFI Section 3 requirements 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:

- Indicator 5.1.2 - Canfor Southern Pine does not conduct research on genetically engineered trees.
- Indicator 6.2.3 – States within the basin of Canfor Southern Pine do not have certified logger programs.
- Objective 8 - Canfor Southern Pine does not have public land management responsibilities.
- Objective 11-13 - Canfor Southern Pine does not source fiber outside Canada and the US.

Audit Process

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.

The possible findings of the audit included conformance, major non-conformance, minor non-conformance, opportunities for improvement, and practices that exceeded the requirements of the standard.

Overview of Audit Findings

Canfor Southern Pine was found to be in conformance with the standard. One minor non-conformance was identified.

The 2019 SFI Annual Progress Report was submitted 4/18/20. Report was not submitted by the deadline. (SFI 2015-2019 Standards and Rules® Section 3: Fiber Sourcing, Indicator 9.2.1). Closed following the remote document review.

No opportunities for improvement identified.



The audit did identify two (2) areas where Canfor Southern Pine is conducting operations that exceed the Standard requirements:

The requirement to have a program to require that harvests of purchased stumpage comply with best management practices exceeds the Standard. BMP monitoring is conducted during harvesting operations on a weekly basis using the Tract Inspection Worksheet. The final inspection is documented on this form also. Issues are identified, and remediation is documented. In addition to documentation, pictures of the closing review are incorporated at some procurement areas. (SFI 2015-2019 Standards and Rules® Section 3: Fiber Sourcing, Indicator 2.1.1)

The requirement to have a system to achieve compliance with applicable federal, provincial, state or local laws and regulations is exceeded. Canfor Southern Pine has contracted with a timber theft security firm, Dendro Resource Management, Inc to audit purchase stumpage tracts. Two camera audits are conducted in every state annually. A risk assessment is conducted on loggers based on interviews, camera monitoring, and comparison of Load Sheets to camera footage. (SFI 2015-2019 Standards and Rules® Section 3: Fiber Sourcing, Indicator 4.1.2)

The next audit is a Surveillance Audit scheduled to be conducted with the Mobile Procurement Group and Urbana Procurement Group during May 2021.

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: *Not reviewed during 2020 Surveillance Audit.*

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 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: *Field reviews of ongoing and completed operations were the most critical evidence. Reviewed documents signed by suppliers and logging contractors agreeing to legal compliance. Interviews with State forestry personnel.*

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 reviewed during 2020 Surveillance Audit.*

Objective 6 Training and Education

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

Summary of Evidence: *Confirmed by the Company's financial and physical support of the State SIC and its development of education and logger training programs. Training is conducted by participation and sponsorship of various forestry and logger training classes.*



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: *Not reviewed during 2020 Surveillance Audit.*

Objective 9 Communications and Public Reporting

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

Summary of Evidence: *Summary Audit Report witnessed on SFI, Inc. website. Review of Annual Progress Report confirms record keeping is adequate and that reports are submitted on time.*

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 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:

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