



2018 SFI Public Summary Report

Durgin and Crowell Lumber Co., Inc. Sustainable Forestry Initiative® (SFI) Fiber Sourcing Standard [2015-2019], including Appendix One: Rules for Use of the SFI Certified Sourcing Label

Date: October 31, 2018

Project Scope and Objectives

PricewaterhouseCoopers LLP (PwC) completed a Maintenance Assessment on Durgin and Crowell Lumber Co., Inc.'s ("Durgin and Crowell" or "the Company") Wood Fiber Procurement system at their sawmill in Springfield, New Hampshire. The Lead Assessor was James Lucas, EMS (LA). The on-site team lead was Sean Pledger, PwC Assessor. The audit team was accompanied by Malcolm Milne (Durgin and Crowell's SFI Representative) and Brooks Weathers (Durgin and Crowell's Procurement Forester).

The primary objective of the assessment was to assess the Company's SFI management system and to evaluate the Company's implementation of the SFI Standard in the field.

Client Profile

Durgin and Crowell is a lumber manufacturing company located in Springfield, New Hampshire. They operate a single sawmill facility, which annually produces over 30 million board feet (30 MMBF) of kiln-dried Eastern White Pine lumber. As by-products of the milling process, Durgin and Crowell generates paper-quality mill chips, green sawdust, and bark from its sawmill. As by-products of planing and finishing its kiln-dried lumber, the facility produces shavings and dry grindings in its planer mill. Most of the company's by-products are sold to outside markets, while sawdust and dry grindings are used on-site to generate steam heat for the facility's dry kilns. Durgin and Crowell uses SFI on-product labels on its lumber wraps and shavings bags.

Durgin and Crowell annually purchases approximately 30 MMBF of Eastern White Pine logs. In 2017, one hundred percent (100%) of its logs were delivered in the form of gatewood (i.e. 0% stumpage) from close to two hundred (191) different suppliers. The majority of Durgin and Crowell's logs (66%) are sourced from New Hampshire with the remainder coming from Vermont (29%) and New York/Massachusetts (5%). A total of 72% of logs purchased by Durgin and Crowell come from certified loggers. Most of the logs supplied come from relatively small (100 acres or less), privately-owned woodlots.

The Durgin and Crowell procurement group has been certified to the SFI Fiber Sourcing Standard since 2009 and supplies all of the fiber utilized by the facility. The company has developed its own SFI Policies and Procedures to ensure conformance to the SFI Standard. Each log supplier is required to sign a

Procurement Agreement, whereby the supplier agrees to follow Best Management Practices (“BMP’s”), avoid illegal logging, and permit Durgin and Crowell procurement foresters to conduct periodic BMP inspections on their jobs. The Company uses its BMP inspections to monitor compliance of its suppliers. The inspection program also serves as an opportunity for procurement staff to learn from suppliers, and to offer feedback and advice to loggers regarding BMP implementation.

Indicators

All of the indicators in the SFI Fiber Sourcing Standard were within the scope of the assessment, except for performance measure 8.2 within Objective 8 and Objective 13, since none of the land managed by the Company is public land. There were no substitute indicators.

Assessment Process

On June 5, 2018, the assessment team conducted interviews and reviewed appropriate documentation to assess policies and procedures, and tested the implementation of SFI program requirements at the Central Office in Springfield, New Hampshire. The assessment team conducted field assessments of three harvesting operations from which Durgin and Crowell procured fiber in New Hampshire and Vermont. In total, the audit team spent one third of a day at the central office and two thirds of a day on-site for field assessments. All off the fiber procured by Durgin and Crowell is through log purchase agreements. The three harvesting sites visited had been completed and were inactive. The audit report was dated October 31, 2018.

Durgin and Crowell has a single site certification for their wood fiber procurement activities in eastern North America. PwC uses an audit approach where the office systems/records and fiber sourcing operations in the field are audited annually. The field operations are sampled from population lists provided by the Company and tested for completeness by PwC.

Summary of Conformance, Findings, and Good Management Practices

FIBER SOURCING

SFI FIBER SOURCING		
Objective	Performance Measure	Evidence of Conformity
<i>Objective 1: Biodiversity in Fiber Sourcing</i>	<i>Performance Measure 1.1. Promotion and conservation of biological diversity.</i>	<i>Evidence: staff interviews, maps, risk assessments, documented procedures</i> The Company does not currently purchase any stumpage as part of their fiber sourcing program. Before agreeing to purchase from a supplier they obtain the location of the property and review the National Heritage website for biodiversity information applicable to the area. The Company’s check list for stream permits includes information around Exceptional Conservation Values. The Company also works with a local land trust and supports work being done at Hubbard Brook Experimental Forest.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<i>Objective 2: Adherence to Best Management Practices</i>	<i>Performance Measure 2.1. Program Participants shall clearly define and implement policies to ensure that facility inventories and fiber sourcing activities do not compromise</i>	<i>Evidence: contracts, documented procedures, monitoring inspections, interviews with loggers and staff, on-site observation</i> Commitments requiring suppliers to comply with Best Management Practices are found in the Company’s log supplier procurement agreement. Additionally, the Company has made public

	<i>adherence to the principles of sustainable forestry.</i>	commitments to adhere to the principles of sustainable forestry through its SFI website and formal documentation of its Statement of Commitment to the SFI Program. The Company also has requirements around curtailing operations during periods of adverse weather and increased monitoring of harvest operations by Company foresters to ensure these requirements are being honored.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 2.2. Program Participants shall monitor the use of best management practices.</i>	<i>Evidence: interviews with staff and loggers, documented procedures, monitoring inspection forms</i> The Company has a documented supplier monitoring system in place which details the requirements for the use of Best Management Practices (BMP) by their suppliers and is recorded in their BMP Field Audit Form. This periodic monitoring is summarized and compiled into an annual report for management. Durgin and Crowell conducts approximately 40 inspections annually. Issues documented included rutting of soil, road and crossing issues, and permits not being posted. In all cases, issues were discussed with logging contractors and addressed.
	The Company's inspection and feedback process was found to be well implemented. An Opportunity for Improvement was identified where Durgin and Crowell may wish to consider encouraging their suppliers to conduct their own root cause analysis when incidents occur, and develop their own strategies to ensure BMP conformance in the future.	
Objective 3: Use of Qualified Resource and Qualified Logging Professionals	<i>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 to apply principles of sustainable forest management to their lands.</i>	<i>Evidence: fiber sourcing policy, contracts, interviews with staff and loggers, State lists of trained loggers</i> The Company has a documented Fiber Sourcing Policy which encourages landowners to utilize certified loggers in the New Hampshire Professional Logger Program (PLP), and foresters from the States of New Hampshire and Vermont, where the majority of their wood is procured from. The Company offers periodic PLP training at their mill in Springfield, New Hampshire and sponsors log supplier attendance at all PLP sessions. The company also offers support for Vermont LEAP training. Commitments to follow BMPs and apply the principles of sustainable forest management are contained in the Company's log supplier procurement agreement. Company compliance staff review the PLP training records annually from the logger association websites for Vermont and New Hampshire to ensure the trend of increasing participation in PLP programs continues. In total, 72% of all gatewood purchased in 2017 came from certified loggers.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
Objective 4: Legal and Regulatory Compliance	<i>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.</i>	<i>Evidence: List and review of compliance of relevant State laws and regulations, SFI Commitment Statement, log supplier procurement agreement, interviews with compliance staff and loggers, field operations observed</i> Access to relevant laws and regulations is provided by an extension service in the State of New Hampshire. Industry associations that the Company is affiliated with in Maine and Vermont also provide

		updates to legislation and offer online services for ease of access. Commitments to avoid illegal logging are contained in both the Company's Commitment to SFI Statement and in log supplier procurement agreements with wood suppliers. A staff Compliance Coordinator for the Company is responsible for ensuring that all relevant laws and regulations are being complied with and bringing non-compliances to the attention of senior management.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>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 they Program Participant operates.</i>	<i>Evidence: health and safety policy, discrimination and harassment policy, safety meeting minutes, interviews with compliance staff</i> The Company's Human Resources Department monitors additions and changes to existing social legislation for the States in which they operate (New Hampshire and Vermont). Regular safety meetings are held at the Company's mill. Required postings with regards to health and safety and discrimination and harassment are present at the company's mill to allow maximum visibility for employees or visitors. A staff Compliance Coordinator for the Company is responsible for ensuring that all relevant laws and regulations are being complied with and bringing non-compliances to the attention of senior management.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
Objective 5. Forestry Research, Science and Technology	<i>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.</i>	<i>Evidence: Summary of research projects in collaboration with State SICs, interviews with staff</i> The Company's support of research is primarily through the New Hampshire and Vermont SIC's for the provision of internship funds as well as support for the forest technology program at the University of New Hampshire's Thompson School of Applied Science. The Company also continues to support research at the Hubbard Brook Experimental Forest which is operated by the USDA Forest Service.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>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.</i>	<i>Evidence: BMP projects, memberships and staff interviews.</i> The Company relies on their support of research through the New Hampshire and Vermont SIC's and the Hubbard Brook Experimental Forest to gain access to regional analyses. This approach is appropriate for the scope and scale of Durgin and Crowell's operations. The Company was aware of and using relevant analyses in support of its sustainable forestry program.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	

	<p><i>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 of forests, wildlife and biological diversity.</i></p>	<p><i>Evidence: staff interviews, wildlife researcher on staff, membership and participation with research organizations</i></p> <p>Research being completed at the University of New Hampshire Woodlands and College of Life Sciences and Agriculture is monitored by Company staff with information being passed on to business partners and the public as appropriate. In addition, Company staff monitor climate change modelling research occurring at the Hubbard Brook Experimental Forest.</p>
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
<p>Objective 6. Training and Education</p>	<p><i>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.</i></p>	<p><i>Evidence: sustainable forest management & environmental policies, health and safety policy, log supplier procurement agreement, staff and contractor training records, interviews with staff, operations assessed in the field</i></p> <p>The Company has a small group of staff foresters which report to the Compliance Coordinator and these individuals are familiar with the requirements of the SFI Fiber Sourcing Standard and the Company’s procedures designed to meet the requirements. The Compliance Coordinator assigns roles and responsibilities to Company staff to achieve the SFI Fiber Sourcing Standard requirements with all staff being encouraged to continually upgrade their sustainable forest management knowledge.</p> <p>Written statements of commitment to the Standard are contained within the Company’s documented Statement of Commitment to the SFI Program as well as in their log supplier procurement agreements. Communication of this commitment takes place during Company sponsored training as well as via postings on employee bulletin boards. Communication is provided to suppliers in the form of an information package and may be further discussed in the field during pre-harvest startup meetings or via BMP monitoring inspections.</p>
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<p><i>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.</i></p>	<p><i>Evidence: SIC member and association records and meeting minutes, PLP and LEAP training records, interviews with staff, operations assessed in the field</i></p> <p>The Company is a member of the SIC in New Hampshire and Vermont as well as having informal ties to the New York and Maine SIC’s. Each SIC addresses the requirement to foster improvement in the professionalism of wood producers in the training programs they individually provide such as the New Hampshire PLP program and the Vermont LEAP program. The Company is also a member of the New Hampshire Timber Harvesting Council through the New Hampshire Timberland Owners Association (NHTOA). Continuing education opportunities are also offered through the various State SICs where Company foresters take selected courses and wood producers are encouraged to do the same by the Company.</p>
No Nonconformities or Opportunities for Improvement were identified related to this performance measure.		

<p>Objective 7. Community Involvement and Landowner Outreach</p>	<p><i>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, labour, universities, extension agencies, the American Tree Farm System® and/or other landowner cooperative programs to apply principles of sustainable forest management.</i></p>	<p><i>Evidence: SIC member and association records and meeting minutes, interviews with staff</i></p> <p>The Company supports efforts of the New Hampshire and Vermont SIC's in promoting sustainable forest management practices. The Company has produced an SFI outreach brochure which is available to the public and additional information on SFI and the Company's commitments to the SFI program is available on their website. The Company is also involved with outreach projects as a member of the New Hampshire Timberlands Owners Association (NHTOA).</p> <p>The Company has also worked with local government officials on a Road Manual for the transportation of products which incorporates and further develops transportation BMP's. The Company has supported and assisted in local conservation area walks to enhance public knowledge of sustainable forest management principles. The Ausbon Sargent Land Trust is also supported by the Company and they are members of the Society for the Protection of New Hampshire Forests which is involved with land conservation, education and events, advocacy, forestry and recreation initiatives. The Company also supports 'Project Learning Tree' for New Hampshire teachers which provides educational opportunities to enhance youth appreciation and understanding of nature.</p>
<p>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</p>		
	<p><i>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.</i></p>	<p><i>Evidence: SIC membership and participation, records of mill tours, records of advertising, interviews with staff</i></p> <p>The Company supports and promotes sustainable forest management primarily through their involvement with the New Hampshire and Vermont SIC's. They have mechanisms for public outreach, education and involvement related to sustainable forest management. Outreach initiatives include annual mill tours for the students in the forest technology program at the University of New Hampshire's Thompson School of Applied Science in New Hampshire as well as similar tours for local high school students. Durgin and Crowell foresters are both Tree Farm inspectors within the American Tree Farm System.</p>
<p>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</p>		
	<p><i>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 2015-2019 Fiber Sourcing Standard principles and objectives.</i></p>	<p><i>Evidence: SIC membership and participation, New Hampshire SFI inconsistent practices program document, interviews with staff</i></p> <p>A toll free number is utilized by the New Hampshire and Vermont SIC's to receive any concerns raised by interested parties with regards to SFI Fiber Sourcing requirements. The New Hampshire program is jointly managed with the SIC. The New Hampshire/Maine SFI Inconsistent Practices Program describes the process to go through including escalation for complainants..</p>
<p>No Nonconformities or Opportunities for Improvement were identified related to this performance measure.</p>		

Objective 8. Public Land Management Responsibilities	<i>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.</i>	N/A – The Company is not involved with Public Land Management.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
Objective 9. Communications and Public Reporting	<i>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.</i>	<i>Evidence: 2017 SFI public summary report from website, interviews with D&C staff.</i> PwC prepared the annual public summary report in 2017 and supplied to SFI.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
	<i>Performance Measure 9.2. Program Participants shall report annually to SFI Inc. on their conformance with the SFI 2015-2019 Fiber Sourcing Standard.</i>	<i>Evidence: SFI website review, interviews with staff</i> The Company reports annually to SFI Inc. on their conformance to the SFI Fiber Sourcing Standard. Records are kept for all the categories of information needed for SFI annual progress report surveys. The 2017 annual progress report was filed with SFI in a timely manner.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
Objective 10. Management Review and Continual Improvement	<i>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.</i>	<i>Evidence: Management review meeting minutes, internal audit records and report, field inspection records, corrective action plans, field inspections and staff interviews.</i> The Company has mechanisms in place to examine audit findings, make appropriate improvements, and to inform their employees of changes to their certification management system. The Company takes its SFI commitments seriously and concerns are elevated by the Compliance Coordinator to senior management via scheduled formal meetings and ad hoc informal meetings.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	

Objective 11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas	<i>Performance Measure 11.1. Program Participants shall ensure that their fiber sourcing programs support the principles of sustainable forestry, including efforts to promote conservation of biological diversity.</i>	N/A – The Company is not sourcing any fiber from outside the US and Canada.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
Objective 12. Avoidance of Controversial Sources including Illegal Logging	<i>Performance Measure 12.1. Program Participants shall ensure that their fiber sourcing programs support the principles of sustainable forestry, including efforts to reduce the risk of illegal logging.</i>	N/A – The Company is not sourcing any fiber from outside the US and Canada.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	
Objective 13. Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws	<i>Performance Measure 13.1. Program Participants shall avoid controversial sources and encourage socially sound practices.</i>	N/A – The Company is not sourcing any fiber from outside the US and Canada.
	No Nonconformities or Opportunities for Improvement were identified related to this performance measure.	

Specific Good management practices are noted below:

- Durgin and Crowell’s supplier inspection program is well implemented and uses a risk based sampling approach to ensure suppliers are meeting or exceeding best management practices.
- Durgin and Crowell’s SFI program is very well organized and ensures top management and all staff involved in the fiber sourcing and label use programs are informed and educated on the program.

Conclusion

The Company has maintained conformance with the requirements of the Sustainable Forestry Initiative Fiber Sourcing Standard [2015-2019], including Appendix One: Rules for Use of the SFI Certified Sourcing Label. The Certificate can be can be obtained by contacting Malcolm Milne of Durgin and Crowell Lumber Co., Inc. at (603) 763-2860 ext. 0324. More information on Durgin and Crowell’s sustainable forestry program can be found at: <http://www.durginandcrowell.com/our-sfi-program/>

The next SFI Assessment will be a Maintenance Assessment in the fall of 2019, the registration expires on December 13, 2020.