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**Bureau Veritas Certification
North America, Inc.
SFI Forest Management Audit Report**

390 Benmar Drive, Suite 100
Houston, TX 77060
Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	Conservation Forestry, LLC
Contact Person	Rick Larkin
Address	2401 Whitehall Park Dr.; Charlotte, NC 28273
Phone / Fax	Phone: (804) 897-5052 Fax: (804) 897-5056
PQC Code	E01E
Contract Number	US1553268

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	#	Scope extension audit:	S2
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Audit Summary
<p align="center">Introduction</p> <p>This report summarizes the results of the first surveillance audit of Conservation Forestry, LLC’s SFI program for forest management operations. Richard Boitnott, Bureau Veritas Certification Lead Auditor conducted the audit 10/28/2015 through 10/29/2015. Mr. Boitnott is a certified forester, an EMS lead auditor, and has wildlife management expertise.</p> <p align="center">Audit Scope, Objectives and Process</p> <p>The scope of the audit was “management of forest lands”. The audit was conducted against the SFI 2015-2019 Standard Forest Management Edition. Objectives 1-8, 11, 12, 14 and 15 were covered during the audit. There was no substitution or modification of indicators. Specifically, two objectives of the SFI audit were to verify that the Program Participant’s SFI Program is in conformance with the SFI Objectives, Performance Measures, and Indicators, and any additional indicators that the Program Participant chooses, and verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the most recent version of the Bureau Veritas Certification SFI Auditor Handbook available on the auditor access website.</p> <p align="center">Audit Plan</p> <p>The audit consisted of a ½ day review of system documentation at the Richmond Virginia the morning of October 28, followed by a ½ day field audit in the afternoon, and the entirety of the day on the 29th. A closing meeting was held at the end of the day on the 29th.</p> <p align="center">Company Information</p> <p>Conservation Forestry, LLC owns approximately 34,000 acres of land in Virginia and North Carolina. Management activities on CF land is conducted by American Forest Management (AFM), a forestry consulting firm with an office in Richmond Virginia. The property consists primarily of loblolly pine plantations with mixed hardwood/pine streamside zones. Pine stands are regenerated through clearcutting, chemical site preparation, followed by planting. The property has a long history of ownership by a number of forest management companies. As such, tracts containing T&E species, FECVs, and special sites were usually sold or donated to conservation interests under</p>

previous ownerships. The properties currently owned by Conservation Forestry are generally lacking any occurrences of special features.

Multi-Site Requirements

N/A

Audit Results

The document review was conducted to determine if Conservation Forestry's system documentation meets the requirements of the SFI 2015-2019 Standard. The field audit consisted of a review of six harvest operations, three chemical site preparation tracts, and one road maintenance activity. One of the clearcut tracts had also been recently chemically site prepared.

Objective 1-Forest Management Planning:

AFM operates a forest management planning program for the CF property. Stands were initially cruised inventoried when the property was purchased. Stands are then re-cruised periodically. Stands are grown based on site index, TPA at time of establishment, and cultural inputs. Recommended harvest levels have been determined and are adjusted annually. Stands are classed according to forest type and age. A GIS is in place, and includes soil mapping. A review of non-timber issues consists primarily of leasing the property for hunting leases and the development of bioenergy markets. Biodiversity at landscape scales is accomplished by mapping of cover types. Budgeted vs. actual harvest levels report verified CF is harvesting about 21% of their budgeted pine volume, and 6% of hardwood. Budgeted volumes are well below growth, so total inventory has been building for the past 4 years.

A procedure has been developed to consider the ecological consequences of conversion of forest cover type. The decision to convert considers the presence of T&E species and FECVs. Conservation Forestry generally does not convert to a non-forest use, but if it does so, it has procedures in place to notify its receiving mills.

Objective 2-Forest Health and Productivity:

All plantations reviewed during the audit were adequately stocked. Harvest sites are regenerated within two growing seasons following harvest. Herbicide applications are guided by a chemical application procedure. Prescribed herbicide rates are below label maximum, but tend to be higher than other rates typical for the piedmont and upper coastal plains ecosystems, and use more chemicals in the mix. This is at the request of the investor, who insists on using guaranteed rates, which are generally more than needed. The rates and mixes are still within reason. The company does not use any herbicides listed by the WHO as type 1A or 1B, or by the Stockholm Convention on prohibited chemicals. All herbicide applications reviewed during the audit were well done, with virtually no drift into off-target areas.

Soils are mapped in the GIS and included in harvest plans. Soil productivity was well protected, with virtually no adverse impacts to soils observed on any of the sites reviewed during the audit.

Objective 3-Protection and Maintenance of Water Resources:

Harvest activities demonstrated compliance with Virginia BMPs and implementation of plans to protect water quality. SMZs were very well established. Stream crossings are limited, but where necessary, were properly stabilized when removed. Only one tract was reviewed that had two stream crossings. Both were done with skidder bridges, and the auditor could not tell the crossings had been used. Loggers operating on Conservation Forestry land are required to complete Virginia's SHARP or North Carolina's Pro-Logger training programs.

Objective 4-Conservation of Biological Diversity:

AFM has gathered information on potential T&E species and FECVs that could occur on Conservation Forestry land. No known locations have been identified on CF land. Harvest sites reviewed during the audit demonstrated retention of stand-level wildlife habitat elements.

AFM has a system for analyzing forest cover types across its ownership, and examines the data to determine how its wildlife habitat is distributed. CF has sold a number of easements and made a number of conservation sales on surrounding properties. Transfer of these properties to conservation interests will eventually result in providing some old-growth characteristics. Employees are aware of invasive species that could occur in their area of operations.

Objective 5-Management of Visual Quality and Recreational Benefits:

A procedure is in place to address aesthetics. However, most of the property is located in rural areas away from view of the general public. Average clearcut size for 2014 was 36 acres. All clearcuts reviewed during the audit demonstrated compliance with the green-up requirement.

Objective 6-Protection of Special Sites:

A special sites procedure is in place. No special sites are known to exist on CF property within the scope of this audit.

Objective 7-Efficient Use of Fiber Resources:

Utilization was acceptable on all harvest tracts reviewed during the audit.

Objective 8: Recognize and Respect Indigenous People's Rights:

CF has a written policy to recognize and respect the rights of indigenous peoples. CF's written policy contains a provision for being aware of traditional forestry related knowledge, and to respond to inquiries from indigenous peoples if it receives any. Only one federally recognized tribe is located in Virginia.

Objective 9-Legal and Regulatory Compliance: Not audited

Objective 10-Forestry Research, Science and Technology: Not audited

Objective 11-Training and Education:

Roles and responsibilities are outlined in the training and education procedure. Records verified training has occurred as required by the procedure. The training procedure also specifies contractors are to be qualified loggers. The timber cutting agreement contains a clause requiring loggers to be trained.

Objective 12-Community Involvement and Landowner Outreach:

AFM's is a member of and financially supports the Virginia SIC. AFM's support of the Virginia SIC includes the development and distribution of landowner information that includes information on the conservation of biological conservation. AFM provided evidence of involvement in public educational efforts. The company has a communication procedure to handle complaints and feedback. It has not received any such communications relative to its certification program.

Objective 13: Public Land Management Responsibilities: N/A

Objective 14-Communications and Public Reporting:

The 2014 renewal audit report for Conservation Forestry was found on the SFI, Inc. website as required for public review. The company submitted its 2014 SFI annual progress report in a timely manner.

Objective 15-Management Review:

AFM and Conservation Forestry have a management review process in place. Management review minutes verified the meeting is held annually as required by the SFI Standard. This year's management review has not occurred yet. It is now set to occur just after the external audit.

Findings

Previous non-conformances:

One non-conformance was issued during the previous audit due to a deficiency in the company's training program. This deficiency has been resolved, and the non-conformance has been closed.

Non-conformances:

None were issued during this audit event.

Opportunities for Improvement:

None were issued.

Notable Practices:

None were issued

Logo/label use:

Neither AFM nor Conservation Forestry is using the SFI or Bureau Veritas Certification logos.

SFI reporting:

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

Conclusions

Since no non-conformances were issued, the lead auditor issued a recommendation for immediate upgrade to the SFI 2015-2019 Standard Forest Management Edition.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: 10/28/2015				To: 10/29/2015			
Number of SF02's Raised:				Major:		0		Minor: 0	
Is a follow up visit required:		Yes		No	X	Date(s) of follow up visit:			
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes		No		N/A	X	Date:	
Proceed to/Continue Certification		Yes	X	No		N/A		Date:	10/29/2015
All NCR's Closed		Yes	X	No		N/A		Date:	10/28/2015
Standard audit conducted against:									
1)	SFIS 2015-2019 FM Edition			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Richard Boitnott; CF EMS(LA)			2)						
			3)						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Management of Forest Lands									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date		October 26-27, 2016							
Audit Report Distribution									
Dawn Komnick: dawn.komnick@us.bureauveritas.com									
Rick Larkin: rick.larkin@afmforest.com									

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



SF02/NA NONCONFORMITY REPORT

Company Name and Site:		SF02#:	
Conservation Forestry		S1-01	
Contract #:	Type of audit (e.g., initial, surveillance):	Team Leader:	
US1553268	Surveillance #1	Richard Boitnott	
Date:	Standard and Clause #:	Team Member:	
12/3/2014	SFIS PM 16.1 Ind. 3		
Major	Minor	Other Documents (if applicable):	Company Representative:
	X		Rick Larkin
REQUIREMENT OF AUDITED STANDARD:			
PM 16.1 Ind. 3 requires staff education and training sufficient to their roles and responsibilities			
OBSERVED NONCONFORMITY:			
Training records are kept in a training database. The database has not been updated since 2010, providing insufficient evidence training has occurred to maintain employees competence to fulfill their roles and responsibilities for the SFI program			
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)			
Corrective Action Plan Date:	Dec. 22, 2014	Company Representative:	Rick Larkin
Root Cause Analysis and Corrective Action			
Root Cause: The EMS requires that when an employee attends training, he reports the training to the EMS manager. Employees did not report training to the EMS manager and the EMS manager did not check with employees to see if they had attended training classes.			
Corrective Action Plan: All AFM Staff with management responsibilities on Conservation Forestry property will be required to provide training records to the EMS manager on an annual basis. The EMS manager will review the training records and make suggestions for additional training needs. Additionally, the EMS manager will periodically check with staff to ensure that training records are kept up to date.			
ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)			
Root Cause: Acceptable Corrective Action Plan: Acceptable			
Plan Accepted:	Yes	X	No
Comments:			
Auditor:	Richard Boitnott		Date: 12/24/2014
CORRECTIVE ACTION IMPLEMENTATION			
To be completed by Company – Provide objective evidence. Not to exceed: 90 Days <input type="checkbox"/> 1 Year <input checked="" type="checkbox"/>			
Corrective Action Completion Date:	4/16/2015	Company Representative:	Rick Larkin
Corrective Action Implementation: Modified training requirements to more accurately reflect what needs to be done. In addition, the EMS manager is recording training records Method used to verify effectiveness of action taken: Review of training records.			
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)			
Accepted:	Yes	X	No
Nonconformance Closed:		Yes	X
Follow Up Comments:			
Auditor:	Richard Boitnott		Date: 10/28/2016