



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

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Contract Number:	US1192292	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	S2
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Audit Summary

Introduction

This report summarizes the results of the second surveillance audit conducted on American Forest Management (AFM's) SFI program for forest and land management conducted on GMO Threshold Timber Corporation fee and long-term lease land in Alabama and Tennessee. Richard Boitnott, Bureau Veritas Certification Lead Auditor conducted the audit May 27, 2014 through May 29, 2014.

Audit Scope, Objectives and Process

The scope is "management of forest lands". The audit was conducted against the SFI 2010-2014 standard. SFI objectives 1 through 7, 15, 17, 19, and 20 were covered during the audit. Specifically, two objectives of the 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.

Audit Plan

The audit consisted of a half-day review of system documentation in the Waynesboro Tennessee office the afternoon of 5/27. Field audits were conducted in Alabama on the 28th, and in Tennessee on the 29th. A closing meeting was held in the field at the end of the day on the 29th. An audit plan was developed and is maintained on file by Bureau Veritas Certification.

Company Information

GMO Threshold Timber is a timberland investment organization, owning and managing land throughout the United States. This certification is limited to its approximately 300,000 acres owned in Tennessee, north Alabama, and northeast Mississippi, referred to as the Tennessee Valley Forest. The property is managed by American Forest Management, a consulting firm based in South Carolina. The landbase is managed out of two offices; one in Waynesboro Tennessee, and the other in Russellville Alabama. The company runs a mature SFI program with a strong history of conformance.

GMO's forest in this region consists primarily of loblolly pine uplands and streamside management zones consisting mostly of mixed hardwoods. Some upland hardwood sites are also present. Topography ranges from rolling to steep. Stands are regenerated through clearcutting, followed by chemical site preparation and artificial regeneration.

Audit Results

The document review focused on changes in the company's SFI program since the previous audit. The field audit consisted of a review of five harvest, six regeneration/chemical site preparation, one mid-rotation release, and one herbaceous weed control tracts.

Objective 1-Forest Management Planning: No major changes were made in the company's forest inventory and management system since the previous surveillance audit. A stand-level inventory system is in place. Inventory is grown using a proprietary growth-and-yield model. A harvest schedule is in place, which is updated continuously based on removals, growth, and updated inventory information. Evidence was presented indicating recent harvest levels have been below the long-term management plan. A GIS and land classification system are in place.

Objective 2-Forest Productivity: AFM operates a very rigorous herbicide application policy, and has done so since it began managing GMO property. The result has been a track record of excellent herbicide application, a record that continues with this year's audit. Rates are below label maximums. Rates tend to be slightly higher than other areas in the southeastern U.S., but are justified due to heavy hardwood competition and natural pine regeneration. Most sites are very similar in vegetative composition, so rates and chemicals do not vary significantly. There is typically one mixture applied in the Russellville area, and one in Waynesboro. However, Waynesboro does apply a different mix on pine sites versus those that were predominately hardwood.

Soils are mapped and included in the GIS. Soil maps are included in pre-harvest plans, and provide information on operability and erodibility. Road and skid trails were well stabilized, using either logging slash or water bars.

Objective 3-Protection and Maintenance of Water Resources: Compliance with Tennessee and Alabama BMPs was observed on all harvest sites. SMZ width and basal area retention was acceptable. Stream crossings are almost non-existent. Steep topography makes for difficult stream crossings, so the company tries to avoid them. Only one temporary crossing was observed during this audit. Stream crossing material was removed, and approaches stabilized.

Objective 4-Conservation of Biological Diversity including Forests with Exceptional Conservation Value: AFM uses natural heritage data to identify the T&E species and FECVs that occur on or near its landbase. The heritage data is updated once every two years. Species or community occurrences are identified on harvest and regeneration planning maps. Management guidance is provided for each species that could be impacted by AFM's activities. Most occurrences are associated with streams or adjacent streamside management zones, so the implementation of BMPs provides for proper protection.

Implementation of stand-level habitat on clearcut harvests continues to improve. Many pine sites provide little opportunity for within-stand retention. Generous SMZs, including protection of ephemerals, provides adequate retention on these sites. The company is doing a better job of leaving some large trees on hardwood tracts.

A landscape assessment program is in place, termed "Forest Patterns", mapping out the various habitat types within the ownership. Employees are aware of the non-native invasive species that

could occur in their area of operations, with the primary invasive being kudzu. Prescribed burning is not practiced by AFM in this region.

Objective 5-Management of Visual Quality and Recreational Benefits: Average clearcut size during 2013 was 72 acres. A credible system for calculating average clearcut size is in place. Openings must be separated by at least 150 feet of greened-up space to be considered separate clearcuts for the purpose of calculating average clearcut size. The company has an aesthetic management program, but all of the sites observed during the audit were located well away from public view. Compliance with the company's green-up policy was observed on all clearcuts.

Objective 6-Protection of Special Sites: Special sites have been identified on GMO property, with management plans developed for the most significant (termed "Tier 1" sites).

Objective 7-Efficient Use of Forest Resources: Acceptable utilization was observed on all harvest sites

Objective 14: Not audited.

Objective 15-Forestry Research, Science, and Technology: AFM is a member of a number of research cooperatives. In addition, GMO is a member of NCASI. GMO's support of SICs includes the development of biodiversity conservation information for family forest landowners. AFM also has access to BMP surveys conducted by Alabama and Tennessee. AFM demonstrated it has access to information on the potential impacts of climate change on forest productivity and wildlife habitat.

Objective 16: Not audited.

Objective 17-Community Involvement in the Practice of Sustainable Forestry: AFM is a member of the Tennessee, Alabama, and Mississippi SICs. Its participation includes the development and distribution of landowner education materials, which includes information on the conservation of biological diversity. The company is involved in the Alabama and Tennessee forestry associations, which lobby for favorable taxation policies for family forest landowners. AFM has gathered state wildlife action plans from Tennessee and Alabama, and reviewed the plans to determine if there are other conservation opportunities that it has not already identified.

AFM demonstrated involvement in public educational opportunities, primarily through its involvement in SICs. Its involvement in SICs includes support for inconsistent practices procedures. The company has a procedure for receiving and responding to public inquiries. No reports of inconsistent practice or complaints have been received by the company.

Objective 19: The company had posted its 2013 surveillance audit report on the SFI, Inc. website as required for public review. The SFI annual progress report had been submitted in a timely manner.

Objective 20: AFM has a management review process in place. Management review minutes verified the meeting is held annually as required by the SFI Standard.

Findings

Previous non-conformances: There were no non-conformances issued during the previous audit.

Non-conformances: There were no non-conformances issued during this surveillance audit.

Opportunities for Improvement: No opportunities for improvement were issued.

Notable Practices: No notable practices were issued.

Logo/label use:

Neither GMO nor AFM uses the SFI or Bureau Veritas Certification logos. .

SFI reporting:

The 2013 surveillance audit report for GMO Tennessee Valley was found on the SFI website.

Conclusions

Results of the audit indicate AFM continues to operate a program for the management of GMO Threshold Timber property that meets the requirements of the SFI 2010-2014 standard, and is continuing to effectively implement its SFI program in the way it conducts its on-the-ground management practices. A recommendation for continued certification to the SFI 2010-2014 standard was issued at the closing meeting.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):	From: 5/27/2014			To: 5/29/2014		
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		Date:	N/A	
Proceed to/Continue Certification	Yes	X	No	Date:	5/29/2014	
All NCR's Cleared	Yes	No		Date:	N/A	
Standard audit conducted against:						
1)	SFIS 2010-2014	3)				
2)		4)				
Team Leader (1):	Team Members (2,3,4...)					
Richard Boitnott; CF, RF, 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	The next audit event is a renewal. The current certificate expires in mid-July 2015, so the renewal audit can be conducted the week of May 25, 2015					
Audit Report Distribution						
Bureau Veritas Certification: Melissa Marchese-melissa.marchese@us.bureauveritas.com						
AFM: Merrill Nall-merrill.nall@amforem.biz						

Clause	Audit Report
Opening Meeting	Participants: Merrill Nall, Tony Gant, Steve Archer Discussions: <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor ➤ Review of previous nonconformances - 0. ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	Participants: Merrill Nall, Tony Gant, Ronnie Leighton 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