



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

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Certification Audit:		Re-Certification Audit:		Surveillance Audit:	#2	Scope extension audit:	
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Audit Summary

Introduction

This report summarizes the results of the second surveillance audit conducted on Hancock Forest Management’s SFI program in the Southern Divisions. Mr. Richard Boitnott and Mr. Rick Larkin conducted the field audit September 15-17, 2015. Mr. Boitnott served as lead auditor throughout the process, conducting the central office audit in Harpersville Alabama on August 28. Mr. Boitnott is a certified forester, an EMS lead auditor, and has wildlife management expertise. Mr. Larkin is a certified wildlife biologist and an EMS lead auditor.

Audit Scope, Objectives and Process

The scope of the audit is “management of forest lands”. The audit was conducted against the SFI 2015-2019 Standard. SFIS Objectives 1 through 7, 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.

Audit Plan

Mr. Boitnott conducted the document review at the Harpersville Alabama office on August 28. Field audits were conducted for two days September 15-16 in the southern part of Alabama by Mr. Larkin, and for three days September 15-17 in central Alabama by Mr. Boitnott. A closing meeting was held at the close of business on the 17th.

Company Information

Hancock Forest Management (HFM) is the property management subsidiary of the Hancock Timber Resource Group (HTRG), the world’s largest timberland investment manager for institutional investors. HFM is responsible for the day-to-day, on-the-ground timberland management services for HTRG’s investors on over six million acres across the United States, Australia, New Zealand, Canada and Brazil. Hancock Forest Management manages land throughout the United States. The scope of this certification is limited to its Southern Divisions, consisting of approximately 2.6 million

acres of land in 10 southern states, and New York and Pennsylvania.

HFM-managed property in the region covered by this audit is representative of a typical intensively managed pine plantation landscape found throughout the southeastern U.S. The property consists primarily of loblolly pine uplands, with mixed hardwood streamside management zones.

Topography ranges from gently rolling in the south, to relatively steep in areas near Birmingham. Pine stands are regenerated using clearcutting, followed by chemical site preparation and artificial regeneration. Hardwood stands are regenerated naturally.

Multi-Site Requirements

Hancock Forest Management maintains a multi-site certification consisting of a central office and 13 areas. Headquarters of the management system is at the Harpersville Alabama office. The company qualifies for multi-site sampling since the management system is controlled and directed by an SFI manager at the central office. The certification manager provides oversight for all SFI procedures. A rigorous internal auditing and monitoring program is in place. Field locations are responsible for developing corrective actions and reporting to the central office. Internal auditing and monitoring results, including corrective actions taken by field locations, are reviewed by upper management during the management review process.

Sites covered during the audit were selected based on a randomized schedule developed by Bureau Veritas Certification at the time of renewal.

Sites	Sites Audited During this Event
Harpersville, AL (central office)	X
Allegheny	
South Carolina	
Virginia	
SE Georgia	
E. AL/W. GA	X
Monroeville, AL	X
W. AL/MS	X
Antlers, OK	
Texarkana	
W. LA	
Central LA	
Nacogdoches, TX	
Silsbee, TX	

Audit Results

The document review was conducted to determine if Hancock’s management system met the requirements of the SFI 2015-2019 Standard for forest management. The field audit consisted of a review of 16 harvest sites, including clearcuts, and first and second thinnings, six regeneration/chemical site preparation tracts, four chemical site preparation only sites, one road construction project, one fertilization tract, and one mid-rotation release tract.

Objective 1-Forest Management Planning:

Hancock continues to operate a robust forest management system. The company has a stand-level inventory. A SIMs growth and yield model is used. A GIS is in place, which includes soil data. A harvest schedule is developed and adjusted generally every 3-5 years. Biodiversity at the landscape

scale is accomplished through the organization's landscape planning process. Planned versus actual graphs for the southern division indicated the company is harvesting well below its harvest plan in all products except pulpwood, which is right at the planned level.

Hancock has a robust procedure to evaluate the ecological consequences of converting forest cover type, and for ensuring that any conversion does not negatively impact FECVs. Foresters are required to complete a rigorous analysis before deciding to convert. Hancock has a procedure to ensure it removes timber from its SFI program that has the potential for conversion to a non-forest use.

Objective 2-Forest Health and Productivity:

Clearcut areas are generally regenerated within two growing seasons following harvest. Out of the 47,979 acres regenerated in 2014, 1,462 exceeded 2 years from harvest. Reasons for the variances are explained. Most are due to replants from wildfires.

Hancock does not plant exotic tree species, and is not involved in any afforestation.

Hancock has developed a set of robust Best Management Practices for chemical applications. Probably the best set of chemical application guidelines in the industry. All applicable employees have been trained in its use. Rates are below label maximums. Herbicide prescriptions are site specific, using only the mix and rates needed to treat vegetation on the site. Hancock uses a relatively narrow range of herbicides and rates that have been proven to work well in their area of operations, but does vary rates slightly depending on site conditions. All chemical applications observed during the audit demonstrated implementation of the BMP document. Virtually no drift into off-target areas was observed during the audit. The company was issued a notable practice for the development of its chemical application document, and for the on-the-ground results of its herbicide applications. Hancock does not use any chemicals on the WHO type 1A and type 1B List, nor any listed as a prohibited chemical under the Stockholm convention.

Soil productivity was well protected, with virtually no adverse impacts to soils observed on any of the sites reviewed during the audit. Foresters have soil maps in each harvest package, giving them information on vulnerability to erosion and compaction. This information is provided to loggers as part of the pre-harvest planning process. Hay bales and erosion-control mats were placed in erodible areas, in addition to the installation of logging slash and water bars. Hancock has developed an excellent system for tracking and prioritizing road maintenance requirements. Road maintenance needs are tracked on a spreadsheet, and prioritized according to potential impacts of the road. High priority roads are given first attention. Roads observed during the audit were very well maintained, some of the best in the business. The company's efforts resulted in the issuance of a notable practice.

Objective 3-Protection and Maintenance of Water Resources:

All management activities observed during the audit met or exceeded state BMPs for water quality. Stream crossings are minimized, but when necessary, were cleaned out and well stabilized. Stabilization of roads and skid trails was very well done, as noted above relative to soil productivity. Contracts contain a requirement for meeting BMPs. Harvest activities are monitored for BMP compliance, with results recorded on a harvest inspection form.

Objective 4-Conservation of Biological Diversity:

Hancock continues to operate an excellent wildlife management program. It has identified T&E species and FECVs that could occur on its land, using information gleaned from natural heritage programs. The company has also identified G3 species that could be impacted by its management

activities. 34 species have been identified. The company treats G3 occurrences the same as FECVs. Management plans are developed for the most significant occurrences. Employees are very well aware of FECVs that could occur in their area of operations. Hancock continues to do an excellent job of managing FECVs to conserve their ecological uniqueness.

Stand- and landscape-level wildlife management efforts are in place. Harvest sites were designed to promote habitat diversity, with irregular sale boundaries, ample SMZs, and both dispersed and clumped retention. A landscape-level biodiversity index is determined for each property. The index is monitored to evaluate the effects of future management activities.

Employees are well aware of the potential non-native invasive species that could occur in their area. Occurrences are treated with herbicides. The company uses site prep burning in its regeneration process, but does not generally use prescribed fire except in instances where it is needed to manage an FECV or special site that requires fire to promote its ecological uniqueness.

Objective 5-Management of Visual Quality and Recreational Benefits:

Procedures are in place to consider visual quality when developing harvest plans. Training has been provided to employees to address visual quality management. All harvest units observed during the audit demonstrated an appropriate level of consideration for visual quality. Most were located in very rural areas away from the view of the general public.

Average clearcut size for 2014 was 70 acres. No region is allowed to go above 120 acres. All clearcuts reviewed during the audit demonstrated compliance with the company's green-up requirement.

Objective 6-Protection of Special Sites:

Hancock has a procedure for identifying special sites. It ranks sites according to their priority. Management options are provided for each priority. High and medium special sites are mapped in the GIS, and used during the harvest planning process to determine if any of these sites are located within unit boundaries.

Objective 7-Efficient Use of Fiber Resources:

All harvest units observed during the audit demonstrated appropriate utilization.

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

The Hancock Timber Resource Group Social Policy contains a written statement acknowledging the rights of indigenous peoples. Hancock is well aware of local tribes that could be impacted by company operations. Hancock employees have established relations with these tribes. Hancock has done excellent job of identifying potential tribes within their area of operations, including mapping tribal lands to determine their proximity to company land. The company has a procedure to respond the inquiries from indigenous peoples.

Objective 9-Legal and Regulatory Compliance: Not audited

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

Objective 11-Training and Education:

Training records verified training has occurred as required by the company's own procedures. All logging contractors are required to be trained according to the requirements of the SIC in the state in which the company operates. Logging contracts contain a requirement that each logging job have at least one person on each job that is trained. Hancock's involvement in SICs includes participation in the development and presentation of logger training courses.

Objective 12-Community Involvement and Landowner Outreach:

Hancock provided evidence it is a member of the SICs in the states in which it operates. This participation includes support for the development of landowner materials that contain information on the conservation of biological diversity. Its involvement also includes support for each SICs inconsistent practices program. The company has a procedure for handling public inquiries and reports of inconsistent practice. It has received no reports of inconsistent practice. Hancock provided ample examples of participation in public education efforts.

Objective 13: Public Land Management Responsibilities: N/A

Objective 14- A review of the SFI, Inc. website provided evidence Hancock submitted the 2014 surveillance audit report as required for public review. The company has procedures in place to provide for all the pieces of information needed to complete the SFI annual progress report. An e-mail transmission from SFI, Inc. provided evidence the company submitted the 2014 annual progress report in a timely manner.

Objective 15: Hancock has a management review process in place. Procedures are in place to provide for the information that is presented to management to evaluate the company's commitment to the SFI Standard. One of the procedures used to evaluate commitments is an internal audit and monitoring program. The results of internal audits and monitoring data are examined at the annual management review meeting.

Findings

Previous non-conformances:

No non-conformances were issued during the previous audit.

Non-conformances:

No non-conformances were issued during this audit.

Opportunities for Improvement:

No opportunities for improvement were issued during this audit.

Notable Practices:

Two notable practices were issued.

1. PM 2.2, Ind. 8: Hancock has developed an outstanding set of robust Best Management Practices for chemical applications. Probably the best set of chemical application guidelines in the industry. All applicable employees have been trained in its use. All chemical applications observed during the audit demonstrated implementation of the BMP document.
2. PM 2.3, Ind. 7: Hancock has developed an excellent system for tracking and prioritizing road maintenance requirements. Road maintenance needs are tracked on a spreadsheet, and prioritized according to potential impacts of the road. High priority roads are given first attention. Roads observed during the audit were very well maintained, some of the best in the

business.

Logo/label use:

Hancock uses the SFI logo for promotional purposes. Proper approval has been obtained. The company does not use the BVC logo

SFI reporting:

A review of the SFI, Inc. website provided evidence Hancock submitted the 2014 surveillance audit report as required for public review.

Conclusions

Results of the audit indicate Hancock has developed and effectively implemented an SFI program that meets the requirements of the SFI 2015-2019 Forest Management Standard. The company is recommended for immediate upgrade to the new standard.

SEE SF61s FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: 8/28/2015 (HQ) 9/15/2015 (field audit)				To: 8/28/2015 (HQ) 9/17/2015 (field audit)			
Number of SF02's Raised:				Major:		0		Minor: 0	
Is a follow up visit required:			Yes		No		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: 9/17/2018
All NCR's Closed			Yes		No		N/A	X	Date:
Standard audit conducted against:									
1)	SFIS 2015-2019 FM Standard				3)				
2)					4)				
Team Leader (1):			Team Members (2,3,4...)						
Richard Boitnott; CF, EMS(LA)			2) Rick Larkin, EMS(LA), CWB						
			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	Document review in August 1016, field audit in September, 2016				
Audit Report Distribution					
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Hancock: Al Lyons-alyons@hnrq.com					
Bureau Veritas Certification: Dawn Komnick-dawn.komnick@us.bureauveritas.com					

Clause	Audit Report
Opening Meeting	<p>Participants: Robert Milstead, Al Lyons, Matt Bonham, Alan Bruce, Brooks Wall, Andy Jones, Alan Haynes, Mark Smith, Jerry Knight, Gretchen Lech, Luke Parlier,</p> <p>Discussions: David Wilkinson, Rob Polchow, Thomas Southern</p> <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	<p>Participants: Al Lyons, Robert Milstead, Patrick Gibson, Marie Stewart, Sherry White, Bob Cassell, Glen McLear, Chet Hargraves, Andy Jones, Matt Bonham, Alan Haynes, Tom Southern, Brooks Wall, Jerry Knight, Alan Bruce</p> <p>Discussions:</p> <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