



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

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Company Name	The Lyme Timber Company LP
Contact Person	Sean Ross
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PQC Code	E01E-Forestry, logging related
Contract Number	US1794543

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	#1	Scope extension audit:	
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Audit Summary
Introduction
<p>This report summarizes the results of surveillance audit 1 audit conducted on The Lyme Timber Company (LTC) against the SFI 2010-2014 standard. Since the recertification audit in 2014, the Lyme Kenauk Forest (52,049 acres) in southern Quebec has been sold and dropped from the certificate; 23,048 acres have been added to the Florida Forests (now 96,011 acres); with no changes to the Lyme Adirondack Forest Company in New York (239,500 acres) and St Croix (68,319) in NW Wisconsin. Jim Colla, Bureau Veritas Certification Lead Auditor, with assistance from Craig Howard (NY only), forestry auditor; conducted the audit over three days in New York from July 14-16 and two days in Florida from December 8-19, 2015.</p>
Audit Scope, Objectives and Process
<p>The scope of the group certificate is “Forest Management”. This includes three separate forest management units (FMU) in three states totaling 403,830 acres. The purpose of this surveillance audit was to review documentation and sample field operations in order to assess conformance of LTC’s SFI program against applicable performance measures and indicators of Objectives 1-7; 14-17, and 19-20 of the 2010-2014 SFI Standard. Specifically, two objectives of the SFI audit were to:</p> <ol style="list-style-type: none"> 1. 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 2. Verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground.
<p>The opening meeting occurred on July 14, 2015 and took place in Queensbury, NY. During the opening meeting the objectives for the audit were outlined and the audit process for collecting evidence and making audit findings was explained. Findings of non-conformance, opportunities for improvement, and appeals were also explained. The audit plan was discussed and agreed to, and the time and date of the closing meeting were also confirmed. There were no substitutions or modifications of SFI indicators. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the current version of the Bureau Veritas Certification SFI Auditor Handbook. Field notes and an SFI indicator checklist were completed in each audited</p>

region. Sean Ross; Director of Forestry Operations and Certification Manager, was the management representative for the audit.

Audit Plan

The audit was conducted three days in New York from July 14-16 and two days in Florida from December 8-19, 2015. The New York portion of the audit was conducted concurrently with a Forest Stewardship Council audit; a detailed daily audit plan is on file with Bureau Veritas Certification.

Company Information

The Lyme Timber Company LP is a private timberland investment management organization (TIMO) that focuses on the acquisition and sustainable management of lands with unique conservation values. Since its founding in 1976, the Company has followed a disciplined and value oriented approach to investing in forestland and rural real estate throughout the US. The Company's current portfolio includes over 525,000 acres located in New York, Wisconsin, Florida, Maine, Massachusetts, Tennessee, Virginia, Delaware, South Carolina, Alabama and Louisiana. Not all forests are SFI certified.

Multi-Site Requirements

The company qualifies for multi-site certification since they have three distinct forest management units, plus a central office. LTC maintains an effective internal audit program, therefore the minimum number of units to be audited annually is the square root of the number of units. In this case, two units and the central office are to be audited annually. Sean Ross, Director of Forestry Operations, is the certification contact and is responsible for conducting internal audits and management reviews.

Sites	Sites Audited During this Event
Hanover, New Hampshire (Central Office)	X (offsite)
St Croix Forest – NW Wisconsin	
Florida Forests	X
Lyme Adirondack Forest – New York	X

Audit Results

The audit consisted of document and record reviews and interviews. In addition, a total of 19 field sites (NY 15; FL – 4) were visited that represents the spectrum of activities LTC undertakes. This includes commercial thinning, shelterwood, seed tree and clear-cuts; site-preparation and tree planting, noxious weed control, road construction and maintenance, including stream crossings; riparian and wildlife protection; recreational use, protection and enhancement conservation values and special sites. Objectives 8-13 and 18 are not applicable.

Objective 1, Forest Management Planning: LTC has formal management plans in place for all FMUs that address all indicators. The Company has a robust assessment process in place for determining the AAC. Forest area data is stratified by forest type and age; excluding unproductive forest lands. Growth and yield data are used to model stand attributes and age the forest. Accruals, depletions, and treatments (budgets) are incorporated in the inventory through quarterly updates. Growth and yield data excludes areas of non-productive forests. These are well documented through the company inspection program. Additionally renewal and tending prescriptions are developed along with the future forest conditions. Regulatory or operational set-aside areas that preclude harvest not include in harvest calculations. The company typically uses WOODSTOCK to develop an optimal long range harvest plan.

Objective 2, Forest Productivity: In NY, LTC employs a wide range of silvicultural prescriptions to achieve natural regeneration. Reforestation is only applicable in WI and FL. In WI, reforestation is always planned to occur within three years of final harvest for forest health reason; in FL one, year. LTC only plants with native

species from local sources and does not use GMOs or exotic species. Seed is collected from local sources, then provided to contract nurseries to grow seedlings, or in the case of FL, purchased locally on the open market. Applications for site prep or release (applicable in FL and WI) are evaluated on a site by site basis. Chemical applications are used when it is determined to be the most cost effective and environmentally sensitive management tool to achieve management objectives. Only approved EPA chemicals are applied, always well within label rates. The chemical application checklist, contract, pesticide use record and other documentation supplied by LTC meets this requirement. Follow up monitoring to assess the effectiveness of the treatment is undertaken and documented. State regulated buffers along streams and other buffer strips will be identified in the field with flagging or other appropriate methods. State chemical use BMPs are in place. LTC managers inspect sensitive areas with the contractor prior to application. Contractors are well versed in erosion control measures, no evidence of accelerated erosion observed. Excellent protection of residual trees noted throughout. LTC strives to maintain healthy forest by active management; insect and diseases are at endemic levels.

Objective 3, Protection of Water Resources: BMP programs, that address water quality and affected resources, are in place in all four jurisdictions. These are designed to provide the required level of protection needed to meet specific elements within the PM. FMU specific operational controls include detailed instructions and guidelines for meeting water quality standards (WQS). Stream classes, wet areas and other sources of water are mapped. Foresters and contractors are trained in WQ protection and BMPs. Operational sites are inspected to ensure BMP compliance with WQS. Operational controls contain wet weather requirements. Transportation systems are well established and managed as a comprehensive system to avoid erosion and water quality impacts. Contractors interviewed had excellent BMP knowledge. Sites are monitored at least weekly during active operations to ensure compliance. No evidence observed of any BMP infraction or excess sediment delivery to streams.

Objective 4, Conservation of Biological Diversity: LTC has examined its lands in each FMU to discern if there were any areas which should be designated as FECV. There have been no additions or subtractions of FECV. In each FMU they contacted the State Natural Heritage Commission and the Archaeological Society regarding known occurrences of ecologically and culturally significant sites and TES. They have also valued their lands in terms of unique flora and fauna. The one formally designated FECV is bat hibernaculum on the Adirondack property, one of largest in eastern US, which TNC monitors. Conservation Easements (CE), primarily geared toward non-development and to maintain working forests; are in place in NY and WI. LTC is working closely with the state of FL and local water control districts to secure non-development easements; LTC is extremely forward thinking in this regard (hardwood bottomlands can be logged and contain valuable species) and saw the purchase of these lands as an ideal fit in their business model. Efforts to create additional early successional habitat in NY, which is lacking, warrant a notable practice.

Objective 5, Management of Visual Quality and Recreational Benefits: The operational controls guides contain written direction to manage the size, shape and placement of clearcut units, which is only employed in the WI and FL FMU. This starts with the strategic planning process, with implementation occurring at the stand level. Clearcuts in all jurisdictions average well less than 120 acres. All are mapped in the GIS and accurate acreages are readily known. Recreational opportunities are FMU specific: WI – CE in place that means lands are open to hunting and other traditional recreational uses; NY – CE in place that means lands are open to hunting and other traditional recreational uses. In addition, there are a number of cabin leases; FL – All lands are under hunting leases which is the traditional recreational use.

Objective 6, Protection of Special Sites: Archeological/cultural/other sites are identified in the specific GIS layer which is queried on a job specific basis, prior to sale set-up. Special sites have been identified on all FMU. The planned activity is then modified as needed to mitigate for any deleterious impacts. Stakeholders include Tribes, loggers, sportsmen, local government officials, state agency and conservation organizations, and leaseholders. Stakeholder feedback is evaluated and included into subsequent management planning activities. The Kunjamuk Cave, a cave of local lore and mysterious origin, was visited and buffered ¼ mile from any harvesting activity.

Objective 7, Efficient Use of Forest Resources: LTC diligently regulates harvest level to maximize both short and long term return. Guidelines are in place requiring high levels of harvest utilization. Each FMU has specific product standards tailored to local markets. Utilization was excellent across all sites visited. The

company is constantly striving to maximize in woods efficiencies and utilization and has been at the forefront of development of non-traditional income streams. LTC operates a log yard in NY, which was inspected during this audit

Objective 14, Legal Compliance: LTC FMPs and Operational Controls require compliance with all laws. All contracts the company enters into require legal compliance on the part of the contractor. Standard operating procedures require legal compliance to federal and state laws and regulations and BMPs. The company has a robust inspection program that documents compliance with applicable regulations and policies. Applicable laws and regulations are readily available on line and on the company server and posted in company offices. No non-conformances noted during any of the site inspections or by regulatory agencies.

Objective 15, Forestry Research: LTC has long demonstrated, on the NY property, their commitments to research on a myriad of topics. The list of current projects and support efforts is extensive. Partners include federal, state, industry and NGO partners. LTC understands moving forward they will need to be active on the new FMUs and cannot rely solely on the NY property to meet this Objective. LTC has become active in the FL and WI SICs.

Objective 16, Training and Education: A commitment statement has been developed that meets SFI requirements and will be made available to the public upon request. LTC currently uses SFI trained contractors in NY and has a formal internal training program, with refreshers conducted at least annually, for employees and key contractors designed to maintain and improve required levels of education needed to perform various tasks. Use of qualified logging professionals has always been a NY contract condition; similar language has been drafted for other FMU and is being implemented as contracts are executed. Contractors interviewed were all trained.

Objective 17, Community Involvement: LTC generally supports and promotes community outreach efforts and has a proven track record in NY. LTC will host tours and provide environmental education opportunities and participate in cooperative management efforts in all FMU. LTC has become active in the FL and WI SICs. As LTC has only recently acquired these properties; opportunities to coordinate community outreach efforts with the SICs is in the process of development.

Objective 19, Communications and Public reporting: LTC understands this requirement and has submitted prior reports (2014) to SFI. All records necessary for reporting to SFI are maintained electronically and were made available for audit review.

Objective 20, Management Review and Continuous Improvement: LTC has a formal and rigorous management review program in place. This includes monthly reporting prepared by FMU managers, a quarterly management review, and an annual management review. Annual reviews are typically conducted during the first quarter. The certification manager conducts site visits to each FMU at least twice per year. Because of LTC long standing history with certification, the internal audit and management review system is mature, fully functioning and effective.

Findings

Previous non-conformances: None during the 2104 certification audit, NCs issued during the stage 1 audit remain effectively closed. The one OFI issued during the certification audit has been satisfactorily addressed.

Non-conformances: None issued

Opportunities for Improvement: None issued.

Notable Practices:

PM 4.1 (4) - Harvesting in the Adirondack Park requires special permitting process to conduct clear cut harvest operations greater than 25 acres. This has become an effective barrier to implanting larger clear cut harvest operations as the public notification process was deemed by most forest managers to be difficult. This

challenged the company's ability to implement suitable silvicultural treatments on blocks that contained a large portion of unacceptable growing stock or to meet stated management objectives if creating early successional habitat on the forest, which is generally recognized as lacking in the region. The Company took the initiative to apply for the first permit in 2013. Since then LAFCo has completed application and received five permits to complete additional clear cut harvests, thereby creating additional habitat, and a sixth permit is in process.

Logo/label use:

LTC uses current off-product SFI trademarks on their website. There is no on-product use or use of the BVC logo. Use approvals have been obtained from SFI, Inc. and are on file.

SFI reporting:

LTC understands this requirement and has submitted prior reports (NY ownership) to SFI. All records necessary for reporting to SFI will be maintained electronically and made available for audit review.

Conclusions

The closing meeting was held at the Cross City, FL office on December 9, 2015. The findings related to the notable practices were reviewed, and the confidentiality of audit results assured. The findings were not challenged or appealed. In the opinion of the auditor, Lyme Timber Company LP has developed and continues to implement an effective SFI program that meets the requirements of the SFI 2010-2014 standard. Continued multi-site certification is recommended.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: July 14-16, 2015				To: December 8-9, 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:		Dec 9, 2015	
All NCR's Closed		Yes	No	N/A	X	Date:			
Standard audit conducted against:									
1)	SFI 2010:2014			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Jim Colla			2) Craig Howard						
			3)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Forest Management									
Accreditation's		ANAB							
Number of Certificates									
Proposed Date for Next Audit Event									
Date	July 2016								
Audit Report Distribution									
The Lyme Timber Company: Sean Ross, Certification Manager - sross@lymetimber.com									
Bureau Veritas Certification: dawn.komnick@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	Participants: Sean Ross, Certification Manager, LTC; Eric Ross, Region Manager, P&C; Discussions: Craig Howard ,Auditor; and Jim Colla, Lead Auditor <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: Glenn Osteen, LTC FL Region Manager; Sean Ross (via phone), Certification Manager, LTC and Jim Colla, Lead Auditor <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