



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

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Contract Number	US1688603

Certification Audit:		Re-Certification Audit:	X	Surveillance Audit:		Scope extension audit:	
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Audit Summary
<p align="center">Introduction</p> <p>This report summarizes the results of the renewal audit conducted on Rayonier’s SFI program for forest management operations. Richard Boitnott, Gary Boyd, and Brian Callaghan conducted the audit. Mr. Boitnott served as lead auditor throughout the audit process.</p> <p align="center">Audit Scope, Objectives and Process</p> <p>The scope of the audit is “timber and non-timber forest management activities”. The audit was conducted against the SFI 2015-2019 Forest Management Standard. All SFI indicators 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>Mr. Boitnott and Mr. Boyd conducted an audit of the central office functions at the Fernandina Beach office on April 13 and the morning of April 14, 2015. Mr. Boitnott then conducted an audit of the Florida resource unit the afternoon of April 14 through April 16. Mr. Callaghan conducted an audit of the Pacific resource unit June 29 through July 1. An audit plan was developed and is on file at the Bureau Veritas Certification office.</p> <p align="center">Company Information</p> <p>Rayonier is a forest management company, managing timberlands throughout the United States. It has holdings in the Pacific Northwest and throughout the southeast. The company has been certified to the SFI standard since 2001. The Florida resource unit consists of approximately 230,000 acres in Florida and southeast Georgia. The resource unit is headquartered in Hastings, Florida. The Pacific resource unit consists of approximately 370,000 acres in coastal Washington state, although the company recently purchased approximately 5,500 acres in Oregon. The Pacific RU is headquartered</p>

in Hoquiam Washington.

Rayonier's ownership in the Florida is characterized primarily by loblolly pine flatwoods, with hardwood in lowland areas, termed "ponds" The company regenerates its stands using chemical and mechanical site preparation, followed by planting.

The Pacific RU is characterized by a coniferous forest typical of the northwest U.S. Primary species are Douglas fir and Western hemlock, with Red alder, Sitka spruce, Grand fir and Western red cedar also present. The company regenerates its forest using clearcutting, followed by chemical site preparation where necessary, and artificial regeneration. Douglas fir is the primary species used in the company's reforestation program, although Western hemlock is planted in areas closer to the coast, and Sitka spruce, Grand fir, Western red cedar, and Lodgepole pine planted in wetter areas. A forest practices act (FPA) is in place in Washington, proscribing many activities that support the company's SFI program. Riparian protection is heavily regulated and monitored by state agencies. Wildlife management practices are also regulated, with the amount of standing retention and downed woody debris also controlled by the FPA.

Multi-Site Requirements

The company maintains a multi-site certification consisting of six regions, termed "resource units" as shown below. Headquarters of the management system is in Fernandina Beach, Florida. The company qualifies as a multi-site certification since the management system is controlled and directed by the central office. There is one set of procedures that applies to the entire system, and the SFI manager is the sole person responsible for maintaining the procedures. Resource units are allowed to develop site-specific procedures and forms, but they are reviewed and approved by the corporate SFI manager. The company has an internal auditing and monitoring program that has historically been quite robust. It is one upon which Bureau Veritas Certification can rely. Resource units 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
Fernandina Beach, FL	X
Florida RU	X
Coastal RU	
Greater Georgia RU	
Alabama RU	
Southwest RU	
Pacific RU	X

Audit Results

The document review was conducted to ensure Rayonier's SFI program meets the requirements of the 2015-2019 forest management standard. The field audit consisted of a review of four harvest, six regeneration/site preparation, four mid- to early-rotation release, and one special site in the Florida resource unit. Field visits in the Pacific RU consisted of six harvest and five regeneration/chemical site preparation tracts. One water crossing replacement and stream rehabilitation project was also visited in the Pacific RU.

Objective 1-Forest Management Planning:

Rayonier has a stand level inventory system, with stands cruised at several intervals throughout the life of the stand. Non-plantable stands (hardwood) are inventoried on a strata level. A proprietary

growth and yield model is in place that has been vetted by outside experts. Rayonier also compares age 17 inventory against what the model projected. Long-term harvest schedules have been developed separately for the Pacific RU and all southern RUs. Rayonier has a defined process for assessing the landbase for non-timber issues. Land is classified according to land type and sub-types.

Rayonier has modified its harvest process to provide a non-declining level over time. A comparison of harvest levels to plan levels shows Rayonier has harvested slightly more volume in the PNW over planned volumes. This has been reversed with a change in company management. 2014 volumes were well below projected. Harvest volumes in the south are more difficult to discern, as there have been a number of acreage increases over the 2008-2014 time period, and an increase in thinning volumes. If you take acreage increases and thinning volumes out, harvest levels are consistent with the long-term plan.

Objective 2-Forest Health and Productivity:

Artificial regeneration is generally completed within two growing seasons following harvest. A minor percentage of plantations exceed two growing seasons since harvest, Only 146 acres out of 49,507 acres planted exceeded two years, mostly due to environmental conditions. Observations of regenerated sites in the Pacific RU indicate the company plants its harvested sites as soon as is practical. Five-year stocking rates are regulated by the Washington FPA. The company usually achieves stocking levels much higher than required by the FPA.

The Rayonier silviculture program strives to improve their silvicultural performance. The auditor visited three operational trials aimed at improving regeneration success. One was a trial to control scotch broom, another was a hemlock trial and the third a comparison on container stock to bare root seedlings. A notable practice was issued for the company's efforts.

Soil productivity was well protected. Very little rutting was observed during the audit. No adverse soil impacts were observed in the Pacific RU. Chemical applications were well done. Rates were well below label maximums in both resource units, and the rates and types of chemicals used were typical for the types of competing vegetation in both regions. No significant drift into off-target areas was observed in either region.

Objective 3-Protection and Maintenance of Water Resources:

BMP compliance was evident on all harvest sites reviewed during the audit in both resource units. Streamside management zones were very well established in the Florida RU. Erosion control measures were in place on roads and skid trails. Very few stream crossings were observed during the audit in the Florida RU. Those that were observed were very well done, with all material removed and approaches stabilized.

Establishment of riparian management zones (RMZs) in the Pacific RU met FPA regulations. Water quality BMPs were observed on all harvest areas and road systems. Rayonier continues to do an excellent job implementing its program to meet the requirements of the Washington Road Maintenance and Abandonment Plan (RMAP) goals. The company's efforts to improve access infrastructure and wildlife habitat warranted the issuance of another notable practice.

Objective 4-Conservation of Biological Diversity:

Rayonier has identified potential T&E and FECVs that could occur on its land, using information gleaned from natural heritage data. The company has developed management plans for species known to occur on its land. No significant changes have occurred in the species known to exist on

the company's landbase. The primary species impacting the Pacific RU are the marbled murrelet, spotted owl, and endangered anadromous fish species. Protection for these species is highly regulated during the FPA process in Washington. Known occurrences and protection measures have been identified by the company.

The Florida RU is doing a very good job of retaining dispersed retention throughout its clearcuts, where the opportunities exist. Standing wildlife tree retention and downed woody debris is regulated by the Washington FPA. Ample retention and downed woody debris was observed on all harvest sites in the Pacific RU.

Rayonier has implemented a landscape assessment tool that is being applied to the entire landbase. The assessment is highly credible and scientifically defensible. The assessment tool provides a diversity index for each landscape planning unit. This index has now been calculated for the past four years for each landscape assessment unit. The company is monitoring this data to determine how future harvest regimes affect the diversity index.

Objective 5-Management of Visual Quality and Recreational Benefits:

Rayonier has a program to address the visual impacts of its management activities. Average clearcut size for the company was 82 acres in 2014. The South averaged 82.7 acres while the West averaged 75.6 acres. There was little need for specific aesthetic considerations on most harvest sites reviewed during the audit in the Florida RU, as all were in relatively remote areas, offering little exposure to the public. Buffers were established on two harvest sites in the Pacific RU within view of a scenic highway.

No violations of the company's green-up requirements or the Washington FPA were observed during the audit. Green-up is regulated by the Washington FPA.

Objective 6-Protection of Special Sites:

Special sites have been identified on Rayonier property. They are mapped, and management plans are in place for designated special sites. One special site was observed during the audit. The company's effort to maintain the ecological uniqueness of this site was commendable, resulting in the issuance of a notable practice.

Objective 7-Efficient Use of Fiber Resources:

Utilization was acceptable on all harvest units observed during the audit.

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

Rayonier has a policy to recognize and respect the rights of indigenous peoples. The company is aware of traditional forest-related knowledge, although there are no known tribes within the Florida RU that have expressed any interest in company land. Rayonier has a program to respond to inquiries should it receive any.

Objective 9-Legal and Regulatory Compliance:

Rayonier has developed an environmental compliance management system to provide access to relevant laws and regulations. The company's program to ensure regulatory compliance consists of pre-activity reviews and inspection processes, training, and contract language. Observed evidence of

Rayonier's commitment to regulatory compliance. A BMP courtesy exam performed by the Georgia Forestry Commission demonstrated compliance. The company also produces a compliance status form in the Pacific RU that demonstrates compliance with the Washington FPA. Rayonier has a policy to comply with social laws. The company has received no communications relative to it or its contractor's compliance with the ILO core conventions.

Objective 10-Forestry Research, Science and Technology:

Rayonier produced ample evidence of contribution towards and participation in a variety of forestry-related research activities. The company's participation in SICs includes the development of biodiversity conservation information for family forest landowners. The company also has access to BMP assessments conducted by the states. Rayonier demonstrated it has access to information on the potential impacts of climate change on forest productivity and wildlife habitat.

Objective 11-Training and Education:

Rayonier has a staff matrix that describes the roles and responsibilities for implementing the SFI program, however, their roles and training requirements are not well described. In addition, contractor training is only considered for loggers. There are no records to document road contractors have received BMP training. Opportunities for improvement were issued to address these two areas. Contractor agreements have language requiring the use of trained loggers. Rayonier is a member of the SICs in the states in which it operates. SIC meeting minutes provided evidence the company's participation includes the development of logger training programs.

Objective 12-Community Involvement and Landowner Outreach:

Rayonier provided evidence it financially supports and participates in the SICs in the states in which it operates. 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 state forestry associations and the National Alliance of Forest Owners, all of which lobby for policies that encourage forestland to be maintained as working forests. The company produced evidence of its involvement in educational activities in all the areas in which it operates.

Objective 13-Public Land Management Responsibilities: N/A

Objective 14-Communications and Public Reporting:

The company had posted its 2014 surveillance audit report on the SFI, Inc. website as required for public review. The 2014 SFI annual progress report had been submitted in a timely manner.

Objective 15-Management Review:

Rayonier has a management review process in place. The company continues to operate a robust internal audit program, consisting of field visits and periodic examinations of documentation. The results of internal audits are reviewed during the management review process. Management review minutes verified the meeting is held annually as required by the SFI Standard.

Findings

Previous non-conformances:

One non-conformance was issued during a special surveillance audit conducted in December, 2014 due to a financial report issued by Rayonier. The special surveillance audit conducted as a result of

this report resulted in the issuance of a minor non-conformance related to the company's record retention program for forest inventory and harvest information. Rayonier modified its SFI procedures to institute a 30 year retention schedule for inventory and harvest information. This non-conformance is considered closed.

Non-conformances:

No non-conformances were issued during this audit.

Opportunities for Improvement:

Two opportunities for improvement were issued. These should be considered in light of how they may affect conformance in the future.

1. PM 11.1, Ind. 3: Staff roles and training are in place, meeting the requirements of the standard. However they are not well defined.
2. PM 11.1, Ind. 4: Training is required for logging contractors. Although the company stated road contractors have receive BMP training, there are no records to document these contractors have received such training

Notable Practices:

Three notable practices were issued.

1. PM 2.1, Ind. 2: Seeking continual improvement through pragmatic operational trials.
2. PM 3.2, Ind. 1: The RMAP program implementation is not only improving access infrastructure, it is also restoring fish habitat. Rayonier's dedication and innovation with RMAP is noted.
3. PM 6.1, Ind. 1: Rayonier has done an excellent job of working with the local water conservation district to install a flue to allow diversion of water to the Brooks sinkhole to allow it to maintain its unique characteristics.

Logo/label use:

Rayonier does not use either the SFI or BVC logos.

SFI reporting:

The April 2014 surveillance audit report and a special surveillance audit report are both on the SFI, Inc. website as required for public posting.

Conclusions

Results of the audit indicate Rayonier has developed and effectively implemented an SFI program that meets the requirements of the SFI 2015-2019 Forest Management Standard. A recommendation for immediate certification to the SFI 2015-2019 Forest Management Standard was issued.

SEE SF61s FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: April 13, 1015 (Fernandina) April 14, 2015 (Florida RU) June 29, 2015 (Pacific RU)				To: April 14 (Fernandina) April 16, 2015 (Florida RU) July 1, 2015 (Pacific RU)			
Number of SF02's Raised:			Major:		0		Minor:		0
Is a follow up visit required:		Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Date(s) of follow up visit:			
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:	
Proceed to/Continue Certification		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	7/1/2015
All NCR's Closed		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	4/14/2015
Standard audit conducted against:									
1)	SFI FM 2015-2019			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Richard Boitnott; CF, EMS(LA)			2) Gary Boyd						
			3) Brian Callaghan						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Timber and non-timber forest management activities									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	Coastal RU: April 15-16; Fernandina HQ: April 18; Greater Georgia RU: April 19-21								
Audit Report Distribution									