



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

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Contract Number:	US1101124	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	S1
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Audit Summary

Introduction

This report summarizes the results of the first surveillance audit conducted on Rayonier’s SFI program for forest management operations in the Alabama and Northeast Resource Units. Richard Boitnott, Bureau Veritas Certification lead auditor, conducted the audit March 25 through 28, 2013 in the Alabama Resource Unit, and June 25 and 26 in the Northeast Resource Unit.

Audit Scope, Objectives and Process

The scope of the audit is “timber and non-timber forest management activities”. The audit was conducted against the SFI 2010-2014 Standard. Objectives 1-7, 14, 16, 19 and 20 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.

Company Information

Rayonier is a forest management company, managing timberlands throughout the United States. It has holdings in the Pacific Northwest, New York, and throughout the southeast. The company has been certified to the SFI standard since 2001. The Alabama Resource Unit consists of approximately 288,000 acres in southern Alabama, and 90,000 acres in southeast Mississippi. The Resource Unit is headquartered in Andalusia Alabama. The ownership in Mississippi is a relatively recent purchase.

Rayonier’s ownership in the Alabama Resource Unit is characterized primarily by loblolly pine uplands and mixed hardwood bottomlands and streamside management zones. There are minor occurrences of longleaf and shortleaf pine on southern portions of the ownership. Topography is generally rolling but varies from flat to fairly dissected in portions of the ownership. The pine type is regenerated artificially, using chemical site preparation followed by planting.

Its ownership in the Northeast Resource Unit is approximately 100,000 acres, and is characterized by

a mix of hardwood species, with red and sugar maple, yellow birch, black cherry, and American beech predominating. There are scattered occurrences of coniferous species, such as red spruce, balsam fir, eastern hemlock, and white pine. Almost all of the unit is within the boundaries of the Adirondack Park, and as such is covered by Park regulations. A majority of the property is also covered by one of five conservation easements. All regeneration is accomplished naturally. Partial harvests are the norm, although patch clearcutting is also used. Adirondack Park regulations restrict clearcuts to 25 acres maximum, with a 300 foot uncut buffer required between clearcut areas. Clearcuts of up to 8 acres are allowed with partial harvesting in between cuts, so most clearcuts tend to be quite small.

Multi-Site Requirements

The company maintains a multi-site certification consisting of seven 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	
Coastal RU	
Greater Georgia RU	
Alabama RU	X
Southwest RU	
Northeast RU	X
Pacific RU	

Audit Plan

The audit consisted of a document review of the Fernandina Beach central office function the morning of March 25. The central office review was conducted at the Andalusia office since Rayonier has demonstrated an ability to provide evidence through the use of its SharePoint intranet site. Field sites were audited in Alabama the remainder of the day on the 25th, and the entirety of the 26th and 27st. Field sites in Mississippi were audited on the 28th. An interim closing meeting was held at the end of the day on the 28th. The Northeast Resource Unit was audited on June 25th and the morning of the 26th. The closing meeting of the surveillance audit process was conducted at 11:30 AM on the 26th. An audit plan was developed and is maintained on file by Bureau Veritas Certification.

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 nine harvest, six regeneration/site preparation, and one mid-rotation release sites in the Alabama resource unit, and six harvest sites in New York.

Objective 1: No major changes were made in the company’s forest inventory and management

system since the 2012 renewal audit. A stand-level inventory system is in place, with the exception of New York, which uses strata-level data. Inventory is grown using growth-and-yield models appropriate to the region of operations. A harvest schedule is in place, which is updated continuously based on removals, growth, and updated inventory information. Evidence was presented indicating harvest levels have been consistent with the long-term management plan. A GIS and land classification system are in place.

Objective 2: Artificial regeneration is completed within two growing seasons following harvest in the Alabama RU, unless there is a forest health issue that precludes immediate replanting. Natural regeneration is accomplished in New York within five years of harvest. Natural regeneration is generally not an issue. However, obtaining regeneration of desirable species requires a considerable amount of planning. Rayonier is doing an excellent job of making very site specific prescriptions that increase the chances for regeneration of desirable species, and improve forest health conditions. The company's efforts were recognized with a notable practice.

Soil productivity was well protected. Virtually no rutting was observed during the audit, a significant observation given the amount of rainfall both resource units have experienced in the past several months. Chemical applications in the Alabama RU were very well done, which has been a historical observation of Rayonier's program. Rayonier does an excellent job of making site-specific prescriptions, using only the herbicides and rates needed to control vegetation present on the site. The rates and types of herbicides used are typical for those applied to similar vegetation types in the region, with rates tending to be on the low side of typical applications.

Objective 3: BMP compliance was evident on all harvest sites reviewed during the audit in both resource units. Streamside management zones were very well established. Erosion control measures were in place on roads and skid trails. Stream crossings are limited, and those that were in place had been properly remediated. There was one instance of sediment into an SMZ from a haul road on a clearcut in Alabama that had been regenerated two years previously. Heavy recent rains had certainly contributed to the movement. However, the road retirement practices could have been improved. The timber sale had been purchased stumpage, where the buyer is responsible for erosion control measures. The road retirement practices were not up to the standard seen on company-delivered sales, where Rayonier uses its own contractors. An opportunity for improvement was issued to ensure road retirement standards on purchased stumpage sales are the same as company-delivered.

Objective 4: Rayonier has identified potential T&E and FECVs that could occur on its land, using information gleaned from natural heritage programs. 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. Stand-level wildlife habitat elements were present on most clearcut harvests observed in the Alabama RU during the audit. Ephemeral drain areas were often used to provide habitat retention. Protection of T&E species was observed on a number of harvest areas. The primary species impacting the Alabama RU are the Red-hills Salamander and the Gopher Tortoise. All employees were well aware of the species' requirements, and the management activities needed to protect the species and conserve their habitat. Rayonier has historically done an excellent job of protecting habitat for the Red-hills Salamander. Observations during this audit indicate the company continues that practice. Stand-level wildlife habitat was abundant on the New York properties, given most harvests were partial cuts.

Rayonier modified its biodiversity assessment program to address a non-conformance issued during the 2012 renewal audit. The company has developed a credible habitat diversity assessment tool and index applicable to contiguous tracts of land of 25,000 acres or more. A map of habitat types has also been produced for each landscape unit. The lead auditor believed the assessment methodology

to be quite credible. The habitat types identified by the company are based on sound science. Calculation of the index is based on both habitat occurrence and spacial distribution, lending additional rigor. This program will continue to be evaluated to monitor the way in which it is used over time to determine the effects of management activities on the biodiversity index. .

Objective 5: Rayonier improved its method of calculating average clearcut size in response to an opportunity for improvement issued during the renewal audit. The newly developed method provides a more credible calculation of average opening size. The company's reported size for 2012 was 81 acres. There was little need for specific aesthetic considerations on harvest sites reviewed during the audit, as all were in relatively remote areas, offering little exposure to the public.

Objective 7: Utilization was acceptable on all harvest units observed during the audit.

Objective 14: The central office audit included an examination of regulatory compliance and training. BMP inspections performed by state forestry agencies were examined to provide evidence of a commitment to regulatory compliance. No adverse regulatory actions are in evidence. All harvest activities in New York met the Adirondack Park regulations concerning clearcut size and distribution.

Objective 16: Training requirements are specified in the company training program. Records are in place to verify training has occurred as required. Loggers working on Rayonier land are required to complete SIC approved logger training. The company has developed a rigorous procedure to ensure logger training requirements are met. The trained person and their certificate number must be provided to Rayonier as part of the centralized contracting process. Rayonier foresters check the training status of each logging job, and record the certification number of the trained person on the harvest compliance report.

Rayonier recently began operations on a newly purchased landbase in Mississippi, using a new group of contractors. The company did an excellent job of conducting extensive training for all contractors in Mississippi after observing one harvest area where the contractor did not meet Rayonier's expectations. The company's efforts resulting in the issuance of a notable practice. The lead auditor observed the training did not include instructions on retaining stand-level wildlife habitat elements, and issued an opportunity for improvement to include this subject in future training sessions.

Objective 19: The company had posted its 2012 renewal audit report on the SFI, Inc. website as required for public review. The 2012 SFI annual progress report had been submitted in a timely manner.

Objective 20: 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 the previous audit. The company has developed a robust habitat assessment tool to address the NCR. While the use of this tool will be monitored over time, the lead auditor believed Rayonier has sufficiently implemented corrective actions for this non-conformance.

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 2.3, Ind. 7: Review road retirement procedures to ensure purchased stumpage tracts are up to the same standards as delivered sales
2. PM 4.1, Ind. 4: Consider including suggestions for stand-level wildlife habitat retention in logger training materials

Notable Practices: Two notable practice were issued:

1. PM 2.1, Ind. 3 and PM 2.4 Ind. 2: Rayonier does an excellent job of making micro-site specific management decisions during harvest operations with the goal of improving forest health and regenerating desirable species. A harvest unit can have a number of different treatments; shelterwood, overstory removals, patch clearcuts, group selections, and seed tree harvests, all depending on health of the overstory and requirements for regenerating desirable species.
2. PM 16.1, Ind. 4 and 5: Rayonier's logger training efforts have been commendable. The company is conducting operations on a newly purchased landbase Mississippi using new contractors. After observing one harvest where the contractor did not meet expectations, Rayonier conducted extensive training of all its contractors in the area. The company's actions represented an effort to address both corrective and preventative actions. In addition, Rayonier has developed a robust procedure to ensure loggers meet training requirements. The trained person on the crew and their training certificate number must be provided to Rayonier as part of the centralized contracting process. No harvesting contract can be issued without that information.

Logo/label use:

The company does not use the Bureau Veritas Certification logo. No unauthorized use of the SFI logo was observed.

SFI reporting:

The 2012 renewal audit report for Rayonier was found on the SFI website.

Conclusions

Results of the audit indicate Rayonier continues to effectively implement its SFI program. A recommendation for continued certification to the SFI 2010-2014 Standard was issued.

Surveillance audit schedule

The second surveillance audit is scheduled for the Southwest and Pacific resource units. The southwest RU should be scheduled for the week of March 24, 2014. The Pacific RU should be scheduled for the week of June 23, 2014.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):		From: 3/25/2013 (AL RU) 6/25/2013 (NE RU)			To: 3/28/2013 (AL RU) 6/26/2013 (NE RU)	
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:	6/26/2013
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)						
Timber and non-timber forest management activities						
Accreditation's		ANAB				
Number of Certificates		1				
Proposed Date for Next Audit Event						
Date	Surveillance #2 should be scheduled for the week of March 24, 2014 for the southwest RU. The Pacific RU should be scheduled for the week of June 23, 2014.					
Audit Report Distribution						
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Clause	Audit Report
Opening Meeting	<p>Participants: Nate Gibbs, William Boswell (Boz), Aaron Perry, Dan Roach, Jim Gent, John Bryant, Jeff Ledbetter, Sara Bellchamber, Doug Long, Mike Oppenheimer, Kevin Cain, Alejo Barabero, Ben Cazell</p> <p>Discussions:</p> <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	<p>Participants: Nate Gibbs, Ben Cazell, Dan Roach, Lynn Wilson, Carla Yetter, Jeff Ledbetter, Aaron Perry, Alejo Barabero, Jim Gent, John Enloe, Kevin Cain, Phillip Smith, Mike Oppenheimer, Doug Long</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