



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

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Contract Number	US1890609

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	S1	Scope extension audit:	
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Audit Summary
<p align="center">Introduction</p> <p>This report summarizes the results of the first surveillance audit conducted on Resource Management Service, LLC’s SFI program for forest management operations. Mr. Richard Boitnott, Bureau Veritas Certification Lead Auditor conducted the document review and field audits in the Texas region. Mr. Gary Boyd served as an audit team member, and conducted a field audit of the Alabama region. Mr. Boitnott is a certified forester, a Texas accredited forester, an EMS lead auditor, and has wildlife management expertise. Mr. Boyd is a certified forester, and EMS lead auditor, and has worked in a variety of positions with forest industry for a number of years.</p> <p align="center">Audit Scope, Objectives and Process</p> <p>The scope of the audit is “Management of Forest Lands”. The audit was conducted against the SFI 2015-2019 Standard Forest Management Edition. Objectives 1-12, 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.</p> <p align="center">Audit Plan</p> <p>The field audit of the Alabama region began the morning of May 2, conducted by Mr. Boyd. Mr. Boitnott conducted a review of system documentation the afternoon of May 2, followed by a field audit of the Texas region May 3-5. Both field audits concluded at the close of business on May 5 with a closing meeting. An audit plan was developed and is maintained on file by Bureau Veritas Certification.</p> <p align="center">Company Information</p> <p>RMS manages land for institutional investors throughout the southeastern United States. This audit covered the Texas and Alabama regions. Land in both regions consists primarily of loblolly pine plantations, with mixed pine-hardwood streamside management zones, although there is a growing</p>

amount of longleaf pine, particularly in the Texas region, which has been converting poor-performing loblolly stands back to longleaf. The Alabama region is located in the Upper Gulf Coastal Plain, consisting primarily of rolling topography. The Texas region is located in the West Gulf Coastal Plain ecoregion, with topography varying from flat in the south to more rolling inland. Pine stands in both regions are regenerated after clearcutting by chemical site prep followed by planting. Some mechanical site prep is used on certain sites. Hardwood stands are regenerated naturally.

Multi-Site Requirements

The company maintains a multi-site certification consisting of eight regions, one of which contains two offices. Headquarters of the management system is in Birmingham Alabama. The company qualifies for multi-site sampling 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. While site-level procedures are in place, they are under the review of the SFI manager. Individual sites are responsible for conforming to the company’s SFI program, and for providing corrective actions to the SFI manager when necessary. The company has a rigorous internal audit process that the lead auditor considers to be reliable.

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

Multi-Site	X	Group Certification	
Sites		Sites Audited During this Event	
Birmingham, Alabama			X
North Carolina			
South Carolina			
Alabama region-Prattville office			X
Alabama region-Greenville office			X
Gulf Coast			
Mississippi			
Louisiana			
Texas			X
Arkansas			

Audit Results

The document review was conducted to determine if RMS continues to operate a management system that meets the requirements of the SFI 2015-2019 Forest Management Standard. The field audit consisted of reviews of 15 harvest sites (clearcuts and thinnings), 20 site preparation/regeneration tracts, one mid-rotation release site, five road construction projects, and two special sites.

Objective 1-Forest Management Planning: RMS continues to operate a forest management planning system that meets the requirements of SFI Objective 1. The company continues to manage a very robust inventory system. Inventory is ongoing, with plantation stands cruised at specific intervals. Non-planted stands are cruised periodically at a strata level. Soils are mapped in the GIS, and stands are classified using land type and physiographic region codes. A proprietary growth and yield model in place that is due to be updated later in 2016. A long-term management plan is developed to provide sustainable harvest levels. Non-timber issues include identification of stands containing T&E species or other unique conservation values. Biodiversity at landscape scales is accomplished through the company’s forest cover type assessment program. RMS joined Climate Smart Land

Network to be aware of the potential impacts of climate change on forest productivity. The long-term management plan has been updated a number of times since the property was acquired. Actual harvest levels are consistent with the long-term plan. A review of harvest levels versus growth indicates the long-term plan is sustainable. Long-term plan is projected to harvest approx. 98% of pine growth.

RMS has a program in place to consider the ecological consequences of species conversions. RMS is prepared to notify its receiving mills if any timber is harvested from a tract that the company knows is being converted to non-forest use.

Objective 2-Forest Health and Productivity: Artificial regeneration is generally completed within two growing seasons following harvest. Only 297 acres were regenerated past 2 growing seasons out of more than 52,787 acres regenerated in the 2015-2016 planting season. Documented justification is provided for each stand going beyond 2 years. Most delays were due to environmental reasons, most typically wet weather.

Soil productivity was very well protected in both regions. Virtually no rutting was observed during the audit, a significant observation given the amount of rainfall the regions have experienced so far this year. A potential soil productivity issue was found with roller drum chopping in the Texas region. Two instances were observed where chopping was done along the contour, which can result in soil movement down the rills left by the chopper. Chopping should be done against the contour. RMS was issued an opportunity for improvement to ensure its chopping activities do not result in a loss of soil productivity.

Chemical applications have historically been very well done, and this audit demonstrated similar results. The company has a rigorous herbicide application procedure. Rates were well below label maximums, and the rates and types of chemicals used were typical for the types of competing vegetation in the region. There was virtually no drift observed on any chemical application tract. This is something the company monitors constantly, and takes immediate action in case any drift is observed.

Objective 3-Protection and Maintenance of Water Resources: BMP compliance was evident on all harvest sites reviewed during the audit in both regions. Streamside management zones were very well established, and erosion control measures were in place on roads and skid trails. RMS makes a conscious effort to minimize stream crossings. The few that were seen during the audit were well done, with all material removed and approaches stabilized. Both regions have experienced excessive amounts of rainfall so far this year, resulting in damage to road and stream crossings. However, both regions were commended for taking aggressive actions to address any potential sediment movement into stream courses. Field alerts are issued when problems are identified, and problem areas are prioritized to ensure those that could cause sediment delivery are addressed first. RMS is very serious about doing whatever they can to prevent stream sedimentation.

The company was issued a notable practice for its use of the Ecotill. Some soil conditions require a measure of tillage to ensure proper tree growth. This has typically been done with a 3-in-1 plow, which combines ripping with bedding. However, on highly erodible soils, the area between the beds can move considerably, creating a potential for sediment delivery into stream courses. RMS has experimented with a machine that provides ripping with very little bedding. This greatly reduces the chance for sediment delivery from highly erodible sites. This is the first instance the lead auditor has seen of the use of an Ecotill, and was impressed with the results. The company was issued a notable practice for this innovative approach to reducing sediment movement caused by tillage.

Objective 4-Conservation of Biological Diversity: RMS has identified potential T&E species and FECVs that could occur on its land, using information from state natural heritage programs and its own knowledge. The company has recently updated its natural heritage database for all states in which it operates. No significant changes in occurrences are expected. The company has a landscape habitat assessment program that maps age class, forest type, and unique features. The landscape maps are used to plan future harvests. RMS also conducted a landscape-level analysis of the change in forest cover types from 2009 through 2015 for each region. A review of the comparisons indicates there have not been significant changes in habitat conditions over the time period, providing evidence that RMS is managing its forests to provide a diversity of habitats over time.

The company continues to do an excellent job of retaining stand-level wildlife habitat elements on clearcut sites, providing both dispersed and clumped retention.

Ecologically special sites have been identified on RMS properties, with management plans developed for the most significant, termed “Tier 1”. One Tier 1 and one Tier 2 site was reviewed during the audit.

Objective 5-Management of Visual Quality and Recreational Benefits: The company’s reported average opening size for 2015 was 103 acres. RMS uses a very conservative method for calculating average opening size, resulting in somewhat higher averages than may be realistic. Harvest sites reviewed during the audit demonstrated an appropriate level of aesthetic considerations. Most sites are located in rural areas well aware from the view of the general public. Compliance with the company’s green-up program was evident on all clearcuts observed during the audit.

Objective 6-Protection of Special Sites: Special sites have been identified on RMS properties. Most Tier 1 sites are ecologically unique, but the company has a number of Tier 2 sites that have historic, cultural, or geologically unique features.

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: RMS has a policy statement to recognize and respect the rights of indigenous peoples. The company has developed a policy to communicate with local indigenous peoples and consider their relevant knowledge. Where sites of cultural significance to indigenous peoples are known to occur, RMS maps those sites and includes them in its special sites program.

Objective 9-Legal and Regulatory Compliance: RMS employees have access to applicable laws and regulations. The company has procedures in place to ensure regulatory compliance. Employees have a code of conduct they must sign that pledges compliance with regulatory requirements. Procedures are in place to implement BMPs and protect T&E species. Contractors and employees are trained, and language in contracts requires compliance. Pre-activity planning processes and inspections are also designed to ensure compliance.

Objective 10-Forestry Research, Science and Technology: RMS produced ample evidence of contribution towards and participation in a variety of forestry-related research activities. The company is a member of NCASI, which coordinates research efforts in a wide variety of forestry-related research. 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. RMS demonstrated it has access to information on the potential impacts of climate change on forest productivity and wildlife habitat.

Objective 11-Training and Education: Each region has a training program for its employees. Records provided evidence training has occurred in accordance with its own procedures. Contractors are required to complete SIC-approved training programs. Logging contracts have a requirement that all logging crews must have at least one person on the crew who is a qualified logger according to requirements of the SIC. All loggers operating on timber sales reviewed during the audit were properly trained.

Objective 12-Community Involvement and Landowner Outreach: RMS is a member of the SICs in the states in which it operates. Its participation includes the development and distribution of biodiversity conservation information for landowners. RMS is a member of The Partnership for Southern Forest Conservation, which promotes the conservation of working forest lands throughout the southern U.S.

RMS demonstrated involvement in a number of public educational opportunities. 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 13: Public Land Management Responsibilities: N/A-RMS does not have public land management responsibilities.

Objective 14-Communications and Public Reporting: The company had posted its 2015 renewal audit report on the SFI, Inc. website as required for public review. The 2015 SFI annual progress report was submitted in a timely manner.

Objective 15-Management Review: RMS has a management review process in place. The company continues to operate a robust internal audit program. Field audits in a particular region are lead by the SFI manager or his designated representative, accompanied by a team of representatives from other regions. The result is a very thorough review of each region's performance relative to the SFI Standard and the company's own requirements. The results of these 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:

No non-conformances were issued during the previous audit

Non-conformances:

No non-conformances were issued during this audit.

Opportunities for Improvement:

One opportunity for improvement was issued during this audit.

1. PM 2.3, Ind. 3: RMS should ensure roller drum chopping is conducted against the contour in order to prevent erosion. Sediment movement was not observed, and nothing was entering stream courses, but chopping along the contour could result in soil erosion and loss of soil productivity.

Notable Practices:

One notable practice was identified.

1. PM 3.2, Ind 1: Use of the Ecotill instead of a 3-in-1 plow is an innovative way of getting tillage while minimizing impacts to soil and water quality. Traditional 3-in-1 plowing can result in movement of sediment between the beds, as was observed on several sites during the audit. Use of the Ecotill eliminates the bedding while still allowing for required tillage, reducing the chance of sediment moving between beds.

Logo/label use:

RMS uses the SFI logo with approval from SFI, Inc. The company does not use the Bureau Veritas Certification logo.

SFI reporting:

The 2015 renewal audit report for RMS was found on the SFI website.

Conclusions

Results of the audit indicate RMS continues to operate an SFI program that meets the requirements of the SFI 2015-2019 Forest Management Standard. The company is recommended for continued certification to SFI 2015-2019 Standard Forest Management Edition.

SEE SF61s FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: May 2, 2016				To: May 5, 2016			
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:	5/5/2016
All NCR's Closed		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:	
Standard audit conducted against:									
1)	SFIS 2015-2019 FM edition			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Richard Boitnott; CF, EMS(LA)			2) Gary Boyd; CF, EMS (LA)						
			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 document review for surveillance # 2 should be scheduled for Tuesday, April 25 and the field audit for South Carolina for April 26-27. The field audit for Arkansas should be scheduled for April 25-27. The field audit for Louisiana should be scheduled for May 2-4								
Audit Report Distribution									
Bureau Veritas Certification: Dawn Komnick-dawn.komnick@us.bureauveritas.com									
RMS: Jimmy Bullock-jbullock@resourcegmt.com									

Clause	Audit Report
Opening Meeting	<p>Participants: Jimmy Bullock, Eric O’Conner, Jim Peeler, Charlie Cornish, Victoria Lockhart, Tucker Alley, Bob Naeger, Mike Hamilton, Rex Benham, Jeff Waits, Doug Bowling, Douglas Rollins, Wes Pruet, Steve McCoy, Robert Griffen</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 - 0 ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	<p>Participants: Jimmy Bullock, Charlie Cornish, Jim Peeler, Bob Naeger, Victoria Lockhart, Mike Hamilton, Rex Benham, Jeff Waits, Doug Bowling, Douglas Rollins, Wes Pruet, Steve McCoy, Robert Griffen, Rex Benham, Mike McCorvey, Jerry Brace, Doug Bowling, Eric O’Conner, Justin Stringfellow, Jackie Hilyer, Keith Luker, Gary Brocious, David Pulliam, Brad McLaughlin, Jeff Green, Jeff Morris, Barbara Hapson, Michael Vance, Gary Evans, Mike McCorvey, Jerry Brace, Richard Foster, Vivian Taylor, Lamar Davis, Melanie Andrews</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