



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

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PQC Code	E01E
Contract Number	US.1895331

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	#1	Scope extension audit:	
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Audit Summary
<p align="center">Introduction</p> <p>This report summarizes the results of the surveillance #1 audit conducted on American Forest Management (AFM's) SFI program for forest and land management conducted on GMO Threshold Timber Corporation fee and long-term lease land in Alabama and Tennessee. Gary Boyd, Bureau Veritas Certification Lead Auditor conducted the audit May 24, 2016 through May 26, 2016.</p> <p align="center">Audit Scope, Objectives and Process</p> <p>The scope is "management of forest lands". The audit was conducted against the SFI 2015-2019 Forest Management Standard. All SFI 2015-2019 Forest Management objectives were covered except objectives 9 and 13 during the audit. Specifically, two objectives of the 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 audit consisted of 2.5 man days and included a half-day review of system documentation in the Waynesboro Tennessee office on 5/24/2016. Field audits were conducted in Alabama on the 5/25/2016 and in Tennessee on the 5/26/2016. A closing meeting was held in the Waynesboro TN office at the end of the day on the 5/26/2016. An audit plan was developed and is maintained on file by Bureau Veritas Certification.</p> <p align="center">Company Information</p> <p>GMO Threshold Timber is a timberland investment organization, owning and managing land throughout the United States. This certification is limited to its approximately 300,000 acres owned in Tennessee, north Alabama, and northeast Mississippi, referred to as the Tennessee Valley Forest. The property is managed by American Forest Management, a consulting firm based in South Carolina. The land base is managed out of two offices; one in Waynesboro TN and the other in Russellville AL. The company runs a mature SFI program with a strong history of conformance.</p>

GMO's forest in this region consists primarily of loblolly pine uplands and streamside management zones consisting of mixed hardwoods. Some upland hardwood sites are also present. Topography ranges from rolling to rolling to steep. Stands may be thinned during their rotation and are regenerated through clearcutting, followed by chemical site preparation and artificial regeneration.

Audit Results

The document review focused on all applicable objectives of the 2015-2019 SFI Forest Management Standard. The field audit consisted of a review of eight harvest, four regeneration/chemical site preparation, two mid-rotation release, and two road maintenance tracts.

Objective 1-Forest Management Planning: Landscape level analyses have been completed on diversity using the existing Forest Patterns program and on conversion using USDA Forest Service FIA data. A stand-level inventory system is in place. Inventory is grown using a proprietary growth-and-yield model. A harvest schedule is in place, which is updated continuously based on removals, growth, and updated inventory information. Evidence was presented indicating recent harvest levels have been below the long-term management plan. A GIS and land classification system are in place.

Objective 2-Forest Health and Productivity: AFM operates a rigorous sustainable forest management program incorporating integrated pest management whenever possible. Most upland pine stands are thinned to promote continued pine growth. Herbicides and/or fertilizers are used when determined to be financially beneficial. GMO has a track record of excellent herbicide application that continues with this year's audit. Rates are below label maximums. Most sites are very similar in vegetative composition so rates and chemicals do not vary significantly. No drift or overspray was observed on any of the 6 chemical application sites visited. The company does a very good job notifying neighbors and adjoining landowners of aerial chemical applications.

Soils are mapped and included in the GIS. Soil maps are included in pre-harvest plans, and provide information on operability and erodibility. Observations from field visits of eight harvesting sites demonstrated that road and skid trails were well stabilized using either logging slash or water bars and rutting is minimized.

Objective 3-Protection and Maintenance of Water Resources: Compliance with Tennessee and Alabama BMPs was observed on all sites visited during the audit. SMZ width and basal area retention was acceptable. Stream crossings are minimized. No temporary crossings were observed during this audit. Road maintenance favors the use of broad-based dips and culverts are only used when necessary. One site was visited where culverts had been replaced and properly installed.

Objective 4-Conservation of Biological Diversity: AFM uses natural heritage data to identify T&E species and FECVs that occur on or near GMO's landbase. This data is updated every two years. Species or community occurrences are identified on harvest and regeneration planning maps. Management guidance is provided for each occurrence that could be impacted by AFM's activities. Most occurrences are associated with streams or adjacent streamside management zones (SMZs) so the use of BMPs provides proper protection. A Notable Practice was issued based on the use of FECV data located on planning maps.

Stand-level wildlife habitat elements are retained on clearcut harvests, where practical. Pine sites were found to have numerous wide SMZs providing irregular-shaped stands and adequate retention of residuals. Hardwood sites were found to have some large residual hardwoods within harvest areas.

"Forest Patterns" is a company specific landscape assessment program that helps foresters plan for

stand diversity across the landscape. Employees interviewed were aware of non-native invasive species occurring on the landbase. Prescribed burning is not used by AFM in this region.

Objective 5-Management of Visual Quality and Recreational Benefits: Average clearcut size for 2015 was 85 acres. A credible system for calculating average clearcut size is in place. Compliance with the company's green-up policy was observed on all clearcut harvests. While all sites visited were remote and away from public view, the company has an aesthetics management program.

Objective 6-Protection of Special Sites: Special sites have been identified and mapped on GMO property. Sites are classified in a two tiered system while management requirements on tier 1 sites. One special place was removed from the program when this tract reverted back to the landowner after the long term lease expired.

Objective 7-Efficient Use of Fiber Resources: Acceptable utilization was found on all harvest sites visited during the audit.

Objective 8: Recognize and Respect Indigenous People's Rights: No federally recognized Indigenous Peoples have been identified within the area of GMO's landbase. AFM has made efforts to identify and research potential Native American tribes and historic sites on or near the landbase.

Objective 9-Legal and Regulatory Compliance: Not audited as part of this surveillance audit.

Objective 10-Forestry Research, Science and Technology: AFM is a member of several research cooperatives. GMO is a member of NCASI as well as the State Implementation Committees in AL, MS and TN. Employees interviewed demonstrated access to and knowledge of the potential impacts of climate change on forest productivity and wildlife habitat.

Objective 11-Training and Education: The GMO Sustainable Forestry Policy was reviewed. Personnel training requirements are described within a training matrix. An Opportunity for Improvement was issued to this objective because the company has added a number of new employees over the last few years and new employees were not fully knowledgeable on FECV. A Notable Practice was also issued to this objective because the company's "Harvest Planning Prescription" has been revised requiring the forester to include the scheduled logger's state SIC training number and their continuing education expiration date on the planning form.

Objective 12-Community Involvement and Landowner Outreach: AFM is a member of the AL, MS and TN SICs. Its participation includes the development and distribution of landowner education materials. They are involved in the AL and TN forestry associations, which lobby for favorable tax policies for family forest landowners. AFM has reviewed state wildlife action plans from AL and TN to determine if there are other conservation opportunities.

AFM demonstrated involvement in public educational opportunities, primarily through its involvement in SICs. AFM also supports the SIC support for inconsistent practices. The company has a procedure for receiving and responding to public inquiries. No reports of inconsistent practice or complaints have been received to date.

Objective 13: Public Land Management Responsibilities: Not Applicable

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 had been submitted in a timely manner.

Objective 15-Management Review: A management review process is in place. Management review minutes verified the meeting was held on 5/13/2016 as required by the SFI Standard.

Findings

Previous non-conformances:

None.

Non-conformances:

None.

Opportunities for Improvement:

One opportunity for improvement was issued. Below is a listing of the OFI and the indicator it was issued against.

1. Objective 11, Performance Measure 1, Indicator 3 – Some newer employees were not completely knowledgeable on some procedures such as FECV.

Notable Practices:

Two notable practices were issued. Below is a listing of the notable practices and the indicator they were issued against.

1. Objective 4, Performance Measure 3, Indicator 1 – Company does a great job incorporating biodiversity data on its planning maps to ensure foresters know what to manage for and around.
2. Objective 11, Performance Measure 1, Indicator 5 – Company’s “Harvest Planning Prescription” has been revised to require the scheduled logger’s SIC trained logger number and their continuing education hours expiration date.

Logo/label use:

Neither GMO or AFM uses the SFI or BVC logos.

SFI reporting:

The 2015 renewal audit report for GMO was found on the SFI, Inc. website.

Conclusions

Results of this surveillance #1 audit indicate AFM continues to operate a program for the management of GMO Threshold Timber property that meets the requirements of the SFI 2015-2019 Forest Management Standard. A recommendation for continued certification to the SFI 2015-2019 Forest Management Standard was issued at the closing meeting held the afternoon of May 26, 2016.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:										
Audit Date(s):		From: 5/24/2016				To: 5/26/2016				
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:	5/26/2016	
All NCR's Closed		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:		
Standard audit conducted against:										
1)	SFI 2015-2019 Forest Management Standard				3)					
2)					4)					
Team Leader (1):		Team Members (2,3,4...)								
Gary Boyd		2)								
		3)								
		4)								
		5)								
Scope of Supply: (scope statement must be verified and appear in the space below)										
<i>Management of forest lands</i>										
Accreditation's		ANAB								
Number of Certificates		1								
Proposed Date for Next Audit Event										
Date	May 2017									
Audit Report Distribution										
Merrill Nall (Merrill.Nall@amforem.biz)										
Dawn Komnick (dawn.komnick@us.bureauveritas.com)										

Clause	Audit Report
Opening Meeting	Participants: Merrill Nall, Tony Gant, Steve Archer, Gary Boyd Discussions: <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: Merrill Nall, Ronnie Leighton, Stephen Short, Kyle Cubin, Tony Gant, Gary Boyd Discussions: <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