



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

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Contract Number:	US 1496890	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	2
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Audit Summary
<p align="center">Introduction</p> <p>This report summarizes the results of the first surveillance audit of the SFI 2010-2014 Forest Land Management program conducted on The Nature Conservancy – Montana (TNC)). Jim Colla, Bureau Veritas Certification Lead Auditor, conducted the audit on October 8, 2015.</p> <p align="center">Audit Scope, Objectives and Process</p> <p>The scope of the audit is “Forest Land Management in Montana”. The number of certified acres has dropped from 38,093 to 34,899 due to transfer of lands. The goal is continued certification to the SFI 2010-2014 Standard, Objectives 1-7 and 14-20 as applicable. 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 current version of the Bureau Veritas Certification SFI Auditor Handbook. Field notes and an SFI indicator checklist were completed and contain specific information and audit notes.</p> <p>The audit began at the TNC office in Helena, MT with an opening meeting. The objectives for the surveillance audit were outlined and the audit process for collecting evidence and making audit findings was explained. Process determination findings of non-conformance, opportunities for improvement, and notable practices were explained. Confidentiality was assured. There were no substitutions or modifications of SFI indicators.</p> <p align="center">Audit Plan</p> <p>After discussing the goals and objectives of the audit, the audit plan and logistics was reviewed and the sites confirmed to conduct the field portion of the audit in a timely manner. A very minor amount of activity, two small sales totaling less than 1MMBF, commenced in 2014 and finished in early 2015; this site was reviewed. No other harvest is planned on the ownership for several years. The complete audit schedule is detailed in the audit plan on file with Bureau Veritas.</p> <p align="center">Organization Information</p> <p>TNC is a non-profit organization is existence since 1951; the core mission is to “conserve the lands and waters on which all life depends”. TNC has staff in 33 countries and all 50 states. In 2010, TNC completed the purchase of more than 310,000 acres from Plum Creek Timber Company in northwestern Montana. Known as the “Montana Legacy Project”, TNC intends to own and manages the land until it is conveyed to a</p>

combination of public and private conservation owners. The goals of this project are to:

- Preserve vital wildlife habitat and water resources
- Maintain the production and restoration opportunities that sustain both the land and local communities
- Conserve traditional access for a broad variety of outdoor recreation

The Montana Legacy Project includes some of the best water, wildlife and working forests in Montana. The land provides habitat, and key links to habitat in other regions, for several threatened and endangered species including grizzly bears, lynx, and bull trout. As a component of the Project TNC entered into a 10 year fiber supply agreement with Plum Creek and agreed to maintain the lands they own to SFI standard.

Since 2010, TNC has successfully worked to transfer significant portions of the land into other ownerships committed to meeting conservation goals and keeping the lands as working forests. At the present time the certified acreage is 34,899.

Audit Results

The audit consisted of document and record reviews and interviews. In addition the one and only field location where activity has occurred since the prior audit was visited. Objectives 8-13 are not applicable.

Objective 1, Forest Management Planning: TNC has contracted with Northwest Management (NMI), a full service forestry consulting firm, to develop the planning elements and implement operational components. Given the goal to dispose of all lands over time a long term management plan is not in place; however, inventory and resource analysis programs are in place sufficient to conform to the indicators in this objective. Current gross growth using FPS is about 163BF per acre with harvest scheduled at 122BF per acre which leaves 41BF per acre net gain. In 2014, 3.764 MMBF was planned from fee lands (not including timber deeded lands), and 3.16 MMBF was harvested. The GIS system includes fish & wildlife, water resources, soil, land classification, stand attributes, roads, cultural resources and numerous other attributes.

Objective 2, Forest Productivity: All sites are designated for natural regeneration using shelterwood or seed tree systems. Limited plantings may occur on openings caused by fires, wind, insects or disease. There has been no need to plant trees to date. Each unit is surveyed for regeneration of native species. Use of any chemicals is extremely limited; occurring along roadways to control noxious weeds. Spray work is conducted by contractors under the supervision of TNC in accordance with applicable regulations. Less than 10 acres of spot spraying was conducted over the last year. TNC is a proponent of bio-control methods (knapweed root weevil). TNC reuses existing roads, trails and landings in stable locations out of SMZs and minimizes new construction. Contractors are well versed in erosion control measures, no evidence of accelerated erosion observed. Excellent protection of residual trees noted throughout. TNC strives to maintain healthy forest by active management; insect and diseases are at endemic levels.

Objective 3, Protection of Water Resources: Water resources and the fish and wildlife that depend on these resources are of critical importance to TNC. Regulatory elements are addressed in the Montana BMPs and native Fish Habitat Conservation Plan (NFHCP). Site specific details are included in applicable operating plans for each project. NMI foresters interviewed had excellent BMP knowledge. Sites are monitored at least weekly to ensure compliance. No evidence observed of any BMP infraction or excess sediment delivery to streams. Foresters field verify locations of all streams, non-forested wetlands, critical habitats and other areas of significance. Protection is done by identification in the map layer, flagging on the ground, and pre and post-harvest assessments.

Objective 4, Conservation of Biological Diversity: No changes from last year, objective not audited.

Objective 5, Management of Visual Quality and Recreational Benefits: TNC has a formal aesthetics policy; TNC does not clearcut and will mitigate for any potential visual impacts in high use corridors by modifying retention guides. TNC has a formal open lands policy that allows for dispersed public recreational use. The policy covers motorized and non-motorized use, camping, firewood gathering and other items. Sites inspected conform to TNC policy.

Objective 6, Protection of Special Sites: No changes from last year, objective not audited. No special sites observed during the audit.

Objective 7, Efficient Use of Forest Resources: Utilization standards are stated in log purchase contracts; NMI

markets logs and ensures the fiber supply requirements are met. Markets have remained stable for pulp. Foresters inspect for utilization and document on inspection reports.

Objective 14, Legal Compliance: A log purchase contract cannot be issued without an established Hazard Management Agreement (HMA). TNC utilize sites visits and inspection forms to document compliance and follow up on non-conformances. Furthermore, Montana DNRC and the US Fish & Wildlife Service monitor BMP/HMA and NFHCP compliance respectively. The system is understood by all NMI and TNC staff on inspected sites. TNC has formal health & safety policies, requirements are posted in various offices as prescribed by law. No compliance issues or state or federal issued citations for any of the actions taken to date.

Objective 15, Forestry Research: No changes from last year, objective not audited.

Objective 16, Training and Education: The SFI commitment statement remains in place. TNC actively participates and supports SIC efforts within their areas of expertise, primarily conservation biology. MT SIC publications are practical guides designed to reach landowners and contractors with useful and implementable practices. Logging Contractors must meet the Basic Standard for SIC Logger Training Requirements and be included on the Montana Logging Association list. TNC maintains detailed training records on the continuing education and training accomplishments of its staff. Staff is well qualified and trained and foresters very experienced.

Objective 17, Community Involvement: No changes from last year, objective not audited.

Objective 18, Public Land Management: Land TNC originally purchased but has subsequently transferred to other organizations is outside the certificate scope.

Objective 19, Communications and Public reporting: The 2014 TNC Audit Report is posted on the SFI Website. All records necessary for reporting to SFI were current and reviewed as part of this audit.

Objective 20, Management Review and Continuous Improvement: The TNC Management Review Procedure includes a method for annual review and determination of necessary changes for continual improvement and continued conformance with the standard.

Findings

Previous non-conformances: None issued.

Non-conformances issued: None issued.

Opportunities for Improvements: None issued.

Notable Practices: None issued.

Logo/label use: TNC has not and does not intend to use the on or off product trademarks.

SFI reporting: The 2014 surveillance audit report for TNC is posted on the SFI website as required.

Conclusions

The closing meeting was held in the field near Patomic, MT. The findings related to the continued notable practice were reviewed, and the confidentiality of audit results assured. In the opinion of the auditor, The Nature Conservancy - Montana continues to implement an effective SFI program that meets the requirements of the SFI 2010-2014 standard. Continued certification is recommended.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):	From: October 8, 2015			To: October 8, 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	X	Date:	NA
Proceed to/Continue Certification	Yes	X	No		Date:	October 8, 2015
All NCR's Cleared	Yes		No	X	Date:	NA
Standard audit conducted against:						
1)	SFIS 2010-2014	3)				
2)		4)				
Team Leader (1):		Team Members (2,3,4...)				
Jim Colla		2)				
		3)				
Scope of Supply: (scope statement must be verified and appear in the space below)						
Forest Land Management in Montana						
Accreditation's	ANAB					
Number of Certificates	0					
Proposed Date for Next Audit Event						
Date	October 2016					
Audit Report Distribution						
Bureau Veritas Certification: Dawn Komnick – dawn.komnick@us.bureauveritas.com						
TNC, Dave Hanna - dhanna@tnc.org						

Clause	Audit Report
Opening Meeting	Participants: Dave Hanna, Greg Lambert, Steve Kloetzel (TNC); Gary Ellingson, Jared Richardson (NMI); and Jim Colla (auditor) 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: Same as above 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 ➤ Nonconformance's - 0 ➤ Date for next audit. ➤ Reporting protocol and timing