



**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)	S2
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Audit Summary

Introduction

This report summarizes the results of the second surveillance audit conducted on Rayonier’s SFI program for forest management operations. Richard Boitnott, Bureau Veritas Certification lead auditor, conducted the audit March 24 through 28, 2014 in the Southwest resource unit, and June 24 through 27 in the Pacific 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, 15, 17, 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 and throughout the southeast. The company has been certified to the SFI standard since 2001. The Southwest resource unit consists of approximately 330,000 acres in Louisiana, Oklahoma, and east Texas. The resource unit is headquartered in Lufkin Texas. The Pacific RU consists of approximately 370,000 acres in coastal Washington state. The Pacific RU is headquartered in Hoquiam Washington.

Rayonier’s ownership in the Southwest resource unit is characterized primarily by loblolly pine uplands and mixed pine-hardwood bottomlands and streamside management zones (SMZs), although there are stands of slash pine in the southern Louisiana portion of the RU. Topography varies considerably across the RU, from flat in southern Louisiana, rolling in central Louisiana and Texas, and steep in Oklahoma. The pine type is regenerated artificially, using chemical site preparation followed by planting.

The Pacific RU 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	
Coastal RU	
Greater Georgia RU	
Alabama RU	
Southwest RU	X
Pacific RU	X

Audit Plan

The audit began with a review of field sites in Louisiana on March 24. Field sites in Oklahoma were reviewed on March 25, and in Texas on March 26 and 27. A document review of the Fernandina Beach central office function was conducted the morning of March 28. The central office review was conducted at the Lufkin office since Rayonier has demonstrated an ability to provide evidence through the use of its SharePoint intranet site. Field sites in Washington were reviewed June 24 through the morning of June 27. A closing meeting was held at 11:30 am on June 27th. 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 six harvest, nine regeneration/site preparation, and one mid-rotation release site in the Southwest resource unit. Field visits in the Pacific RU consisted of seven harvest and nine regeneration/chemical site preparation tracts. One fish pipe installation and one roadside spray project were also visited in the Pacific RU.

Objective 1-Forest Management Planning: No major changes were made in the company's forest

inventory and management system since the previous surveillance audit. A stand-level inventory system is in place. Rayonier is using an updated growth and yield model to reflect advances in silvicultural treatments and genetics. A new harvest schedule is now in place for the period 2013-2042. The harvest schedule is updated continuously based on removals, growth, and updated inventory information. Evidence was presented indicating harvest levels from 2006 through 2013 have been consistent with the long-term management plan. Actual harvest levels for 2014 are projected to be in line with the long-term plan. A GIS and land classification system are in place.

Objective 2-Forest Productivity: Artificial regeneration is generally completed within two growing seasons following harvest. A minor percentage of plantations exceed two growing seasons since harvest, but this was mostly due to plantation failures caused by extended drought in the Southwest RU. 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.

Soil productivity was well protected. Virtually no rutting was observed during the audit, a significant observation given the amount of rainfall the Southwest RU has experienced the past several months. 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, although the lack of leaf-out in early spring made it very difficult to detect drift in the Southwest RU. However, GPS application maps provided evidence all herbicide was applied within the treatment area. In addition, the company is doing an excellent job of hand-spraying buffers around SMZs to prevent herbicide damage in the Southwest. The lead auditor believed it unlikely there were any adverse effects from herbicide applications. However, future field audits in the Southwest RU should be scheduled later in April in order to detect any herbicide drift.

The company's procedures require compliance checks on a minimum of 15% of herbicide tracts. Observations in the Southwest RU indicate foresters actually check nearly 100%. The auditor questioned the 15% minimum in the procedures, if foresters believe they must check every one, and issued an opportunity for improvement to ensure the company's procedures match operational reality and expectations.

Much of Louisiana and Texas is dominated with an understory of yaupon, which is very difficult to control. Rayonier is evaluating the use of both herbicides and control burning to determine if it can better control yaupon. Site preparation burning is not widely practiced anymore, but may prove to be an important tool to control this difficult species.

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 Southwest RU. Erosion control measures were in place on roads and skid trails. Very few stream crossings were observed during the audit in the Southwest. Those that were observed were very well done, with all material removed and approaches stabilized.

A wildfire burned a significant amount of acreage in Texas in 2011. Rayonier has done an excellent job of regenerating this site. Of particular significance was their effort to protect and reestablish stream buffers that had been burned by the fire. Buffers were mapped, flagged, and identified on the GIS so prevent the application of herbicides, which was a considerable risk given the lack of standing timber within the stream buffers due to the fire. Rayonier was issued a notable practice for its efforts.

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 is doing an excellent

job of tracking its progress towards meeting the Washington Road Maintenance and Abandonment Plan (RMAP) goals. Washington's RMAP goals address fish passage and sediment delivery from company road system. Much of the RMAP focus has been on fish passage, which is an important component. However, Rayonier is also focusing on reducing the risk of sediment delivery due to mass wasting from its road systems. The company also developed a wet-weather haul program that proactively identifies risk areas during heavy rain events, and takes actions to prevent sedimentation rather than having to fix a problem after it has been identified by the Washington Department of Natural Resources. The company's efforts to reduce the impact of its road systems on water quality and aquatic wildlife habitat warranted the issuance of a notable practice.

Objective 4-Conservation of Biological Diversity including Forests with Exceptional Conservation Value: Rayonier has identified potential T&E and FECVs that could occur on its land, using information gleaned from NatureServe. It is in the process of switching to state natural heritage data for its source of potential occurrences of FECVs. 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. There are no identified occurrences of T&E or FECVs on the southwest RU. 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 Southwest RU is doing a very good job of retaining dispersed retention throughout its clearcuts, where the opportunities exist. Stand-level wildlife habitat elements were present on most clearcut harvests observed in the Southwest RU during the audit. 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.

Rayonier has implemented a landscape assessment tool that is being applied to contiguous landbases of at least 20,000 acres. 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 three years for each unit, with minor changes observed each year. While this program certainly meets the requirements of indicator 4.1.5, it now begs further investigation to evaluate the ecological significance of minor changes in the diversity index. The company's landscape assessment presents a unique challenge in that it is scientifically robust, but that robustness also makes it difficult to use from a practical standpoint. An opportunity for improvement was issued to encourage Rayonier to conduct further investigation into the significance of changes in its diversity index.

Objective 5-Management of Visual Quality and Recreational Benefits: The company's reported average clearcut size for 2013 was 79 acres. There was little need for specific aesthetic considerations on most harvest sites reviewed during the audit, as all were in relatively remote areas, offering little exposure to the public. One harvest within view of a well-traveled highway was observed in the Pacific RU. Rayonier took special precautions in the design of the harvest unit to limit the visibility from the 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. Management plans are in place for designated special sites.

Objective 7-Efficient Use of Forest Resources: Utilization was acceptable on all harvest units

observed during the audit. The company does a good job of identifying all possible markets for its wood to ensure maximum utilization.

Objectives 8-13: Not applicable for a land management organization.

Objective 14-Legal and Regulatory Compliance: Not audited.

Objective 15-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 16-Training and Education: Not audited.

Objective 17-Community Involvement in the Practice of Sustainable Forestry: 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. Rayonier is also well aware of regional conservation planning efforts. The company produced evidence of its involvement in educational activities in all the areas in which it operates.

Objective 19-Communications and Public Reporting: The company had posted its 2013 surveillance audit report on the SFI, Inc. website as required for public review. The 2013 SFI annual progress report had been submitted in a timely manner.

Objective 20-Management Review and Continual Improvement: 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: No non-conformances were issued during the previous audit.

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 2.2, Ind. 6: Rayonier currently exceeds its procedural requirements for conducting compliance audits on site preparation activities. There is some question as to whether the procedural requirements (15% of tracts) are excessively low given the company conducts compliance on nearly 100%, or if the company is conducting more compliance than is actually necessary. As such, Rayonier should review inspection frequency for chemical site preparation to ensure system requirements match organizational expectations.
2. PM 4.1, Ind. 5: Rayonier has developed a very credible landscape assessment program that meets the requirements of 4.1.5. However, it is difficult to determine the biological significance of changes in the diversity index. Rayonier should consider additional

investigation to determine the significance of changes in its diversity index.

Notable Practices: Two notable practices were issued:

1. PM 3.2, Ind. 1: Rayonier is doing an excellent job of tracking its progress towards meeting the Washington Road Maintenance and Abandonment Plan (RMAP) goals. Washington's RMAP goals address fish passage and sediment delivery from the company's road system. Much of the RMAP focus has been on fish passage, but Rayonier is also focusing on reducing the risk of sediment delivery due to mass wasting from its road systems. The company also developed a wet-weather haul program that proactively identifies risk areas during heavy rain events, and takes actions to prevent sedimentation rather than having to fix a problem after it has been identified by the Washington Department of Natural Resources.
2. PM 3.2, Ind. 3: Observed an outstanding effort to protect reestablish and protect stream buffers while regenerating a large area burned by wildfire. Buffers were mapped, flagged, and identified on the GIS so prevent the application of herbicides, which was a risk given no standing timber remained after the fire.

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 2013 surveillance 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.

SEE SF61s FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):	From: 3/24/2014 (Southwest RU) 6/24/2014 (Pacific RU)			To: 3/28/2014 (Southwest RU) 6/27/2014 (Pacific 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:	6/27/2014	
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	The next audit event is a renewal, which will need to be scheduled in sufficient time to renew the certificate prior to the October 2015 expiration date.					
Audit Report Distribution						
Bureau Veritas Certification: Melani Potts-melani.potts@us.bureauveritas.com						
Rayonier: Ben Cazell-ben.cazell@rayonier.com						

Clause	Audit Report
Opening Meeting	<p>Participants: Ben Cazell, Dan Roach, Dale Robertson, Chuck Beck, Bill Monahan, Mark Hebert, Jim Gent, Jeff Ledbetter, Aaron Perry, Carla Yetter, Doug Long, Brendan Slui, Reagan Kent, Todd Reeves, Jeremy Flood, Jeff Slaga, Wes Davis</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: Ben Cazell, Jessica Josephs, Dan Roach, Jim Jent, Bill Monahan, Rob Fancher, Ian Thompson, Kevin Pilemalm, John Bryant, Brendan Slui, Janet Price, Mark Hebert, Jeff Ledbetter, Adam DeYoung, Dan Stransky</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