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

390 Benmar Drive, Suite 100
Houston, TX 77060
Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	GMO Threshold
Contact Person	Eric Stier
Address	45815 Highway M-26, Atlantic Mine, Michigan 49905
Phone / Fax	906-483-0820/906-483-0862/eric.stier@amforem.com
PQC Code	E01A
Contract Number	

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	1	Scope extension audit:	

Audit Summary

Introduction

Bureau Veritas Certification undertook a surveillance audit of the GMO Threshold Timber Corporation lands in northwestern Michigan from August 9 to August 10, 2016. The GMO lands are managed by the American Forest Management Company. More than 70% of the forest is Northern Hardwoods (Maple, Beech, Oak, and Birch) with the remainder being in intolerant hardwoods (Aspen) and softwoods (Spruce, Pine, Cedar).

Audit Scope, Objectives and Process

The objective of the audit was to determine GMO's conformance to Sustainable Forest Initiative 2015-2019 forest management standard. The audit scope includes 437,627 acres of forest GMO owns on the Upper Peninsula of Michigan.

The audit was conducted against the SFIS 2015-2019 forest management standard. Specifically, two objectives of the SFI surveillance audit were to:

1. 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
2. Verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground.

For this surveillance audit SFI Objectives 2, 3, 9, 10, 12, 14, and 15 were examined, additionally performance measure 1.2 is examined at every audit. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the Bureau Veritas Certification SFI Auditor Handbook.

Over the course of the audit the SFI system was examined including reviews of the forest planning documents, the EMS system, the monitoring systems and the documented procedures. Seven sites were visited to determine implementation efficiency and conformance to the standard.

Audit Plan

An audit plan was prepared and provided to the client prior to the audit. The plan identifies the various activities and processes being audited. Initial site selection was done in the week before the audit using maps and records provided by the forest manager. A copy of the audit plan is on file with Bureau Veritas Certification North America.

Company Information

GMO Threshold is a timberland investment management organization, owning and managing timberland throughout the United States. This certification is limited to its 437,627 (as per the 2014 inventory) acres of land owned in the Upper Peninsula of Michigan.

Audit Results

The audit began with a document review that examined the revised management plan, an inventory analysis report, revised processes and procedures and monitoring records. During the field portion of the audit fifteen sites were visited to determine implementation efficiency and conformance to the standard. Two water crossings and one bridge were inspected. Four streamside management zones were inspected. Three maple strip cuts were examined as part of GMO's efforts to improve maple regeneration (figure 1) .

Figure 1. Maple Strip Cut on Spruce Lane

Objective 1-Forest Management Planning:

There was no evidence of forest conversion to different forest types or land types. On the GMO forest natural renewal is used on all forest types to ensure they regenerate. During the audit aspen clear cuts and maple section harvests were both found to be regenerating appropriately (Figure 2).

Figure 2. Aspen site less than one year after harvest- Randville

Objective 2-Forest Health and Productivity:

Harvest plans for each tract describe current and future treatments. All regeneration is natural with selection management in tolerant hardwoods and clear cut harvesting in aspen which were seen to regenerate very well throughout the forest. Given the forest type being managed the Company primarily uses partial harvest systems and where needed individual tree marking, Residual stand conditions is truly a priority, On examining for such sites there was little or no residual stand damage found.

On all of the sites inspected erosion control measures such as waterbars, hardened banks, cross drainage and the disposition of slash on trails were found to be effectively employed. The harvest sites examines all had ample down woody debris and course woody material as well. There were no incidences of rutting and in wet area slash has been used to protect trails. Approximately 65% of the forest is in partial cut systems. Depending upon the prescription the high quality pole wood and regeneration are left. Also habitat trees and den trees are preserved on site,

Company foresters diligently monitor the forest, through their monitoring they have uncovered Maple Decline, poor maple regeneration on some sites, and spruce budworm infestations. They are also on the lookout for Emerald Ash Borer. The state monitors the region for forest fires

Objective 3-Protection and Maintenance of Water Resources:

Care is taken when operating around water and wetlands. State BMPs are applied on all water bodies. Throughout the field audit there were no instances found of improper BMP work around waterbodies. Riparian buffers met or exceeded the BMP minimum. Water crossings were observed to be well maintained and posed no threat to water quality. GMO/AFM continue to use Michigan BMPs to ensure that water quality is protected along with riparian areas. During field visits there was no evidence that waterways were not being properly treated. On the Randville site an operator discovered a vernal pool which was subsequently protected (Figure 3)

Figure 3. Vernal Pool protected on the Randville block.

Objective 4-Conservation of Biological Diversity:
Not Audited

Objective 5-Management of Visual Quality and Recreational Benefits:
Not Audited

Objective 6-Protection of Special Sites:
Not Audited

Objective 7-Efficient Use of Fiber Resources:
Not Audited

Objective 8: Recognize and Respect Indigenous People's Rights:
Not Audited

Objective 9-Legal and Regulatory Compliance:
Not Audited

Objective 10-Forestry Research, Science and Technology:

AFM has recently complete an initial evaluation of strip cutting for regenerating hard maple. The auditor reviewed the current white paper and was impressed.

Objective 11-Training and Education:
Not Audited

Objective 12-Community Involvement and Landowner Outreach:

GMO/AFM is an active participant in the Michigan SIC, they their dues annually and on time. GMO/AFM hosts several tours for school groups and Michigan Tech each year. They also allow

Michigan Tech to use the land as part of several research programs relating to hardwood management and maple decline.

Objective 13: Public Land Management Responsibilities:

Not Applicable

Objective 14-Communications and Public Reporting:

Copies of previous audit reports are available on the SFI website for public distribution and consumption. GMO/AFM annually prepare and submit SFI annual progress reports which summarize the previous year's activities.

Objective 15-Management Review:

A management review was undertaken July 29, 2016 with senior staff from GMO along with the AFM manager.

Findings

Previous non-conformances:
None

Non-conformances:
None

Opportunities for Improvement:
None

Notable Practices:
None

Logo/label use:
Neither GMO nor AFM use either the SFI or Bureau Veritas trademarks.

SFI reporting:
The 2015 audit report was found on the SFI website.

Conclusions

A closing meeting was held at Champion MI on August 10, 2016, in attendance were the AFM general manager, the certification forester and one of the field foresters. The auditor reviewed the audit process and summarized results. Given the positive results of the audit it is recommend that GMO Threshold Michigan be continued.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:								
Audit Date(s):	From: August 9, 2016				To: August 10, 2016			
Number of SF02's Raised:			Major:		0	Minor:	0	
Is a follow up visit required:	Yes	X	No		Date(s) of follow up visit:			
Follow-up visit remarks:								
Team Leader Recommendation:								
Corrective Action Plan(s) Accepted	Yes		No		N/A	X	Date:	August 10 2016
Proceed to/Continue Certification	Yes	X	No		N/A		Date:	August 10 2016
All NCR's Closed	Yes		No		N/A	X	Date:	August 10 2016
Standard audit conducted against:								
1)	SFIS 2015=2019		3)					
2)			4)					
Team Leader (1):	Team Members (2,3,4…)							
Brian Callaghan	2)							
	3)							
	4)							
	5)							
Scope of Supply: (scope statement must be verified and appear in the space below)								
Forest management on approximately 400,000 acres in Michigan								
Accreditation's	ANAB							
Number of Certificates	2							
Proposed Date for Next Audit Event								
Date	August 8-9 2017							
Audit Report Distribution								
Dawn Komnick - dawn.komnick@us.bureauveritas.com								
Eric Stier - eric.stier@amforem.biz								

Clause	Audit Report
Opening Meeting Aug 9/16	Participants: Eric Stier(General Manager), Brandon Bal (certification forester) Discussions: ➢ Introductions ➢ Scope of the audit ➢ Audit schedule/plan ➢ Nonconformance types – Major / Minor ➢ Review of previous nonconformances – 1 minor closed in Nov 2014. ➢ Process approach to auditing and audit sampling ➢ Confidentiality agreement ➢ Termination of the audit ➢ Appeals process ➢ Closing meeting timing
Closing Meeting Aug 10/16	Participants: Eric Stier, Brandaon Bal, Brian Fetig (forester) Discussions: ➢ 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 – August 8-9 2017 ➢ Reporting protocol and timing

	SF02/NA NONCONFORMITY REPORT

Company Name and Site:	SF02#:

Contract #:	Type of audit (e.g., initial, surveillance):	Team Leader:
Date:	Standard and Clause #:	Team Member:

Major	Minor	Other Documents (if applicable):	Company Representative:

REQUIREMENT OF AUDITED STANDARD:

OBSERVED NONCONFORMITY:

ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN
(To be completed by the Company. Plan to be submitted in 30 days)

Corrective Action Plan Date:		Company Representative:	

Root Cause Analysis and Corrective Action
Root Cause: Corrective Action Plan:

ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT
(To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)

Root Cause: Corrective Action Plan:						
Plan Accepted:	Yes		No		Comments:	
Auditor:					Date:	

CORRECTIVE ACTION IMPLEMENTATION
To be completed by Company – Provide objective evidence. Not to exceed: 90 Days ☐ 1 Year ☐

Corrective Action Completion Date:		Company Representative:	

Corrective Action Implementation: Method used to verify effectiveness of action taken:

CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT
(To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)

Accepted:	Yes		No		Nonconformance Closed:	Yes		No	
Follow Up Comments:									
Auditor:					Date:				