



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

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PQC Code	E01A
Contract Number	US.3812104

Certification Audit:		Re-Certification Audit:	X	Surveillance Audit:		Scope extension audit:	
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Audit Summary

Introduction

This report summarizes the results of the TRG Threshold Timber Corporation's renewal audit. Document review was conducted remotely by video conference and email on September 30, 2020 and the field audit was conducted on properties managed from their Houghton, Michigan office on October 1-2, 2020. Julie Stangell, Bureau Veritas Certification Lead Auditor, conducted the audit. Ms. Stangell is a certified forester with more than 30 years of field forestry experience and 6 years of experience as a Lead Auditor.

Audit Scope, Objectives and Process

The scope of the audit was forest management in Michigan. The audit goal was to verify conformance to the SFI 2015-2019 Standard with Objectives 1-15 per the audit results below, excluding Objective 13. The objective of the SFI audit was to 1) verify that the Program Participant's SFI Program is in conformance with the SFI objectives, performance measures, and indicators and to 2) verify whether the Program Participant has effectively implemented its SFI Standard program requirements. Standard Bureau Veritas protocols and forms were applied throughout the audit as provided by the current version of the Bureau Veritas Certification Auditor Handbook and supplemental SFI Handbook. Field notes and an SFI indicator checklist were completed and contain specific information and audit notes.

Audit Plan

The audit was conducted over a total of three days on the dates noted above. A detailed daily audit plan is on file with Bureau Veritas Certification.

Company Information

TRG Threshold is a timberland investment management organization, owning and managing timberland throughout the United States. This certification is limited to approximately 420,000 acres of land owned in the Upper Peninsula of Michigan. The land is managed by American Forest Management, Lake States Region. There are two offices, one in Houghton and one in Quinesec, MI. 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 Results

The audit began with document and record review and interviews conducted remotely due to health threats from COVID-19. During the field portion of the audit thirteen sites were visited that included active harvest, completed harvest, a research site, visual site and an historic special site. The results of the audit are summarized below.

Objective 1-Forest Management Planning:

A Forest Management Plan has been developed to be flexible allowing resource managers the ability to adapt to fluctuating markets and to utilize new technologies and science to promote the sustainable use of the forest resource. LiDAR was used as the base to develop stand level data with integration of on-the -ground plots to verify stand types for harvest planning. Strategic harvest levels are based upon forest inventory, growth and yield calculations, regulatory constraints (RMZs, T & E species, etc.), aesthetics, and other non-timber constraints. The GIS system is complete and mature and includes fish & wildlife, water resources, soil, land classification, stand attributes, roads and numerous other attributes. Harvest does not exceed growth and cover types are not converted. Annual allowable cut calculations do not include restricted operating sites. Harvest trends are well documented.

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 clearcut harvesting in aspen which were seen to regenerate very well. The Company primarily uses partial harvest systems and, where appropriate, individual tree selection. Residual stand condition is a priority, there was no residual stand damage found in the units inspected during the audit. The harvest sites examined all had ample down woody debris, coarse woody material habitat and den trees. Soil was protected during harvest by placing slash on skid trails.

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 requirements. TRG has shown exceptional use of technology for implementation of BMPs with compilation of data to be utilized to monitor trends, a notable practice was identified for this practice.

Objective 4-Conservation of Biological Diversity:

Conservation of Biological Diversity is an objective in the TRG management plan. GIS data is available on species which require protection. The Michigan Natural Features Inventory was used when planning all harvest units.

Through normal silvicultural practices the Company provides for stand level diversity. Partial harvest site marking instructions and logging instructions provide clear direction on what should be retained on site. Many cavity trees, downed woody debris, and mast trees were observed remaining in harvested areas. TRG is working with state and federal agency initiatives to preserve bat hibernacula. They also work with the state and various agencies to limit the spread of invasive plants.

Objective 5-Management of Visual Quality and Recreational Benefits:

All operations are planned and carried out while protecting aesthetic values however with the majority of harvests being partial cuts, harvest modifications for visual concerns are rare. Aesthetic considerations were evident on an older harvest site visited adjacent to Highway 41 in the Keweenaw Peninsula.

Almost all lands are enrolled in commercial forestland allowing hunting, fishing and trapping. The majority of roads are open with lots of snowmobile, ATV and mountain bike trails. The company uses signage and works with DNR and local trail clubs to coordinate when trails are closed or have to be moved. They have an open roads policy if the road is not gated, gates may be used to prevent dumping and other vandalism.

Objective 6-Protection of Special Sites:

The Company maintains a register of special sites it has identified across its Michigan forest, currently there are six sites which are being protected. Most are cultural heritage sites reflecting the history of the region, but they also maintain an old growth white pine stand. During the audit the Cliff Cemetery special site was visited which preserves the mining heritage of the Keweenaw Peninsula.

Objective 7-Efficient Use of Fiber Resources:

Excellent utilization was found on all sites observed, cedar is difficult to sell at this time, sell to small operator with private small sawmill.

Objective 8: Recognize and Respect Indigenous People's Rights:

TRG has a policy recognizing and respecting Indigenous People's rights. Annual contacts have been made with the local tribes to discern any interest they may have in the TRG lands in Michigan. No responses have been received.

Objective 9-Legal and Regulatory Compliance:

There are a variety of compliance monitoring processes in place, with the primary mechanism being harvest operations inspections which have been demonstrated to be effective. There have been no legal compliance issues on the property in the past five years. A commitment to comply with social laws can be found in the AFM employee Handbook.

Objective 10-Forestry Research, Science and Technology:

TRG funds and facilitates research on their forest including a new site involving chemical application and scarification that was observed this audit. Through the Michigan SIC, money is earmarked for research. TRG supports Michigan Tech research into maple decline on the property. For the past 30 years the forest has been part of the Calumet water quality study. TRG Threshold has done an exceptional job of integrating technology through use of LiDAR to develop stand level data with integration of the data into harvest planning models. This was identified as a notable practice.

Objective 11-Training and Education:

In discussion it was apparent that all staff understood their roles and responsibility with regards to the SFI standard. Training is provided to all staff on a variety of topics (e.g. forest pests, forest productivity, wildlife habitat, RTEs). All harvesting contractors are required to meet SIC training requirements and it was verified through interviews and a web check that all loggers were trained.

Objective 12-Community Involvement and Landowner Outreach:

TRG is an active participant in the Michigan SIC, with dues paid annually and on time. Tours for school groups and Michigan Tech are hosted each year. They also allow Michigan Tech to use the land as part of several research programs relating to hardwood management and maple decline.

The AFM staff are very involved in their communities and they volunteer their time liberally. Staff have made presentations to schools and many of them are involved with youth sports such as soccer.

Objective 13: Public Land Management Responsibilities:

Not Applicable

Objective 14-Communications and Public Reporting:

Copies of previous audit reports were verified on the SFI website. TRG prepares and submits the SFI annual progress report on time summarizing the previous year's activities.

Objective 15-Management Review:

The internal audit consisted of 800 compliance checks with 76 non-compliances identified in those checks. The compliance check results are compiled into pivot table from forester's cell phones with results summarized for 17 categories. Non-compliances showed a pattern that was dealt with through additional logger training. A management review was undertaken in on September 22, 2020 with senior staff from AFM and TRG. The summary management review report was available to the auditor.

Findings**Previous non-conformances:**

None

Non-conformances:

None

Opportunities for Improvement:

None

Notable Practices:

Two notable practices were identified:

3.1.3 – It was noted that TRG has applied exceptional use of technology for monitoring of of BMPs with compilation of data utilized to examine trends, a notable practice was given.

10.2.1 -- TRG Threshold has done an exceptional job of integrating technology through use of LiDAR to develop stand level data with integration of the data into harvest planning models.

Logo/label use:

Neither TRG nor AFM use either the SFI or Bureau Veritas trademarks.

SFI reporting:

The 2019 audit report was publicly available on the SFI website.

Review of Previous Audit Cycle

No nonconformities have been identified during the previous audit cycle with several notable practices recognized. Based on the positive audit results, continued certification is recommended.

Conclusions

A closing meeting was held at on October 2, 2020, in attendance were the AFM general manager, and three of the field foresters. The auditor reviewed the audit process and summarized results. In the opinion of the auditor and based on the evidence presented, renewal of TRG Threshold Timber Corporation is recommended.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: September 30, 2020				To: October 2, 2020			
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	N/A	X	Date:			
Proceed to/Continue Certification		Yes	X	No	N/A	Date:		Oct. 2, 2020	
All NCR's Closed		Yes	No	N/A	X	Date:			
Standard audit conducted against:									
1)	SFIS 2015-2019			3)					
2)				4)					
Team Leader (1):		Team Members (2,3,4...)							
Julie Stangell		2)							
		3)							
		4)							
		5)							
Scope of Supply: (scope statement must be verified and appear in the space below)									
Forest management in Michigan									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date		August 2021							
Audit Report Distribution									
Eric Stier - eric.stier@afmforet.com									
Lorisa Love -- lorisa.love@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	<p>Participants: Eric Stier (General Manager), Brandon Bal (Area Manager)</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: Eric Stier(General Manager), Matt Brooks (Area Manager southern district), Tony Buchko (Forester)</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 – August 2021 ➤ Reporting protocol and timing