



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

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PQC Code	E01E
Contract Number	US4026484

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	#3	Scope extension audit:	
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Audit Summary
<p align="center">Introduction</p> <p>This report represents the findings of the third surveillance audit completed on Manulife Investment Management Forest Management Inc’s (MFM) SFI program in the Northwest and Northern Inland Divisions. Matt Tormohlen, Bureau Veritas Certification Lead Auditor and Joseph Currie, Bureau Veritas Certification Audit Team member, conducted the audit July 29th - Aug. 2nd, 2024. In addition to the on-site audit as noted above, an off-site review of documentation occurred on July 23, 2024. Mr. Tormohlen is a forestry professional, with 16 years of experience in industrial forest management and forest certification. Mr. Currie is a forestry professional with over 20 years of Forest Management and Logging Engineering experience.</p> <p align="center">Audit Scope, Objectives and Process</p> <p>The scope of the audit is “Management of Forest Lands in Oregon, Washington, Idaho, and British Columbia”. The audit was conducted against the SFI 2022 FM Standard and there were 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 to 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 portal.</p> <p align="center">Audit Plan</p> <p>An audit schedule has been developed and sent to the client prior to the audit. Additionally, a copy of the audit plan is maintained at the BV central office in Houston, TX. The audit included a review of the company’s procedures, policies and principles as well as interviews with staff that held direct responsibilities for the certification program. A field verification program was completed, which involved a sample of a variety of forest operations. The audit was completed over a 5-day period with the lead auditor completing audit activities at the Colville, WA and Coeur d’Alene, ID offices and an audit team member completing audit activities at the Cathlamet, WA office.</p>

A list of staff interviewed is included in the audit checklist.

Throughout the audit, Mrs. Natasha Wise, Manager of Environmental Certification, was available to provide any necessary information/answers for the auditor.

Company Information

MFM is the property manager for investors in the United States, Canada, Australia, New Zealand, Brazil, and Chile. The scope of this certification is limited to its Northwest and Northern Inland Divisions, consisting of approximately 1,305,498 acres of land in Oregon, Washington, Idaho and British Columbia.

This audit was conducted in the Inland North region, managed out of field offices in Colville, WA, Coeur d'Alene, ID and Cathlamet, WA. Reviewed properties are comprised of standard northwestern forest cover-types, with primary commercial species of Douglas fir and Western hemlock. Secondary commercial species within the operating region include Western red cedar, red alder, Spruce and various species of fir (white, noble and grand).

The audited regions use a combination of ground based and cable/high-line harvesting systems. Tether logging has been increasingly utilized to access timber in multiple types of terrain as a safer and more efficient operating system, while minimizing site disturbance. Harvesting systems are selected on an individual, site specific basis dependent on safety, slope and soil characteristics. Harvesting techniques range from standard thinning's to rotational harvests and are regulated by the relevant state Forest Practice Acts (FPAs) and the individual management goals of the property owners. FPAs are enforced by the various state agencies, which include field verification of forest practice implementation by Agency Foresters. FPAs strictly enforce water quality protection via riparian management requirements and also address wildlife management on an individual harvest basis.

Following final harvesting, stands are promptly reforested utilizing herbicide site preparation (where appropriate and risk mitigated) and hand planting a variety of seedling species, primarily Douglas fir, dependent on individual site and soil characteristics.

Multi-Site Requirements

MFM maintains a multi-site certification consisting of a central office and eight regions, some associated with several tree farms. Headquarters of the management system is at the Colville, WA address. The company qualifies for multi-site sampling since the management system is controlled and directed by the Manager of Environmental Certification. The Northwest and Northern Inland Divisions have specific procedures applicable to their operations, with oversight by the Manager of Environmental Certification. MFM has an internal auditing and monitoring program. On-site audits are conducted on a sample of regions each year. MFM also has an excellent compliance monitoring program that is used by management staff to monitor all regions on an on-going basis. Regions are responsible for developing corrective actions and reporting to the central office. The company's auditing and monitoring system is robust and very effective. Interviews and document assessment during the audit determined a functioning document control system at all field sites and adequate communication between all sites and the Manager of Environmental Certification.

Sites covered during the audit were selected based on a randomized schedule developed by Bureau Veritas Certification at the time of renewal.

Multi-Site	X	Group Certification	
Sites		Sites Audited During this Event	
Colville, Washington (central office - remote)		X	
Nanaimo, BC			
Coeur D'Alene, ID		X	
Orting, WA (Kapowsin)			
Orting, WA (MFC)			
Cathlamet (Klickitat, Vernonia, Raymond)		X	
Corvallis, OR			
Medford, OR (Medford, Roseburg, McCloud, CA)			
La Grande, OR			
Colville, WA		X	

Audit Results

The central office audit examined the company's procedures for meeting multi-site requirements. During the field audit, a total of 26 site visits were performed, covering management activities at three field offices in the Northern and Northern Inland regions. Field sites included a review of a range of silvicultural and harvest techniques, herbicide and regeneration activities and active harvest site review, including interview of contractors at five harvest sites. Interviews with contractors present on active harvest sites included review of safety requirements, fire response plans, invasive species, spill reporting requirements, Threatened and Endangered species and knowledge of relevant BMPs.

Objective 1-Forest Management Planning:

The organization has transitioned to a Lidar inventory model, with initial, 5yr and 10yr flight plans. Lidar provides real time location and height data, which is then modeled using variants of FVS. The transition from ground based to LiDAR surveys determined marginally negative inventory differences, with no effect on Forest Management Planning.

Review of allowable cut volumes determines that the organization is harvesting well below forecasted allowable cut levels across all properties in the Inland North and Northern regions.

The organization utilizes a robust version of GIS, which includes information regarding soils, soil stability, T&E species, Archeological data and various other special areas/sites. Additionally, the organization has incorporated aesthetic viewing layers, which assign levels of visibility. This information is regularly reviewed and a process is in place for updating information as guided by field evidence.

The organization completes a Sustainable Responsible Investment toolkit at the acquisition of each

new property. This toolkit reviews a multitude of different possible impacts associated with each property, including risks/concerns/opportunities associated with each. This information includes social impact assessments such as recreational uses, indigenous interactions, cultural resources, etc and is sorted into a risk matrix based off likelihood and severity of impact and managed accordingly.

No conversion or afforestation has occurred since the previous audit cycle.

Objective 2-Forest Health and Productivity:

The organization generally designates all harvest for artificial regeneration, with a total of 24,697 acres planted in the last audit cycle, with a *de-minimus* regenerated beyond one growing season.

The organization completes sample cruise data during the planting event to establish actual TPA. At this time, “permanent” plot locations are established which are re-visited in six-months, 1 and 3 years prior to being designated as free to grow. The organization has defined % stocking and quality prior to corrective actions being implemented. Additionally, each state FPA has defined stocking minimums as requirements of state law.

The organization maintains a diversified and native seedling profile, both of genetic stock and seedling provider. This is done to prevent over-exposure to any potential seed year issue and to maintain a naturalized seedling stock. Primary planted species is Douglas fir, some coastal sites are planted in Hemlock particularly to avoid swiss needle cast. Cedar is attempted though elk browse is heavy and MFM continues to experiment on solutions to control browse.

The organization utilizes an Integrated Pest Management system which is multi-faceted. Each stand is planted with as many species as allowed by applicable site conditions, to minimize stand level disturbances. Herbicide applications are tailored to individual stand characteristics in conjunction with various mechanical site preparation. Herbicide rates are trialed by starting with most narrow and least concentration and dialing up until efficacy is gained. Herbicide applicators are required to be licensed and contracts for operation include provisions for spill response and spill kits. The organization has illustrated a general decrease in chemical concentrations in applications from 2022 to 2024.

MFM has a valid variance to use Rozol[®] to control mountain beavers and strychnine for pocket gopher in portions of the Pacific Northwest. No Rozol has been used the past five years, and the use of strychnine is very limited.

Objective 3-Protection and Maintenance of Water Resources:

Water quality protection is regulated by FPAs in both states. All harvest and road construction activities reviewed during the audit met or exceeded state regulatory requirements. The company takes a conservative approach to riparian protection, erring on the side of caution when determining what water courses require buffers. All activities are monitored for compliance with regulations and MFM procedures, with results recorded on a harvest inspection form. Evidence reviewed during harvest inspections determined a pro-active and collaborative approach in communicating potential issues with FPA Forester’s throughout all regions.

The organization has calculated water quantity affect via a total watershed assessment. There has been no notable change in net-cut over within major watersheds for 2023/24. The impact of harvesting is negligible.

Objective 4-Conservation of Biological Diversity:

Stand management uses a mosaic approach to provide a diversity of stand ages across the landscape, emphasizing the approach that that variety of habitat supports variety of species. Age class diversity, grouped/dispersed retention and irregular stand sizes are the major indicators. A consistent pattern to conserve resources beyond regulatory minimums provides wider RMAs and protected unstable areas that diversify structure across the landscape.

Stand-level habitat elements are largely governed by FPA requirements and are regionally specific to account for different distributions of wildlife. Standing retention is generally accounted for in a combination of grouped (RMAs) and/or dispersed retention, with grouped retention being preferred. Interviews with foresters determine that, while grouped retention is believed to remain on the landscape the longest, foresters are allowed to adapt the retention program to each individual stand, utilizing site specific conditions to account for leave trees in the most feasible areas.

The organization has maintained compliance with the CCAA for the Pacific Fisher where regionally appropriate, which exceeds the FPA requirements for in-stand retention.

The organization continues to utilize NatureServe Biodiversity Reports (via the Database License Agreement), Recognized Biodiversity Value Maps and The Nature Conservancy Resilient Land Mapping Tool for occurrence and potential occurrence data by cover-type.

The organization has always identified occurrence or adjacency of occurrence of ecologically important T & E species and habitats prior to harvests via utilization of the Database license agreement. Any occurrence is validated and covered during the permitting/notification process in WA & ID.

Employees and harvesting contractors interviewed during the audit were well aware of the potential invasive species that could occur in their area of operations, the most significant being scotch broom, although there are many other invasive species on the west coast.

The organization collaborates with various county noxious weed boards for the identification and control of known sites within the counties.

MFM has a number of wildlife biologists on staff whose job includes monitoring biodiversity-related research and working to incorporate those learnings into management activities where appropriate.

Objective 5-Management of Visual Quality and Recreational Benefits:

MFM has a program to provide for visual quality considerations. The organization has a GIS layer with areas of high visual impact identified in a color-coded basis, with the most visually impacted areas requiring manager review and approval of harvest and aesthetic mitigation efforts prior to approval of harvest plan. Several sites visited during this audit exhibited visual sensitivity considerations, mostly related to adjacent road buffering

Average clear-cut size for 2023 remained 52 acres for the Western Operations. All harvest sites reviewed during the audit met the company's and state FPA's green-up requirements.

Objective 6-Protection of Special Sites:

The organization has a sensitive lands program and process in place for Inadvertent discoveries.

Additionally, an A/H layer is present within the GIS system, and is a required review during the harvest unit set-up phase. The organization has an excellent communication process for relevant discussions with affected indigenous peoples and has provided ample evidence to support the efficacy of this process.

Objective 7-Efficient Use of Fiber Resources:

Harvesting foresters monitor cut-out and delivery reports to monitor utilization. Mechanized logging operations visited are running processors which provide highly calibrated and accurate product measurement. Pulp percentages remain low, illustrating a maximization of value recovery by utilizing product to highest market value.

The organization has recognized the increased safety, utilization and decreased site-disturbance associated with tether logging and is actively working to implement a large tether force on the landbase.

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

MFM has developed a conformant policy regarding their commitment to recognize and respect indigenous rights. The organization has a long history of working with indigenous neighbors and affected stakeholders and has provided ample evidence of provision of relevant communication opportunities, which respect representative institutions such as Tribal Councils.

Review of meeting minutes determine regular attendance and input provided from regional indigenous representatives.

The organization has a working relationship with the local tribes. Specifically, in the Colville region, the organization has partnered with the Colville Confederated Tribes Reservation to remediate and enhance several meadows and their associated stream channels. The goal is to raise the water table, slow and retain water runoff, increase stream sinuosity, facilitate sedimentation, stop further downcutting / incising of the stream, and expand wetland habitat.

This project is on-going and shows excellent initiative and promise of future collaboration with the Colville Confederated Tribes.

Objective 9-Climate Smart Forestry:

MFM has identified primary risks associated with climate change, specifically fire and flooding. The organization is a signatory and/or member of multiple partnerships and global initiatives. The organization has committed to a 40% GHG reduction by 2035, is currently Net Zero (due to carbon removals from company forests and farmlands outweighing emissions) and is very active in Fire mitigation strategies throughout the operational region.

The organization has implemented a Timber Decarbonization Working Group, which has identified a multitude of progressive concepts which can have an impact on future emissions and is currently in the process of determining GHG reduction, cost, effectiveness and ROI for identified emission mitigation options. This process is on-going.

Objective 10-Fire Resilience and Awareness:

Through prompt and accurate inventory practices and use of this information to develop accurate

harvest models, MFM maintains a healthy and vigorous forest. The organization performs PCT were appropriate and has a herbicide application process which further reduces hazardous fuels in planted stands. The organization develops regional Fire plans, updated annually and requires compliance with a Fire Response Plan for all contractors operating on client properties. An contractor audit program is in place including review of functioning fire equipment, fire drills, daily weather reporting and compliance with fire ranking operating requirements. The organization has involved employees on a number of Fire related coordination groups throughout the operational area.

The organization is active in communicating fire rankings to its contractors along with the relevant operating restrictions.

Objective 11-Legal and Regulatory Compliance:

Primary legal requirements are contained in the relevant state FPAs. The FPA notification process in Oregon and Washington also ensures regulatory compliance. MFM also has a procedure for handling circumstances where a possible non-compliance is identified.

A written policy to comply with social laws is in place. The organization completes a Sustainability Tool Kit review of each property, identifying an associated risk score, to determine specific affected parties. The organization has a Diversity Inclusion Process documented on the company website.

Objective 12-Forestry Research, Science and Technology

MFM is a valid and dues paying member of NCASI which contributes to a multitude of research projects, benefiting industrial forest operations. The organization regularly provides education opportunities for the public, describing and exhibiting the benefits of sustainable forestry and has employees in attendance and/or in leadership roles on a multitude of different working groups, including relevant Standard Implementation Committees, throughout the operating region.

Objective 13-Training and Education:

All staff have initial training upon hiring, which includes a definition of assigned duties and involvement in the certification program. A robust continuing education system is in place, with completion evidence maintained by region.

The organization requires QLP certification for operating on company lands. This requirement is present in the Master Wood Service agreement and Field Service Agreement. QLP status is validated annually by the organization.

The organization completes a Spring training for all utilized contractors. This is qualified for QLP credits. All audited contractors had valid QLP status in their respective states.

Objective 14-Community Involvement and Landowner Outreach:

The organization provides excellent opportunities for the public to access company lands and provides educational opportunities for all ages. MFM is highly engaged within the communities it operates. Substantial evidence produced illustrating these opportunities.

Objective 15: Public Land Management Responsibilities:

N/A

Objective 16-Communications and Public Reporting:

The organization has submitted the 2023 surveillance report in a timely fashion. The report contained all the requirements of the previous standard and was viewed on the SFI, Inc. website. The company has the accounting and GIS capabilities to complete the progress report and has a strong history of accurate and timely responses.

Objective 17-Management Review and Continual Improvement:

The organization has a robust management review process for the maintenance and continual improvement of its forest operations. The organization completes annual internal audits, including document review and field evaluations of recent harvest and other forest operations. Review of these findings at a management level are completed with evidence provided of this review.

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:

No opportunities for Improvement were issued during this audit.

Notable Practices:

No notable practices were issued during this audit.

Logo/label use:

MFM is using the SFI logo on the HTRG website with approval from SFI, Inc. The company does not use the BVC logo.

SFI reporting:

A review of the SFI website provided evidence MFM submitted its 2023 surveillance audit report as required for public review.

Review of Previous Audit Cycle

N/A

Conclusions

Results of the audit indicate MFM's Northwest division has implemented a management system that meets the requirements of the SFI 2022 FM Standard. The company is recommended for continued certification to the SFI 2022 FM Standard.

SEE SF61(s) FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: July 23, 2024 (HQ-Remote) July 29, 2024 (Colville, WA) July 29, 2024 (Cathlamet, WA) Aug. 1, 2024 (Coeur d'Alene, ID)				To: July 23, 2024 (HQ-Remote) July 31, 2024 (Colville, WA) July 30, 2024 (Cathlamet, WA) Aug. 2, 2024 (Coeur d'Alene, ID)			
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:		8.2.2024	
All NCR's Closed		Yes	No	N/A	X	Date:			
Standard audit conducted against:									
1)	SFI 2022 FM Standard		3)						
2)			4)						
Team Leader (1):			Team Members (2,3,4...)						
Matt Tormohlen			2) Joseph Currie						
			3)						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Management of Forest Lands in Washington, Oregon, Idaho, and British Columbia									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	TBD								
Audit Report Distribution									
MFM: Natasha Wise-nlwise@manulife.com									
BVC: Lorisa Love-lorisa.love@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	<p>Participants: See attached list</p> <p>Introductions</p> <ul style="list-style-type: none"> ➤ Scope of the audit ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor ➤ Review of previous nonconformances - 0. <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	<p>Participants: See attached list</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. <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Reporting protocol and timing