



**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:		Surveillance Audit:	#4	Scope extension audit:	
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Audit Summary
<p style="text-align: center;">Introduction</p> <p>This report represents the findings of the fourth surveillance audit completed on Verdant Timber, LLC's SFI program in northern Michigan. Matt Tormohlen, Bureau Veritas Certification Lead Auditor, conducted the audit July 10-12, 2024. Mr. Tormohlen is a forestry professional, with 16 years of experience in industrial forest management and forest certification.</p> <p style="text-align: center;">Audit Scope, Objectives and Process</p> <p>The scope of the audit is "Forest Management in Michigan". The audit was conducted against the SFI 2022 FM Standard. 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 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 style="text-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 2.5-day period with the lead auditor completing audit activities based out of the Houghton, MI office.</p> <p>A list of staff interviewed is included in the audit checklist.</p> <p>Throughout the audit, Mr. Eric Stier and Ms. Molly Fettig were available to provide any necessary information/answers for the auditor.</p>

Company Information

Verdant Timber is a fund managed by a timberland investment management organization, TRG, owning timberland in the Upper Peninsula of Michigan. This land was previously named TRG Threshold; the name of the land-base was changed to Verdant Timber on February 23, 2022. This certification is limited to 371,329 acres managed by American Forest Management, Lake States Region. AFM manages this certified land-base out of the main office in Houghton, MI and associated staff foresters.

This audit was conducted in the upper peninsula of Michigan, managed out of a field office in Houghton, MI. The properties are comprised of standard northern hardwood forest cover-types, with mid-tolerant/shade-tolerant species such as sugar maple, birch, ash, basswood and red maple comprising the vast majority of the land-base. A smaller proportion of low to mid-tolerant species such as aspen, red pine and spruce are present in scattered areas.

Forest operations on this ownership utilize a combination of mechanized/cut to length harvesting systems and tree-length/hand-cutter operations. Harvesting systems are selected on an individual, site specific basis dependent on slope and soil characteristics. Harvesting techniques incorporate four different methods for thinning and regenerating northern hardwood species. Shade intolerant species are managed via standard rotation ages.

Following final harvesting, stands are promptly reforested via creating site conditions favorable for natural regeneration. A rigorous monitoring program is maintained to ensure adequate natural regeneration is present within 3 years following final harvest.

Multi-Site Requirements

N/A

Audit Results

Document review was conducted to determine if Verdant's documented control system has maintained conformance to the SFI 2022 Forest Management Standard.

During the course of this audit, 11 harvest sites were evaluated (including review and interview of contractors at two active harvest sites). Interviews with contractors present on active harvest sites included review of safety requirements, invasive species, spill kits and reporting requirements, Threatened and Endangered species and knowledge of relevant BMPs. Harvest sites visited included thinning operations, over-story removal operations, regeneration reviews, temporary stream crossings and grade reduction/flow management on abandoned haul roads.

Objective 1-Forest Management Planning:

Auditor comments/results: The organization utilizes a summary report of FIA plot data. Plots are selected only in counties of ownership, weighted on a mile-buffer within ownership locations. Plots on federal and state ownership is excluded.

FVS will continue to be utilized for harvest scheduling, with 5-years' worth of harvest scheduling reviewed and confirmed. This scheduling data is then utilized to update the 50-year cash flow model for the property.

The organization utilizes a robust version of ArcGIS and QGIS which includes information regarding soils, T&E species, Archeological data and various other special areas/sites.

Review of harvest levels from selected properties determined that the organization is harvesting at levels consistent with the schedule.

For the previous three years, actual harvest has averaged 20-40,000 tons below defined AAC levels.

The organization completes an Annual Impact Metric Sheet on an annual basis. This sheet reviews a multitude of different possible impacts associated with each property, including impacts and opportunities associated with land management activities. This information includes social impact assessments such as recreational uses, indigenous interactions, cultural resources, etc.

The organization has maintained a process-based system for the case by case justification and implementation of conversion, including afforestation. Conversion happens very rarely on this ownership and is very narrow in objective. No conversion has occurred since the previous audit cycle and afforestation has not occurred in recent years.

Objective 2-Forest Health and Productivity:

The organization generally designates all harvest for natural regeneration. All harvest areas reviewed were identified as free to grow with adequate regeneration in less than three years. No planting has occurred in the past year.

The organization has defined percentage stocking and quality requirements prior to corrective actions being implemented for natural regenerated stands.

The organization has not utilized herbicide in the past year.

The organization utilizes a multi-option approach to managing northern hardwood species. Objectives are defined as quality growth of northern hardwood, with crop tree definitions, thinning densities and rotation ages within silvicultural guidelines for northern hardwood management.

Field visits determined minimal residual damage post-harvest and vigorous/well-spaced residual stand.

Objective 3-Protection and Maintenance of Water Resources:

All harvest and road construction activities reviewed during the audit met or exceeded state BMP requirements. Riparian zones were well established. The company takes a very 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 Verdant procedures, with results recorded on a Harvest inspection process form.

The organization has calculated water quantity affect via opening size knowledge by watershed. Net cut-over acreage is compared to total watershed acreage with variances reviewed on an annual basis. The organization completes very minimal clear cutting as the vast majority of harvesting results in a removal of less than 30 percent of the standing volume.

Management techniques deployed across the landscape encourage maintenance of water quantity. Distributed harvests across the ownership distribute fluctuations in canopy cover. Road drainage and road maintenance distributes water across landscape. Deliberate site and soil conditions conducive to natural regeneration returns canopy to the landscape promptly.

Objective 4-Conservation of Biological Diversity:

The organization utilizes multiple different management techniques and densities for northern hardwood species, with the overwhelming majority of harvest activities including

The organization's northern hardwood management overwhelming maintains a residual standing density of over 70ft²/ac up to rotation. During rotation of hardwood stands, grouped and dispersed retention and irregular harvest boundaries are identified and maintained. The organization works with the Federal Government regarding identification of various bat hibernaculum.

The organization supports landscape biodiversity through support of NCASI, participation/implementation in SIC sponsored FECV assessments and implementation of habitat and species occurrence protective measures when that habitat or occurrence is identified during the Harvest Planning Process. The organization has utilized various State heritage programs to identify FECVs on client properties. These locations are present within a specific ArcGIS layer, a required review during the harvest unit set-up process. A Field Alert Form is also defined in the procedures and utilized for any new findings.

Employees interviewed during the audit were well aware of the potential invasive species that could occur in their area of operations, the most significant being gypsy moths, oak wilt, deer browse and beech bark disease.

Objective 5-Management of Visual Quality and Recreational Benefits:

Verdant has a program to provide for visual quality considerations. Aesthetic impacts are low on this property due to high residual stocking densities and flat topography. Sites visited during this audit exhibited visual sensitivity considerations, mostly related to adjacent road buffering densities and slash considerations where appropriate.

Average clear-cut size for 2023 was 13 acres.

Objective 6-Protection of Special Sites:

The organization has a process in place for Inadvertent discoveries (field alerts). Additionally, an A/H layer is present within the GIS system, and is a required review during the harvest unit set-up phase.

Objective 7-Efficient Use of Fiber Resources:

Harvesting foresters monitor cut-out and delivery reports with inventory to monitor utilization. Loggers are given spec sheets and destinations and Harvesting foresters monitor for value recovery. All loggers visited are running processors which provide highly calibrated and accurate product measurement.

Review of log decks determine appropriate sorting of products. Completed jobs showed no residual products (half loads) left on landings.

The organization provides spec sheets with upwards of 8-10 product sorts, maximizing value recovery by utilizing product to highest market value. Slash is evenly distributed across the jobsite.

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

The organization 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.

The organization provides meeting opportunities with indigenous neighbors, clients and affected stakeholders. Evidence shows coordination with indigenous Tribal contacts for adjacent management issues.

Objective 9-Climate Smart Forestry:

The organization has identified primary risks associated with climate change, specifically a reduction of water on the landscape as a result of decreasing snow-pack during winter months.

The land base is re-inventoried on a five-to-ten-year schedule. The GIS database is updated annually to reflect changes in stands from timber harvest, land sales and other land management activities. This also results in an annual update of the forest inventory system to ensure efficient monitoring of changes in growth due to productivity.

Objective 10-Fire Resilience and Awareness:

Verdant properties are not in a fire prone landscape. The vast majority of ownership is northern hardwood species. The organization does not prescribe burn.

Through prompt and accurate inventory practices and use of this information to develop accurate harvest models, the organization maintains as healthy and vigorous forest which minimizes fire opportunity.

The organization performs prompt salvage harvests in the event of any natural disaster and promotes conditions conducive to natural regeneration, all of which ensures soil stability and subsequent water quality protection.

Objective 11-Legal and Regulatory Compliance:

Primary legal requirements are contained on the TRG website, with associated hyperlinks. The system to achieve regulatory compliance consists of pre-activity planning, in-process inspections and follow-up inspections for any needed remediation activities. Verdant 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 TRG Annual Impact Metric review of each property, identifying an associated risk score, to determine specific affected parties. The organization has a Diversity Inclusion Process documented in the employee handbook.

Objective 12-Forestry Research, Science and Technology:

Verdant 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 spreadsheet.

The organization requires QLP certification for contractors operating on company lands. This requirement is present in the Master Wood and Field Service agreements with continuing education requirements validated annually by the organization.

As an industry leader, Verdant pushes standard changes into the State SICs. The organization has employees in leadership positions within the Michigan SIC.

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. Virtually 100% of ownership is open to safe and responsible public use. The organization maintains a robust working relationship with Michigan Technological University and accommodates research opportunities as they are available.

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:

Verdant Timber, LLC and TRG reserves the right for utilization of the SFI Trademark and the BVC logo. Procedures are in place for correct approval and utilization of the trademark.

SFI reporting:

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

Review of Previous Audit Cycle

N/A

Conclusions

Results of the audit indicate Verdant Timber, LLC 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: 10 July, 2024				To: 12 July, 2024			
Number of SF02's Raised:				Major:		0		Minor: 0	
Is a follow up visit required:		Yes <input type="checkbox"/>		No <input checked="" type="checkbox"/>		Date(s) of follow up visit:			
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes <input type="checkbox"/>		No <input type="checkbox"/>		N/A <input checked="" type="checkbox"/>		Date: <input type="text"/>	
Proceed to/Continue Certification		Yes <input checked="" type="checkbox"/>		No <input type="checkbox"/>		N/A <input type="checkbox"/>		Date: 7.12.2024	
All NCR's Closed		Yes <input type="checkbox"/>		No <input type="checkbox"/>		N/A <input checked="" type="checkbox"/>		Date: <input type="text"/>	
Standard audit conducted against:									
1) SFI 2022 FM Standard		3)							
2)		4)							
Team Leader (1):		Team Members (2,3,4...)							
Matt Tormohlen		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		TBD							
Audit Report Distribution									
Verdant: Eric Stier - eric.stier@afmforest.com									
BVC: Lorisa Love-lorisa.love@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	<p>Participants: Eric Stier, Brandon Bal, Matt Tormohlen</p> <p>Introductions</p> <ul style="list-style-type: none"> ➤ Scope of the audit ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor <p>Discussions:</p> <ul style="list-style-type: none"> ➤ 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, Brandon Bal, Matt Tormohlen</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